Collection
Alternatives – What You Can Do
Collection Process

- Three Stages of the Collection Process
- Statutory Period of Assessment for Collection
- Collection Due Process
- Collection Appeal Program
“What if I Don’t Do Anything?”

• Enforcement Actions
  – Levies on wages, salary, and other income
  – Notice of federal tax lien
  – Seizure and sale of assets
  – Suits by the IRS
“But What If I Can’t Pay in Full?”

- Collection Alternatives
  - Extension of Time to Pay
  - Installment Agreement
  - Offer in Compromise
  - Currently not Collectible
“How Does the IRS Determine What I Can Pay?”

- Allowable Living Expenses (ALE)
  - National Standards
  - Local Standards
- Housing and Utilities
- Transportation
Installment Agreements

- Guaranteed (less than $10K)
- Streamlined (less than $25K)
  - Types: Direct Debit, Payroll Deduction, or Regular
- Partial Payment Installment Agreement
- User Fees
Offer in Compromise

• Types of Offers
  – Doubt as to Collectibility
  – Doubt as to Liability
  – Effective Tax Administration
Offer in Compromise (cont.)

- Terms:
  - Lump sum (cash) - 5 payments or less
  - Short-Term Periodic – 24 months or less
  - Deferred Periodic Payment – length of time remaining on statutory period of assessment for collection
Offer in Compromise (cont.)

- Forms and required payments
- Investigative process
  - Reasonable Collection Potential
  - Determination (return, rejection, withdrawal, termination, or acceptance)
Currently Not Collectible (CNC)

- Types of CNC
- Financial Analysis (use of ALE)
- Provisions of CNC
Role of Taxpayer Advocate Service (TAS)

You may be eligible for TAS assistance if you:

- Are experiencing economic harm or significant cost,
- Have experienced a delay of more than 30 days to resolve your tax issue, or
- Have had no response or resolution to your problem by the date that was promised by the IRS.
Best Practices for Collection Alternatives

• Contact IRS as soon as possible
• Provide all requested information and respond to IRS deadlines
• If you disagree, consider Appeals and if problems persist, contact TAS.