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TaxForum

| 2019

Collection Update



Objectives

At the end of this presentation you will be able to explain:

- Effects of tax delinquency on U.S. passports
- IRS use of private collection agencies
- Employer tax compliance
- IRS nonfiler activities
- Online IRS collection services
- Client IRS collection notices – what to expect
- Collection appeal rights
- Bankruptcy and your client's federal tax debt



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Passports

- Since 2015, the Department of State (DOS) is required and authorized to deny, revoke or limit passports to taxpayers with certified seriously delinquent tax debt.
- Only taxpayers with a seriously delinquent tax bill greater than \$52,000 (adjusted for inflation) could face a passport denial or revocation.



Passports

- DOS has sole authority to issue, limit, deny or revoke a passport
- IRS may ask DOS to revoke passports of certified taxpayers
- IRS sends letter advising taxpayer of certification



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Passports

- IRS notifies DOS within 30 days or as soon as practicable of reversal of seriously delinquent status
- Expedited decertification for those with imminent travel plans or living abroad
 - Applies only to those with pending applications or renewals



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Private Debt Collection

- IRS is required to use private collection agencies (PCAs) for the collection of inactive, outstanding tax receivables
- Certain accounts are excluded from assignment to PCAs



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Private Debt Collection

- IRS began assigning individual taxpayer accounts to PCAs in April 2017
 - CBE Group
 - ConServe
 - Performant
 - Pioneer
- In 2019, IRS will begin assigning certain business accounts to PCAs for collection



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Private Debt Collection

- Taxpayers working with a PCA have the same rights as taxpayers working with the IRS
- PCAs use a two-party authentication process to confirm that they are collecting taxes on behalf of the IRS
- Be on the lookout for (and report) suspected scam phone calls from anyone claiming to be collecting on behalf of the IRS



Employment Tax

Employment taxes include:

- Federal income tax withholding
- FICA (Social Security and Medicare taxes)
 - Railroad Retirement Tax Act (RRTA) – functional equivalent of FICA for railroad employers
- Federal Unemployment Tax Act (FUTA) tax



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Nonfiler Activities

- Research
 - Soft Notice Pilot
- Education
 - FTD Alerts
 - Letters
- Enforcement



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Web-Based Collection Services

- Payment Options
- Online Payment Agreement
- OIC Pre-Qualifier Tool
- Text Chat



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Understanding Collection Notices

- Taxpayers receive series of collection notices before case enters Automated Collection System (ACS)
- Notice redesign initiative will improve taxpayer experience:
 - Simplifying text
 - Clarifying actions to be taken
 - Highlighting self-service options



Understanding Collection Notices ACS Notice Redesign

Tests designed to achieve Collection's top three goals:

1. Improve taxpayer experience and understanding
2. Reduce IRS cost by increasing self-service use
3. Increase voluntary compliance actions (full payments and establishment of installment agreements)



Understanding Collection Notices

ACS Notice Redesign Pilots and Tests

- Completed:
 - CP14, Balance Due and Demand for Tax
 - LT16, Request for Taxpayer to Contact ACS
- Ongoing:
 - LT11, ACS Intent to Levy Notice
 - LT16 Notice Redesign v2 – Request for taxpayer contact



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Understanding Collection Notices

ACS Notice Redesign Pilots and Tests

- Upcoming:
 - CP501, Reminder Balance Due Notice – Intent to Levy
 - CP 503, Important 2nd Balance Due Notice Pilot



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Collection Appeal Rights

- Many IRS collection actions may be appealed to the IRS Office of Appeals
 - Publication 1660, *Collection Appeal Rights*
 - When and how to appeal
- Collection Due Process (CDP)
- Collection Appeals Program (CAP)



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Bankruptcy and Your Federal Tax Debt

- Types of bankruptcies
- IRS Insolvency
- Notification of bankruptcy proceedings
- Automatic stay
- Proof of claim



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Bankruptcy and Your Federal Tax Debt

- Refunds and Offsets
- Tax returns
- Transcripts
- Types of property
- Exception to discharge



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Hot Topics on IRS.gov	Search Word(s)
Disaster Assistance	disaster
E-Services – Online Tax Tools	eservices
Estimated Taxes	estimated taxes
Identity Theft Info for Tax Pros	identity protection prevention
Installment Agreement User Fees	payment plan fees
Offer in Compromise	offers
Payment Options for Taxpayers	payment options
Tax Reform / Paycheck Checkup	tax reform
Tax Scams and How to Report Them	scams
Webinars for Tax Practitioners	webinars