

The IRS Collection Process

Sara V. Spodick, Esq., Moderator

Panelists:

Amanda Evans, EA

Hank Kea, Director, IRS Field Collection

**GREEN &
SKLARZ** LLC

Amanda Evans

- Amanda is an enrolled agent (E.A) and paralegal with Green & Sklarz LLC. As an E.A., Amanda is a federally-authorized tax practitioner who has technical expertise in the field of taxation and who is empowered by the U.S. Department of the Treasury to represent taxpayers before all administrative levels—examination, collection, and appeals—of the Internal Revenue Service.
- Amanda assists in both the tax representation and bankruptcy practice groups at the firm.
- Amanda is the current Secretary of the Connecticut Society of Enrolled Agents and an associate member of the Connecticut Bar Association. She is a frequent speaker on topics including issues surrounding representation of an innocent spouse, IRS Offers-in-Compromise, Offers & Installment Agreements. She has also given presentations on hobby loss exams, IRS collection, tax liens and tax levies.
- She is a 2006 graduate of Trinity College in Hartford and a current resident of Wolcott. In her spare time, she enjoys playing with her two boys and teaching group fitness classes at her local gym.

Hank Kea

- Hank is the Director, Field Collection, in the IRS Small Business/Self-Employed Division, where he provides executive leadership for over 3,000 employees. Hank protects the interests of the government through direct field collection, compliance, and civil investigative and enforcement activity with taxpayers, and provides taxpayers with top quality post-filing service by helping them understand and comply with all applicable tax laws and applying the tax laws with integrity and fairness.
- Prior to this, Hank was the Director of Specialty Collection - Insolvency in Small Business Self-Employed Division, where he was responsible for delivering the Collection Insolvency program through over 700 employees located in field offices throughout the United States and a campus operation in Philadelphia, PA.
- Hank began his career as a Revenue Officer, also serving as a Revenue Officer Group Manager, Collection Advisory Chief and Collection Field Branch Chief.

Sara V. Spodick

- Sara V. Spodick is the Director of the Quinnipiac University School of Law Low-Income Taxpayer Clinic. The Quinnipiac University School of Law Low-Income Taxpayer clinic was founded in 1979 and is a law office within the law school, offering free legal services to low-income taxpayers in the state of Connecticut.
- Sara is admitted to practice in Connecticut and New York, the United States District Court, United States Court of Appeals, 2nd Circuit, and the United States Tax Court.

Taxpayers in Collection

Year	Accounts in Collection
2005	5,981,000
2006	6,478,000
2007	7,074,000
2008	8,240,000
2009	9,232,000
2010	9,667,000
2011	10,391,000
2012	10,809,000
2013	11,464,000
2014	11,721,000
2015	12,410,000
2016	13,371,000
2017	14,005,000
2018	14,080,000
2019	13,186,000

Source: IRS Data Book

Agenda

- ❖ The Current State of IRS Collection
- ❖ The IRS Tax Collection Process
 - Collection Options
 - Collection Activities



The Current State of IRS Collection

IRS SB/SE Response to COVID-19


- ❖ Initial Guidance from IRS Commissioner
- ❖ People First Initiative
- ❖ Resumption of Operations

The IRS Tax Collection Process

- ❖ Filing Tax Return
- ❖ Assessment of the Tax
- ❖ Notice Process
- ❖ Taxpayer Options
- ❖ Collection
- ❖ Taxpayer Rights

IRS Collection Process: *Assessment*

- ❖ Tax Assessment
- ❖ Assessment Date
- ❖ Account Transcript

 **Internal Revenue Service**
United States Department of the Treasury


This Product Contains Sensitive Taxpayer Data

Account Transcript

Request Date: 04-08-2014
Response Date: 04-08-2014
Tracking Number: 200191107146

FORM NUMBER: 1040
TAX PERIOD: Dec. 31, 2011

TAXPAYER IDENTIFICATION NUMBER: 999-99-9999
SPOUSE TAXPAYER IDENTIFICATION NUMBER: 888-88-8888



<<<POWER OF ATTORNEY/TAX INFORMATION AUTHORIZATION (POA/TIA) ON FILE>>>

--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT ---

ACCOUNT BALANCE:	0.00	
ACCRUED INTEREST:	0.00	AS OF: Jul. 01, 2013
ACCRUED PENALTY:	0.00	AS OF: Jul. 01, 2013

IRS Collection Process: *10-Year Statute*

- ❖ IRC §6502 grants 10 years to collect a tax debt
- ❖ Date of assessment begins the 10 years
- ❖ Statute extension



IRS Collection Process: Notices/Final Notice

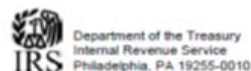
- Collection Notices

- ❖ CP 500 Series

- ❖ CP 90

- ❖ Letter 11

- ❖ Letter 1058



Notice	CP90
Notice date	January 23, 2019
Social Security number	999-99-9999
To contact us	Phone 800-829-1040
Your Callar ID	9999
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Intent to seize your assets and notice of your right to a hearing
Amount due immediately: \$5,947.81

We haven't received full payment despite sending you several notices about your unpaid federal taxes. The IRS may seize (levy) your property. However, you can appeal the proposed seizure (levy) of your assets by requesting a Collection Due Process hearing (Internal Revenue Code Section 6330) by **February 22, 2019**.

Billing Summary	
Amount you owed	\$5,947.81
Additional failure-to-pay penalty	0.00
Additional interest charges	0.00
Amount due immediately	\$5,947.81

Continued on back...



Payment



Notice	CP90
Notice date	January 23, 2019
Social Security number	999-99-9999

- Make your check or money order payable to the United States Treasury
- Write your Social Security number (999-99-9999) and tax period(s) on your payment and any correspondence.

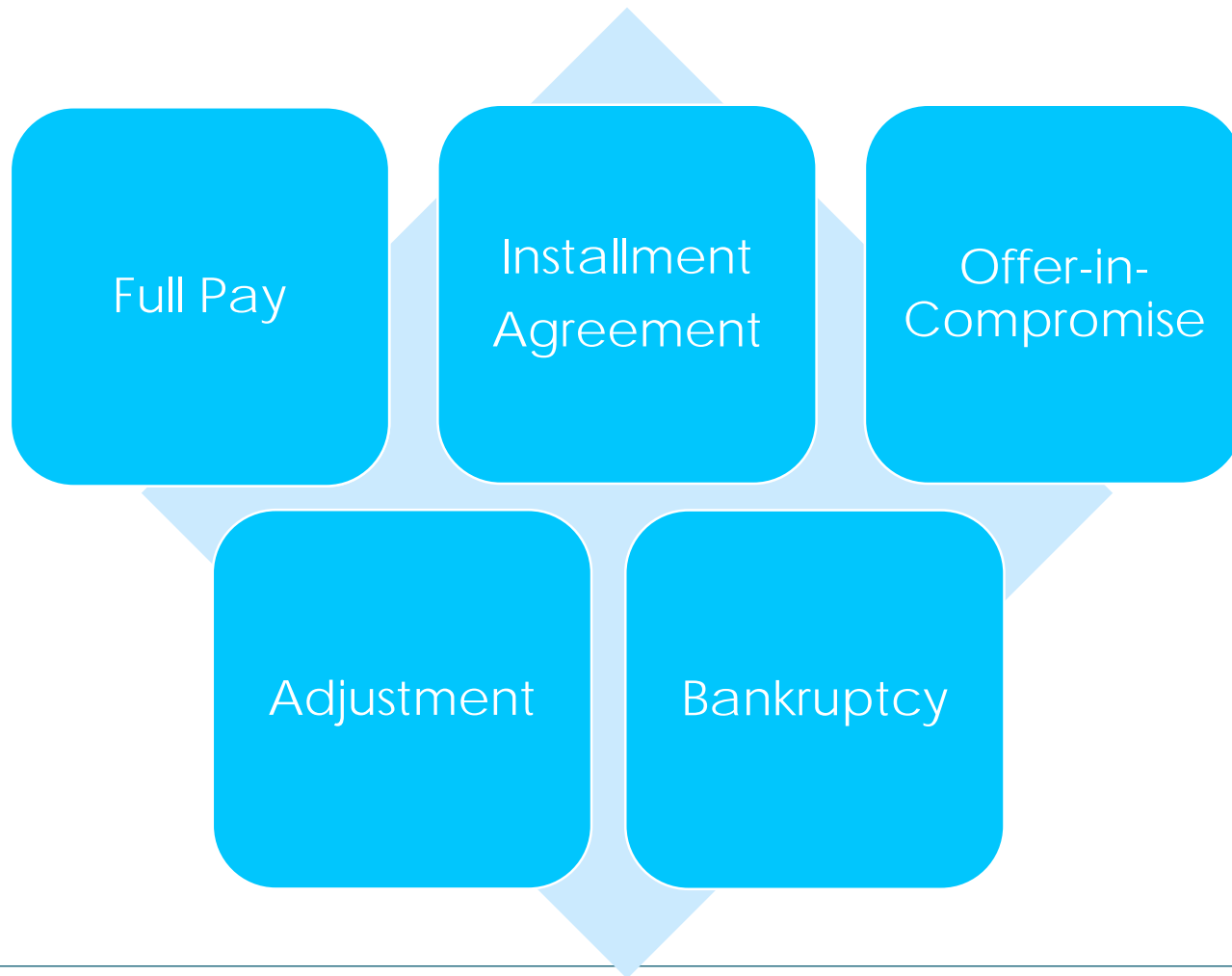
Amount due immediately **\$5,947.81**

IRS Collection Process: *Tax Compliance*

- ❖ All returns filed

- ❖ Current tax period payments up to date
 - Proper withholding
 - Estimated tax payments
 - Payroll tax deposits

IRS Collection Process: *Taxpayer Options*



IRS Collection Process: *Taxpayer Options*

Full Pay

- ❖ Cash
- ❖ Check
- ❖ Credit/Debit Card



IRS Collection Process: *Taxpayer Options*

Installment Agreement

❖ There are several types of Installment Agreement:

- Streamlined
- Guaranteed
- Partial Pay
- Six-Year Rule and One-Year Rule

IRS Collection Process: *Taxpayer Options*

Offer in Compromise

❖ Three types of Offers:

- Doubt as to liability
- Doubt as to collectability
- Effective Tax Administration

Form 656 Booklet

Offer in Compromise



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IRS contact information

If you want to see if you qualify for an offer in compromise before filling out the paperwork, you may use the Offer in Compromise Pre-Qualifier tool. The questionnaire format assists in gathering the information needed and provides instant feedback as to your eligibility based on the information you provided. The tool will also assist you in determining a preliminary offer amount for consideration of an acceptable offer. The Pre-Qualifier tool is located on our website at www.irs.gov.

If you have questions regarding qualifications for an offer in compromise, please call our toll-free number at 1-800-829-1040. You can get forms and publications by calling 1-800-TAX-FORM (1-800-829-3676), by visiting your local IRS office, or at www.irs.gov.

Taxpayer resources

The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service that helps taxpayers and protects taxpayer rights. TAS helps taxpayers whose problems with the IRS are causing financial difficulties, who've tried but haven't been able to resolve their problems with the IRS, or believe an IRS system or procedure isn't working as it should. And the service is free. Your local advocate's number is in your local directory and at www.irs.gov/advocate. You can also call us at 1-877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to www.irs.gov/advocate. TAS is your voice at the IRS.

Low-income Taxpayer Clinics (LITCs) are independent from the IRS. LITCs serve individuals whose income is below a certain level and who need to resolve a tax problem with the IRS. LITCs provide professional representation before the IRS or in court on audits, appeals, tax collection disputes, and other issues for free or for a small fee. For more information and to find a LTC near you, see the LTC page at www.irs.gov/lowincome or IRS Publication 4713, Low-income Taxpayer Clinic List. This Publication is also available by calling the IRS toll-free at 1-800-829-3676 or visiting your local IRS office.

IRS Collection Process: *Taxpayer Options*

Adjustment

- Original Returns
- Amended Returns
- Audit Reconsiderations
- Underreporter Reconsiderations

IRS Collection Process: *Taxpayer Options*

Bankruptcy

- Chapter 7 Liquidation
- Chapter 11 Reorganization
- Chapter 13 Reorganization of Debts for Individuals

IRS Collection Process: *Collection Activities*

Lien

- ❖ IRC §6321, statutory lien
- ❖ IRS may file a Notice of Federal Tax Lien
- ❖ Taxpayer options
 - Full Payment
 - Discharge
 - Withdrawal
 - Subordination



IRS Collection Process: *Collection Activities*

Levy

- ❖ Generally issued when a taxpayer failed to respond to IRS request or provide requested information.
- ❖ There are different types of IRS levy:
 - Regular levy (e.g., bank, vendors)
 - Continuous levy (e.g., wages or routinely paid commissions)
 - Seizure of assets (e.g., car, real estate, etc.)



IRS Collection Process: *Collection Activities*

Other Collection Activities

- ❖ Trust Fund Recovery Penalty
- ❖ Fraud
- ❖ Litigation
- ❖ Summons
- ❖ Revocation or Denial of Passport in Case of Certain Unpaid Taxes

IRS Collection Process: *Collection Activities*

Currently Not Collectible

What is Currently Not Collectible (CNC) status?

How is CNC status determined?

Taxpayer Rights

- ❖ Collection Due Process
- ❖ Collection Appeal Process
- ❖ Equivalent Hearing

Questions?

