Private collection of some overdue federal taxes started in April

The IRS began sending letters to a relatively small group of taxpayers whose overdue federal tax accounts are being assigned to one of four private-sector collection agencies. The new program, authorized under federal law, enables these designated contractors to collect, on the government’s behalf, unpaid tax debts. Usually, these are unpaid individual tax obligations that are not currently being worked by IRS collection employees and often were assessed by the tax agency several years ago.

Taxpayers being assigned to a private firm would have had multiple contacts from the IRS in previous years and still have an unpaid tax bill.

“The IRS is taking steps throughout this effort to ensure that the private collection firms work responsibly and respect taxpayer rights,” said IRS Commissioner John Koskinen. “The IRS also urges taxpayers to be on the lookout for scammers who might use this program as a cover to trick people. In reality, those taxpayers whose accounts are assigned as part of the private collection effort know they have a tax debt.”

How to know it’s really the IRS calling or knocking on your door

Many taxpayers have encountered individuals impersonating IRS officials – in person, over the telephone and via email. Don’t get scammed. We want you to understand how and when the IRS contacts taxpayers and help you determine whether a contact you may have received is truly from an IRS employee.

The IRS initiates most contacts through regular mail delivered by the United States Postal Service.

However, there are special circumstances in which the IRS will call or come to a home or business, such as when a taxpayer has an overdue tax bill, to secure a delinquent tax return or a delinquent employment tax payment or to tour a business as part of an audit or during criminal investigations.

If an IRS representative visits you, he or she will always provide two forms of official credentials called a pocket commission and a HSPD-12 card. HSPD-12 is a government-wide standard for secure and reliable forms of identification for federal employees and contractors. You have the right to see these credentials.

Low Income Tax Clinic Grant application period

The application period for Low Income Taxpayer Clinic (LITC) grants for calendar year 2018 is now open and will run through June 20, 2017.

The LITC program is a federal grant program administered by the Office of the Taxpayer Advocate at the IRS. The LITC program awards matching grants of up to $100,000 per
clinic per year to qualifying organizations to develop expand or maintain an LITC. An LITC must provide services for free or for no more than a nominal fee. Publication 3319, 2018 LITC Grant Application & Guidelines, is available on IRS.gov.

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**Seven tax tips to help determine what makes a gift taxable**

Taxpayers who give money or property to others may wonder about the federal gift tax and if it applies. Most gifts are not subject to the gift tax. The IRS offers seven tax tips about the gift tax and giving.

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**Small business startups: new option for claiming research credit**

Small businesses should note recent IRS interim guidance explaining how eligible small businesses can take advantage of a new option enabling them to apply part or all of their research credit against their payroll tax liability, instead of their income tax liability. Before 2016, taxpayers could only take the research credit against their income tax liability.

Notice 2017-23, provides guidance on a new provision included in the Protecting Americans From Tax Hikes (PATH) Act enacted in December 2015. This new option will be available for the first time to any eligible small business filing its 2016 federal income tax return this tax season. Those who already filed still have time to choose this option.

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**Sharing Economy Tax Center now available on IRS.gov**

If you use one of the many online platforms available to rent a spare bedroom, provide car rides or to connect and provide a number of other goods or services, you’re involved in what is sometimes called the sharing economy.

An emerging area of activity in the past few years, the sharing economy has changed how people commute, travel, rent vacation accommodations and perform many other activities. Also referred to as the on-demand, gig or access economy, the sharing economy allows individuals and groups to utilize technology advancements to arrange transactions to generate revenue from assets they possess - (such as cars and homes) - or services they provide - (such as household chores or technology services). Although this is a developing area of the economy, there are tax implications for the companies that provide the services and the individuals who perform the services.

The IRS encourages taxpayers participating in the sharing economy to understand the potential tax issues affecting them and can do so on the Sharing Economy Tax Center. The IRS is providing additional information to help people, and many tax professionals can assist with tax issues and questions related to this emerging area.

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**OTHER IMPORTANT REMINDERS:**

Letter 12C – request for information to reconcile advance payment of the Premium Tax Credit

Where's My Refund? - It’s quick, easy and secure

Check your tax withholding

Here’s the latest Social Media Toolkit

Foreign Certified Acceptance Agents can help with W-7 / ITIN application
The IRS Congressional Update is a monthly newsletter, prepared by IRS Legislative Affairs. For information on resolving taxpayer account issues, visit Taxpayer Advocate Service.