



*Handling IRS Collection Cases and
Resolving IRS Problems*



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Steven A. Leahy helps people & companies battle the IRS and overcome their tax problems.

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Course Description

Course Presentation

Resolving IRS collections actions against taxpayers. The Internal Revenue Service is one of the world's most efficient tax agencies, collecting trillions of dollars each year at a cost of less than fifty cents for every one hundred dollars collected. A significant part of that efficiency comes from the way we process tax returns-a process we call the Pipeline.

This course explores the IRS Budget; Where the IRS gets its authority; Actions to take before collections and the requirement that a tax must be assessed. Practical skills related to Required Notices and Sample Notice CP14 and CP16118; CP503; CP504; LT 11

The course examines that Collection Due Process Hearing and Appeal, Penalties, Collections, Liens And Levies, Working Collections Cases and aspects related to these situations.

Course Material

This material is intended to be a guide in general and is not legal advice. If you have any specific question regarding the state of the law in any particular jurisdiction, we recommend that you seek legal guidance relating to your particular fact situation.

The course materials will provide the attendee with the knowledge and tools necessary to identify the current legal trends with respect to these issues. The course materials are designed to provide the attendee with current law, impending issues and future trends that can be applied in practical situations.

Course Learning Objectives and Outcomes

This course is designed to provide the following learning objectives:

This is a broad fundamental course which is good for a new attorney or overview for any attorney.

The primary practice areas for this course is Commercial/Consumer Law.

This course does not contain Ethics/Professionalism information.

Participants will develop an understanding about IRS collection actions against taxpayers with unpaid federal taxes.

Participants will develop skills to represent a taxpayer in front of the IRS Collections Department.

Upon completion of the course, participants should be able to apply the course material; improve their ability to research, plan, synthesize a variety of sources from authentic materials, draw conclusions; and demonstrate an understanding of the theme and concepts of the course by applying them in their professional lives.

Timed Agenda:

Presenter Name: Steven A. Leahy

CLE Course Title: Handling IRS Collection Cases and Resolving IRS Problems

Time Format (00:00:00 - Hours:Minutes:Seconds)	Description
00:00:00	ApexCLE Company Credit Introduction
00:00:20	CLE Presentation Title Handling IRS Collection Cases and Resolving IRS Problems
00:00:32	CLE Presenter Introduction
00:01:33	CLE Substantive Material Presentation Introduction
00:01:21	Pollock v. Farmers' Loan & Trust Co. The Sixteenth Amendment
00:05:53	Taxpayer Bill of Rights (TBOR)
00:09:48	1.1.1.2 (07-29-2019) IRS Mission
00:10:42	Before Collections, a Tax Must be Assessed
00:13:21	Substitute for Return (SFR)
00:15:30	Required Notices
00:15:32	Collection Notices
00:27:02	PENALTIES
00:31:20	Internal Revenue Code §6651(a)(2)
00:34:11	First Time Abatements First-Time Abatement: IRM 20.1.1.3.6.1
00:35:31	Reasonable Cause: IRM 20.1.1.3.2
00:40:43	Collections
00:43:07	www.irs.gov/irm/part5
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00:52:08	LEVY
00:54:15	Passport
00:57:17	Power of Attorney (POA)
01:00:12	IRS Power of Attorney Form
01:02:11	Centralized Authorization File (CAF)
01:04:58	Compliance
01:10:43	Form 433
01:15:40	Offer in Compromise
01:19:09	Presenter Closing
01:19:16	ApexCLE Company Closing Credits
01:19:22	End of Video

I. IRS Budget

I often begin discussions about the IRS by asking my audience, “What do you think the IRS yearly budget is? \$100 million, \$200 million, \$500 million – how about \$1 Billion Dollars.”

That fact is, the IRS budget for 2019 is between \$11 – 12 BILLION Dollars. Yes, Billion with a “B.” The 2018 IRS budget was \$11.7 Billion. See, “IRS Budget and Workforce: Internal Revenue Service.” IRS Budget and Workforce | Internal Revenue Service, <https://www.irs.gov/statistics/irs-budget-and-workforce>.

It is true, that that budget reflects a reduction in real terms. There are those who contend that the reduction means there is “fewer resources focused on collection.” See, [Irs.gov](https://www.irs.gov). (2019). Written Testimony of John A. Koskinen Before The Senate Appropriations Committee Subcommittee on Financial Services and General Government | Internal Revenue Service. [online] Available at: <https://www.irs.gov/newsroom/written-testimony-of-john-a-koskinen-before-the-senate-appropriations-committee-subcommittee-on-financial-services-and-general-government> [Accessed 16 Sep. 2019].

Historically, processing paper returns accounted for a substantial portion of the IRS budget.

Here is an IRS video detailing the Processing of paper returns:

IRS Pipeline

IRS Submission Processing Pipeline



[Irsvideos.gov](https://www.irsvideos.gov). (2019). IRS Submission Processing Pipeline. [online] Available at: <https://www.irsvideos.gov/Professional/IRSWorkProcesses/SubmissionProcessingPipeline> [Accessed 16 Sep. 2019].

IRS Submission Processing Pipeline: Video Transcript

The Internal Revenue Service is one of the world's most efficient tax agencies, collecting trillions of dollars each year at a cost of less than fifty cents for every one hundred dollars collected. A significant part of that efficiency comes from the way we process tax returns—a process we call the Pipeline.

The primary purpose of the Pipeline is to transfer taxpayer information from paper to the computer. Let's take a streamlined look at how work flows through the Pipeline.

Incoming mail is automatically sorted and opened by a machine that reads the bar-coded envelopes that identify the types of returns inside. The machine separates returns with payments from those without payments by detecting magnetic ink on enclosed checks.

Returns are extracted from their envelopes and further sorted by type by employees using unique workstations called Sorting Tables.

Before continuing their trip through the Pipeline, returns with payments are routed through a Remittance Processing System to ensure deposit of revenue within twenty-four hours.

Returns are then batched into official units of work called blocks, containing from fifty to four hundred documents. Individual blocks containing the same types of returns are combined, placed on carts and logged into a computer system which tracks their movement through the pipeline.

Tax Examiners correct taxpayer errors, assign codes that will facilitate data entry and, if necessary, correspond with the taxpayer to request additional forms or information.

A Document Locator Number, used to identify and locate a document anywhere within the Service, is stamped on each return. It indicates the processing center, type of return, Julian date, block and sequence number and processing year.

Data Transcribers input tax return information into the computer. Portions of returns are re-entered into the system by a second transcriber to verify the original entry of the return data.

The return data is then transmitted to the Martinsburg Computing Center, where it is subjected to math error and validity checks before attempting to post to the IRS Master File. If no errors or inconsistencies are found and all requirements are met, refunds or balance due notices are issued to the taxpayer.

Return data with errors or inconsistencies is transmitted back to the processing centers where tax examiners make corrections using an Error Resolution System. The corrected return data is transmitted back to the computing center and attempts to post to the IRS master file.

The original paper returns are then stored in Submission Processing Center files until they are retired to a Federal Record Center.

Let's review the pipeline process. Mail is opened. Returns are sorted and payments are deposited. The returns are coded, edited and numbered. Return data is entered into the computer. Validity checks are run and errors are corrected. Valid transactions are then posted to the IRS Master File. Refunds or balance due notices are issued to the taxpayer. The paper returns are retired to Federal Record Centers.

E-file, the Service's electronic alternative to paper tax returns, bypasses most of the Pipeline process. Taxpayers can use a tax preparation service or software on their personal computer to file their taxes electronically. Since return information is already computer formatted, the IRS can quickly and efficiently check for errors and transmit the data to either the Martinsburg Computing Center for posting to the Master File or to the preparer for correction. E-file saves both the Service and the taxpayer a lot of time and effort.

The use of e-file increases every year but the Pipeline continues to play a vital role in the IRS. The most important part of the Pipeline process is each employee's dedication to quality. An error made in one section of the Pipeline will impact co-workers in another section. Quality work keeps the Pipeline flowing, allowing us to fulfill the IRS mission of providing America's taxpayers with top quality service.

However, the IRS processes about 150 million returns per year. In 2019 around 92% of all tax returns were filed electronically. See, Irs.gov. (2019). Filing Season Statistics for Week Ending May 10, 2019 | Internal Revenue Service. [online] Available at: <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-may-10-2019> [Accessed 16 Sep. 2019]. In 2010, that number was about 70%. See, Irs.gov. (2019). 2010 Filing Season Statistics | Internal Revenue Service. [online] Available at: <https://www.irs.gov/newsroom/2010-filing-season-statistics> [Accessed 16 Sep. 2019]. In 2001, only 30.7% were electronically filed. Irs.gov. (2019). 2010 Filing Season Statistics | Internal Revenue Service. [online] Available at: <https://www.irs.gov/newsroom/2010-filing-season-statistics> [Accessed 16 Sep. 2019].

So, the IRS has plenty of resources for auditing, collections and enforcement.

II. Where does the IRS get the authority it needs for these purposes?

Amendment XVI

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

The Sixteenth Amendment (Amendment XVI) to the United States Constitution allows Congress to levy an income tax without apportioning it among the states on the basis of population. It was passed by Congress in 1909 in response to the 1895 Supreme Court case of *Pollock v. Farmers' Loan & Trust Co.*

Internal Revenue Code (IRC), formally The Internal Revenue Code of 1986 Title 26 of the [United States Code](#) (USC)

According to the United States Census Bureau History Title 26, U.S. Code

The code is the definitive source of all tax laws in the United States and has the force of law in and of itself.

Jason Gauthier, P. (2019). Title 26, U.S. Code - History - U.S. Census Bureau. [online] Census.gov. Available at: https://www.census.gov/history/www/reference/privacy_confidentiality/title_26_us_code_1.html [Accessed 16 Sep. 2019].

26 U.S. Code § 7803. Commissioner of Internal Revenue; other officials

26 US Code sec 7803 (a) (3) Execution of duties in accord with taxpayer rights

Tax Payer Bill of Rights:

The IRS adopted the Taxpayer Bill of Rights (TBOR) in June 2014. Employees are responsible for being familiar with and acting in accordance with taxpayer rights. See, IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights.

Each and every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. Explore your rights and our obligations to protect them.

The Right to Be Informed

Taxpayers have the right to know what they need to do to comply with the tax laws. They are entitled to clear explanations of the laws and IRS procedures in all tax forms, instructions, publications, notices, and correspondence. They have the right to be informed of IRS decisions about their tax accounts and to receive clear explanations of the outcomes.

The Right to Quality Service

Taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS, to be spoken to in a way they can easily understand, to receive clear and easily understandable communications from the IRS, and to speak to a supervisor about inadequate service.

The Right to Pay No More than the Correct Amount of Tax

Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.

The Right to Challenge the IRS's Position and Be Heard

Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and documentation promptly and fairly, and to receive a response if the IRS does not agree with their position.

The Right to Appeal an IRS Decision in an Independent Forum

Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including many penalties, and have the right to receive a written response regarding the Office of Appeals' decision. Taxpayers generally have the right to take their cases to court.

The Right to Finality

Taxpayers have the right to know the maximum amount of time they have to challenge the IRS's position as well as the maximum amount of time the IRS has to audit a particular tax year or collect a tax debt. Taxpayers have the right to know when the IRS has finished an audit.

The Right to Privacy

Taxpayers have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary, and will respect all due process rights, including search and seizure protections and will provide, where applicable, a collection due process hearing.

The Right to Confidentiality

Taxpayers have the right to expect that any information they provide to the IRS will not be disclosed unless authorized by the taxpayer or by law. Taxpayers have the right to expect appropriate action will be taken against employees, return preparers, and others who wrongfully use or disclose taxpayer return information.

The Right to Retain Representation

Taxpayers have the right to retain an authorized representative of their choice to represent them in their dealings with the IRS. Taxpayers have the right to seek assistance from a Low-Income Taxpayer Clinic if they cannot afford representation.

The Right to a Fair and Just Tax System

Taxpayers have the right to expect the tax system to consider facts and circumstances that might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels.

26 U.S. Code § 7803

The IRS interrupts Title 26, U.S. Code

Treasury regulations (26 C.F.R.) --commonly referred to as Federal tax regulations-- pick up where the Internal Revenue Code (IRC) leaves off by providing the official interpretation of the IRC by the U.S. Department of the Treasury.

Generally, when dealing with the IRS, one looks to the IRS manual, rather than the IRS

Code See, Irs.gov. (2019). IRM | Internal Revenue Service. [online] Available at: <https://www.irs.gov/irm> [Accessed 16 Sep. 2019].

IRM –Part 1 Organization, Finance, and Management. To...

Part 39 General Legal Services



Internal Revenue Manuals

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This presentation will touch on the following Parts of the IRM

Part 1 Organization, Finance, and Management

Part 4 Examining Process

Part 5 collections

Part 8 Appeals

1.1.1.2 (07-29-2019)

IRS Mission

1. The IRS mission:

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Steve: that is a BOLD promise.

My mission – HOLD THE IRS TO THEIR PROMISE!!!!

To make sure the IRS provides my client, the taxpayer

1. top-quality service, - as they promised
2. help in understanding their tax responsibilities - as they promised
3. AND help MEETING their tax responsibilities - as they promised
4. The IRS treats them with integrity and fairness. - as they promised

Internal Revenue Manual

IRM MUST BE FOLLOWED

Check List and Procedures -

III. Before collections, a tax must be assessed:

35.9.2 Procedures for Assessment of Tax

.1(a)

Assessment is the statutorily required recording of the tax liability. Section 6203. Assessment is made by recording the taxpayer's name, address, and tax liability

1. Assessing tax

- a. Tax Return – Tax Assessed – April 15th if filed on or before the due date. The day after the IRS receives it if filed after the due date (even if an extension)
- b. Examination (audit)
 - i. Notice of Deficiency: CP 3219A Notice (also known as a 90 Letter, Because the TP has 90 days to file a Tax Court Case)
- c. Substitute for Return (SFR)
 - i. When it has been determined that a taxpayer is liable for filing a return, and upon due notice from the Service fails to do so, an SFR will be prepared by Examination. IRM 4.12.1.8.4
 - ii. Notice of Deficiency: CP 3219A Notice (also known as a 90 Letter, Because the TP has 90 days to file a Tax Court Case)

Assessment date is key to Statute of Limitations (CSED & ASED).

IV. Required Notices

Overview of Collection Notices

- Within 60 days of the IRS making an assessment against a taxpayer, the IRS begins issuing collection notices
- The notices taxpayers typically receive include:
 - Notice and demand for tax (Notice CP14 or CP161);
 - Reminder Balance Due (Notice CP501);
 - Important 2nd Notice Balance Due (Notice CP503);
 - Urgent Final Notice Balance Due (Notice CP504); and
 - Final Notice of Intent to Levy and Notice of Your Right to a Hearing (Notice LT11, Letter 1058 or Letter 3172).

IRC §6303 requires the First notice

- Must be issued within 60 days after an assessment
- Prerequisite for issuing a levy under § 6331
- Prerequisite for IRC § 6321 lien arising and filing Notices of Federal Tax Lien (NFTL) under IRS §6323

CP 14 and CP 161 advises Taxpayers a tax is due, the amount of tax, interest and penalties. Also, demands payment within 21 days.

Sample Notice CP14 and CP161

Department of the Treasury
Internal Revenue Service

Notice CP14
Tax Year 2015
Notice date FEBRUARY 26, 2017
Social Security number [REDACTED]
To contact us PHONE 1-800-829-1015
Your Call ID [REDACTED]
Page 1 of 5

You have a balance due for 2015
Amount due: \$ [REDACTED]

Our records show you have unpaid taxes and/or penalties and interest on your December 31, 2015 tax return.
If you already have an installment or payment agreement in place for this tax year, then continue with that agreement.

Billing Summary

For you used [REDACTED]
Payments and credits [REDACTED]
Failure-to-pay penalty [REDACTED]
Failure-to-pay penalty [REDACTED]
Interest charges [REDACTED]
Amount due by March 13, 2017 [REDACTED]

If you are a debtor in a bankruptcy case, this notice is for your information only and is not intended to seek payment outside of the bankruptcy process of cases that before you filed your petition. You will not receive another notice of this balance due while the automatic stay remains in effect.

Continue on back.

Notice CP14
Notice date February 26, 2017
Social Security number [REDACTED]

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Social Security number [REDACTED] the tax year (2015), and the form number (1041) on your payment and any correspondence.

Amount due by March 13, 2017 [REDACTED]

INTERNAL REVENUE SERVICE

Department of the Treasury
Internal Revenue Service

Notice CP161
Tax period August 1, 2016
Notice date February 26, 2017
Employer ID number [REDACTED]
To contact us PHONE 1-800-829-4115
Page 1 of 5

You have an unpaid balance for August 1, 2016
Amount due: \$ [REDACTED]

Our records show you have an unpaid balance for the tax period beginning on August 1, 2016 (Form 2290).

Billing Summary

For you used [REDACTED]
Payments you made [REDACTED]
Failure-to-pay penalty [REDACTED]
Failure-to-pay penalty [REDACTED]
Interest charges [REDACTED]
Amount due by March 13, 2017 [REDACTED]

Pay immediately

- You must pay the full balance you owe by March 13, 2017, to avoid additional interest charges.

Continue on back.

Notice CP161
Notice date February 26, 2017
Employer ID number [REDACTED]

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Employer ID number [REDACTED] the tax period (August 1, 2016), and the form number (2290) on your payment and any correspondence.

Amount due by March 13, 2017 [REDACTED]

INTERNAL REVENUE SERVICE

Sample Notice CP501

Second Notice is CP501

- Issued around 5 weeks after the CP14/CP161 notice, unless taxpayer has paid or contacted the IRS.
- The notice advises the Taxpayer there is tax due, the amount of the tax, interest & penalties.
- The notice demands payment within 10 days.

 Department of the Treasury Internal Revenue Service	[Redacted]	Notice	CP501
	[Redacted]	Tax Year	[Redacted]
	[Redacted]	Notice date	January 23, 2017
	[Redacted]	Social Security number	[Redacted]
	[Redacted]	To contact us	Phone 1-800-829-8374
	[Redacted]	Your Caller ID	[Redacted]

Page 1 of 4

You have unpaid taxes for 2015
Amount due: [Redacted]

Our records show you have unpaid taxes for the tax year ended December 31, 2015 (Form 1040).
If you already paid your balance in full within the last 21 days or made payment arrangements, please disregard this notice.
If you already have an installment or payment agreement in place for this tax year, then continue with that agreement.

Billing Summary

Amount you owed	[Redacted]
Interest charges	[Redacted]
Amount due by February 2, 2017	[Redacted]

If you are a debtor in a bankruptcy case, this notice is for your information only and is not intended to seek payment outside of the bankruptcy process of taxes due before you filed your petition. You will not receive another notice of the balance due while the automatic stay remains in effect.

Continued on back.

 INTERNAL REVENUE SERVICE	[Redacted]	Notice	CP501
	[Redacted]	Notice date	January 23, 2017
	[Redacted]	Social Security number	[Redacted]

Payment

Make your check or money order payable to the United States Treasury.
Write your Social Security number [Redacted] the tax year (2015), and the form number (1040) on your payment and any correspondence.

Amount due by February 2, 2017

[Redacted]

Sample Notice CP503

Third Notice is CP503

- Issued around 5 weeks after the CP501 notice, unless taxpayer has paid or contacted the IRS.
- The notice advises the Taxpayer there is tax due, the amount of the tax, interest & penalties
- The notice demands payment within 10 days.

 <p>Department of the Treasury Internal Revenue Service</p>	<p>Notice CP503 Tax Year [REDACTED] Notice date January 23, 2017 Social Security number [REDACTED] To contact us (toll-free) 1-800-829-6374 Your Caller ID [REDACTED]</p> <p>Page 1 of 6</p>								
<p>Second reminder: You have unpaid taxes for 2014</p> <p>Amount due: [REDACTED]</p>									
<p>As we notified you before, our records show you have unpaid taxes for the tax year ended December 31, 2014 (Form 1040). If you don't pay [REDACTED] by February 2, 2017, the amount of interest will increase and additional penalties may apply.</p> <p>If you already have an installment or payment agreement in place for this tax year, then continue with that agreement.</p>	<p>Billing Summary</p> <table border="0"><tr><td>Amount you owed</td><td>[REDACTED]</td></tr><tr><td>Failure-to-pay penalty</td><td>[REDACTED]</td></tr><tr><td>Interest charges</td><td>[REDACTED]</td></tr><tr><td>Amount due by February 2, 2017</td><td>[REDACTED]</td></tr></table>	Amount you owed	[REDACTED]	Failure-to-pay penalty	[REDACTED]	Interest charges	[REDACTED]	Amount due by February 2, 2017	[REDACTED]
Amount you owed	[REDACTED]								
Failure-to-pay penalty	[REDACTED]								
Interest charges	[REDACTED]								
Amount due by February 2, 2017	[REDACTED]								
<p>Continued on back...</p>									
 <p>Payment</p>	<p>Make your check or money order payable to the United States Treasury. Write your Social Security number [REDACTED], the tax year (2014), and the form number (1040) on your payment and any correspondence.</p> <p>Amount due by February 2, 2017</p> <p>[REDACTED]</p>								
<p>INTERNAL REVENUE SERVICE</p> <p>[REDACTED]</p>									

Sample Notice CP504

Fourth Notice – CP504

- Required by IRC §6331(d) and sent Certified Mail, unless taxpayer has paid or contacted the IRS.
- The notice advises the Taxpayer there is tax due, the amount of the tax, interest & penalties
- The notice demands payment within 10 days.
- The notice advises the taxpayer that the IRS intends to levy the taxpayer's State tax refund or other property

 Department of the Treasury Internal Revenue Service	Notice CP504 Tax Year [REDACTED] Notice date January 23, 2017 Social Security number [REDACTED] To contact us Please 1-800-829-0374 Page 1 of 6
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Notice of Intent to seize (levy) your property or rights to property
Amount due immediately: [REDACTED]

This is a notice of intent to levy your state tax refund or other property. As we notified you before, our records show you have unpaid taxes for the tax year ending December 31, 2014 (Form [REDACTED] if you don't call us immediately to make payment arrangements or pay the amount due, we may levy your property or rights to property and apply it to the [REDACTED] you owe.

Billing Summary	
Amount you owed	[REDACTED]
Failure-to-pay penalty	[REDACTED]
Interest charges	[REDACTED]
Amount due immediately	[REDACTED]

Continued on back...

 INTERNAL REVENUE SERVICE	Notice CP504 Notice date January 23, 2017 Social Security number [REDACTED]
---	--

Payment

- Make your check or money order payable to the United States Treasury.
- Write your Social Security number [REDACTED] the tax year [REDACTED] and the form number (1040) on your payment and any correspondence.

Amount due immediately [REDACTED]

Sample Notice LT 11

 Department of the Treasury Internal Revenue Service OPERATING DIVISION	Date:
	07/03/2017
	Taxpayer ID number: (last 4 digits):
	Person to contact:
	Contact telephone number:
	Contact fax number:
	Employee ID number:

Certified Mail - Return Receipt

Final Notice
Notice of Intent to Levy and Notice of Your Right to a Hearing
Please Respond Immediately

Dear:

Why we are sending you this letter
Your federal tax is still unpaid. We asked you to pay the tax, but we still haven't received your payment. This letter is your notice of our intent to levy (under Internal Revenue Code (IRC) Section 6331) and your right to request a Collection Due Process hearing or an Equivalent Hearing with Appeals (under IRC Section 6330(a)).

What you must do
Please send us a full payment today to prevent additional collection action. Make your check or money order payable to the "United States Treasury." Write your taxpayer identification number on your payment. Send your payment to the address at the top of this letter, along with a copy of this letter.

The amount you owe through [insert date] is \$ [amount due]. Additional interest charges will be due if you pay after this date.

If you want to request an Appeals hearing, complete the enclosed Form 12153, *Request for a Collection Due Process or Equivalent Hearing*, and send it to us by [date]. You must complete, sign, and return this form to the above address by [date] to preserve your right to contest an Appeals decision in the U.S. Tax Court. We will consider the verified postmark, meter date, or fax transmission date to be the receipt date. If you send the letter after [date], you may still be entitled to a hearing; however, you will forfeit your rights to contest an Appeals decision in Tax Court. Refer to the enclosed Publication 1660, *Collection Appeals Rights*, for more information.

What we're going to do
We may file a Notice of Federal Tax Lien at any time to protect the government's interest. A lien is a public notice to your creditors that the government has a right to your current assets, including any assets you acquire after we file the lien. Please note that we can file a lien even if you request a hearing.

Letter 1068 (Rev. 1-2017)
Catalog Number 404886

Sample Notice Letter 1058

Department of the Treasury
Internal Revenue Service

Notice 1111
Notice Date January 26, 2017
Taxpayer ID number [REDACTED]
Case reference number 1405-812-959
Page 1 of 5

Notice of intent to levy and notice of your right to a hearing
Intent to seize your property or rights to property
Amount due immediately: [REDACTED]

We haven't received a payment despite sending you several notices about your overdue taxes. The IRS may seize (levy) your property or your rights to your property on or after February 15, 2017.

Property includes:

- Wages and other income
- Bank accounts
- Investors assets
- Personal assets (including your car and home)
- Alaska Permanent Fund Dividend and state tax refund
- Social Security benefits

Billing Summary

Amount you owe: [REDACTED]
Additional month charge: [REDACTED]
Additional interest charge: [REDACTED]
Amount due immediately: [REDACTED]

Make your check or money order payable to the United States Treasury. Write your Taxpayer ID number and the tax period(s) on your payment and any correspondence.

Amount due immediately

Make your check or money order payable to the United States Treasury. Write your Taxpayer ID number and the tax period(s) on your payment and any correspondence.

INTERNAL REVENUE SERVICE

Department of the Treasury
Internal Revenue Service

Notice 1111
Notice Date January 26, 2017
Taxpayer ID number [REDACTED]
Case reference number 1405-812-959
Page 2 of 5

What you need to do immediately

Pay immediately

- **Send us the amount due of [REDACTED] — we may seize (levy) your property on or after February 15, 2017.**
- If you can't pay the amount due, pay as much as you can now and make payment arrangements that allow you to pay off the rest over time. Visit www.irs.gov/payments for more information about installment and payment agreements — download required forms or save time and money by applying online if you qualify.
- Automatic deductions from your bank account
- Payroll deductions
- Credit card payments

Or, call us at 1-800-829-5595 to discuss your options.

- If you've already paid your balance in full or that we haven't credited a payment to your account, please send proof of that payment.

Right to request a Collection Due Process hearing

If you wish to dispute this proposed levy action, complete and mail the enclosed Form 12153, Request for a Collection Due Process or Equitable Hearing, by **February 15, 2017**. Send the form to us at the address listed at the top of page 1. Be sure to include the reason you are requesting a hearing (see section 8.02, and the instructions to Form 12153) as well as other information requested by the form. If you don't file Form 12153 by **February 15, 2017**, you will lose the ability to contest Appeals' decisions in the U.S. Tax Court.

Make your check or money order payable to the United States Treasury. Write your Taxpayer ID number and the tax period(s) on your payment and any correspondence.

Contact information

INTERNAL REVENUE SERVICE

The Key language here – AND what makes these notices different than the others:

Right to request a Collection Due Process hearing

If you wish to appeal this proposed action, complete and mail the enclosed Form 12153, Request for a Collection Due Process or Equivalent Hearing, by DATE. Send the form to us at the address listed at the top of page 1. Be sure to include the reason you are requesting a hearing (see Section 8 of, and the instructions to, Form 12153) as well as other information requested by the form. If you don't file Form 12153 by DATE, you will lose the ability to contest Appeals' decision in the U.S. Tax Court.

Notice of Intent to Levy and Notice of your Right to a hearing

Collection Due Process Hearing - Appeal

8.22.4.2.1 (11-05-2013)

Appeals Policy

1. Appeals' mission is to resolve tax controversies on a basis which is fair and impartial to the Government and the taxpayer. To accomplish this mission in CDP cases, the Appeals hearing officer is responsible for making a determination based on the facts and the law known to Appeals during the time of the hearing.

Respond by filing Form 12153 within 30 days of the date on the Notice LT11, Letter 1058 or Letter 3172

Collection Due Process Hearing – The IRS will:

- verify that the requirements of any applicable law or administrative procedure have been met;
- determine any relevant issue relating to the unpaid tax, the lien, or the proposed levy, including but not limited to:
 - Challenges to the underlying liability, but only if the taxpayer did not receive a notice of deficiency or otherwise have an opportunity to dispute the tax;
 - Appropriateness of the collection action;
 - Collection alternatives (e.g., offer in compromise, installment agreement, currently not collectible, substitution of other assets);
 - And Spousal defenses; and

Whether the collection action balances the need for the efficient collection of taxes with the taxpayer's legitimate concern that any collection action be no more intrusive than necessary

Revenue Officers – Automated Collection Service Call Centers

Form **12153**
(Rev. 12-2013)

Request for a Collection Due Process or Equivalent Hearing

Use this form to request a Collection Due Process (CDP) or equivalent hearing with the IRS Office of Appeals if you have been issued one of the following lien or levy notices:

- Notice of Federal Tax Lien Filing and Your Right to a Hearing under IRC 6320,
- Notice of Intent to Levy and Notice of Your Right to a Hearing,
- Notice of Jeopardy Levy and Right of Appeal,
- Notice of Levy on Your State Tax Refund,
- Notice of Levy and Notice of Your Right to a Hearing.

Complete this form and send it to the address shown on your lien or levy notice. Include a copy of your lien or levy notice to ensure proper handling of your request.

Call the phone number on the notice or 1-800-829-1040 if you are not sure about the correct address or if you want to fax your request.

You can find a section explaining the deadline for requesting a Collection Due Process hearing in this form's instructions. If you've missed the deadline for requesting a CDP hearing, you must check line 7 (Equivalent Hearing) to request an equivalent hearing.

1. Taxpayer Name: (Taxpayer 1) _____

Taxpayer Identification Number _____

Current Address _____

City _____ State _____ Zip Code _____

2. Telephone Number and Best Time to Call During Normal Business Hours	Home (____) _____ - _____ _____ <input type="checkbox"/> am. <input type="checkbox"/> pm.
	Work (____) _____ - _____ _____ <input type="checkbox"/> am. <input type="checkbox"/> pm.
	Cell (____) _____ - _____ _____ <input type="checkbox"/> am. <input type="checkbox"/> pm.

3. Taxpayer Name: (Taxpayer 2) _____

Taxpayer Identification Number _____

Current Address _____

(If Different from Address Above)

City _____ State _____ Zip Code _____

4. Telephone Number and Best Time to Call During Normal Business Hours	Home (____) _____ - _____ _____ <input type="checkbox"/> am. <input type="checkbox"/> pm.
	Work (____) _____ - _____ _____ <input type="checkbox"/> am. <input type="checkbox"/> pm.
	Cell (____) _____ - _____ _____ <input type="checkbox"/> am. <input type="checkbox"/> pm.

5. Tax Information as Shown on the Lien or Levy Notice (If possible, attach a copy of the notice)

Type of Tax (Income, Employment, Excise, etc. or Civil Penalty)	Tax Form Number (1040, 941, 720, etc)	Tax Period or Periods

Form **12153** (Rev. 12-2013) Catalog Number 26685D www.irs.gov Department of the Treasury - Internal Revenue Service

Request for a Collection Due Process or Equivalent Hearing

6. Basis for Hearing Request (Both boxes can be checked if you have received both a lien and levy notice)

- Filed Notice of Federal Tax Lien Proposed Levy or Actual Levy

7. Equivalent Hearing (See the instructions for more information on Equivalent Hearings)

- I would like an Equivalent Hearing - I would like a hearing equivalent to a CDP Hearing if my request for a CDP hearing does not meet the requirements for a timely CDP Hearing.

8. Check the most appropriate box for the reason you disagree with the filing of the lien or the levy. See page 4 of this form for examples. You can add more pages if you don't have enough space. If, during your CDP Hearing, you think you would like to discuss a Collection Alternative to the action proposed by the Collection function it is recommended you submit a completed Form 433A (Individual) and/or Form 433B (Business), as appropriate, with this form. See www.irs.gov for copies of the forms. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.

Collection Alternative Installment Agreement Offer in Compromise I Cannot Pay Balance

Lien Subordination Discharge Withdrawal

Please explain:

My Spouse Is Responsible Innocent Spouse Relief (Please attach Form 8857, Request for Innocent Spouse Relief, to your request.)

Other (For examples, see page 4)

Reason (You must provide a reason for the dispute or your request for a CDP hearing will not be honored. Use as much space as you need to explain the reason for your request. Attach extra pages if necessary.):

9. Signatures

I understand the CDP hearing and any subsequent judicial review will suspend the statutory period of limitations for collection action. I also understand my representative or I must sign and date this request before the IRS Office of Appeals can accept it. If you are signing as an officer of a company add your title (president, secretary, etc.) behind your signature.

SIGN HERE

Taxpayer 1's Signature	Date
Taxpayer 2's Signature (if a joint request, both must sign)	Date

- I request my CDP hearing be held with my authorized representative (attach a copy of Form 2848)

Authorized Representative's Signature	Authorized Representative's Name	Telephone Number
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IRS Use Only

IRS Employee (Print)	Employee Telephone Number	IRS Received Date
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Form **12153** (Rev. 12-2013) Catalog Number 26685D www.irs.gov Department of the Treasury - Internal Revenue Service

Information You Need To Know When Requesting A Collection Due Process Hearing

What Is the Deadline for Requesting a Timely Collection Due Process (CDP) Hearing?

- Your request for a CDP hearing about a Federal Tax Lien filing must be postmarked by the date indicated in the Notice of Federal Tax Lien Filing and Your Right to a Hearing under IRC 6320 (lien notice).
- Your request for a CDP hearing about a levy must be postmarked within 30 days after the date of the Notice of Intent to Levy and Notice of Your Right to a Hearing (levy notice) or Notice of Your Right to a Hearing After an Actual Levy.

Your timely request for a CDP hearing will prohibit levy action in most cases. A timely request for CDP hearing will also suspend the 10-year period we have, by law, to collect your taxes. Both the prohibition on levy and the suspension of the 10-year period will last until the determination the IRS Office of Appeals makes about your disagreement is final. The amount of time the suspension is in effect will be added to the time remaining in the 10-year period. For example, if the 10-year period is suspended for six months, the time left in the period we have to collect taxes will be extended by six months.

You can go to court to appeal the CDP determination the IRS Office of Appeals makes about your disagreement.

What Is an Equivalent Hearing?

If you still want a hearing with the IRS Office of Appeals after the deadline for requesting a timely CDP hearing has passed, you can use this form to request an equivalent hearing. You must check the Equivalent Hearing box on line 7 of the form to request an equivalent hearing. An equivalent hearing request does not prohibit levy or suspend the 10-year period for collecting your taxes; also, you cannot go to court to appeal the IRS Office of Appeals' decision about your disagreement. You must request an equivalent hearing within the following timeframe:

- Lien Notice—one year plus five business days from the filing date of the Notice of Federal Tax Lien.
- Levy Notice—one year from the date of the levy notice.
- Your request for a CDP levy hearing, whether timely or Equivalent, does not prohibit the Service from filing a Notice of Federal Tax Lien.

Where Should You File Your CDP or Equivalent Hearing Request?

File your request by mail at the address on your lien notice or levy notice. You may also fax your request. Call the telephone number on the lien or levy notice to ask for the fax number. Do not send your CDP or equivalent hearing request directly to the IRS Office of Appeals, it must be sent to the address on the lien or levy notice. If you send your request directly to Appeals it may result in your request not being considered a timely request. Depending upon your issue the originating function may contact you in an attempt to resolve the issue(s) raised in your request prior to forwarding your request to Appeals.

Where Can You Get Help?

You can call the telephone number on the lien or levy notice with your questions about requesting a hearing. The contact person listed on the notice or other representative can access your tax information and answer your questions.

In addition, you may qualify for representation by a low-income taxpayer clinic for free or nominal charge. Our Publication 4134, Low Income Taxpayer Clinic List, provides information on clinics in your area.

If you are experiencing economic harm, the Taxpayer Advocate Service (TAS) may be able to help you resolve your problems with the IRS. TAS cannot extend the time you have to request a CDP or equivalent hearing. See Publication 594, The IRS Collection Process, or visit www.irs.gov/advocate/index-html. You also can call 1-877-777-4778 for TAS assistance.

Note—The IRS Office of Appeals will not consider frivolous requests. You can find examples of frivolous reasons for requesting a hearing or disagreeing with a tax assessment in Publication 2105, Why do I have to Pay Taxes?, or at www.irs.gov by typing “frivolous” into the search engine.

You can get copies of tax forms, schedules, instructions, publications, and notices at www.irs.gov, at your local IRS office, or by calling toll-free 1-800-TAX-FORM (829-3676).

Information You Need To Know When Requesting A Collection Due Process Hearing

What Are Examples of Reasons for Requesting a Hearing?

You will have to explain your reason for requesting a hearing when you make your request. Below are examples of reasons for requesting a hearing.

You want a collection alternative— “I would like to propose a different way to pay the money I owe.” Common collection alternatives include:

- Full payment—you pay your taxes by personal check, cashier's check, money order, or credit card.
- Installment Agreement—you pay your taxes fully or partially by making monthly payments.
- Offer in Compromise—you offer to make a payment or payments to settle your tax liability for less than the full amount you owe.

“I cannot pay my taxes.” Some possible reasons why you cannot pay your taxes are: (1) you have a terminal illness or excessive medical bills; (2) your only source of income is Social Security payments, welfare payments, or unemployment benefit payments; (3) you are unemployed with little or no income; (4) you have reasonable expenses exceeding your income; or (5) you have some other hardship condition. The IRS Office of Appeals may consider freezing collection action until your circumstances improve. Penalty and interest will continue to accrue on the unpaid balance.

You want action taken about the filing of the tax lien against your property—You can get a Federal Tax Lien released if you pay your taxes in full. You also may request a lien subordination, discharge, or withdrawal. See www.irs.gov for more information.

When you request lien subordination, you are asking the IRS to make a Federal Tax Lien secondary to a non-IRS lien. For example, you may ask for a subordination of the Federal Tax Lien to get a refinancing mortgage on your house or other real property you own. You would ask to make the Federal Tax Lien secondary to the mortgage, even though the mortgage came after the tax lien filing. The IRS Office of Appeals would consider lien subordination, in this example, if you used the mortgage proceeds to pay your taxes.

When you request a lien discharge, you are asking the IRS to remove a Federal Tax Lien from a specific property. For example, you may ask for a discharge of the Federal Tax Lien in order to sell your house if you use all of the sale proceeds to pay your taxes even though the sale proceeds will not fully pay all of the tax you owe.

When you request a lien withdrawal, you are asking the IRS to remove the Notice of Federal Tax Lien (NFTL) information from public records because you believe the NFTL should not have been filed. For example, you may ask for a withdrawal of the filing of the NFTL if you believe the IRS filed the NFTL prematurely or did not follow procedures, or you have entered into an installment agreement and the installment agreement does not provide for the filing of the NFTL. A withdrawal does not remove the lien from your IRS records.

Your spouse is responsible—“My spouse (or former spouse) is responsible for all or part of the tax liability.” You may believe that your spouse or former spouse is the only one responsible for all or a part of the tax liability. If this is the case, you are requesting a hearing so you can receive relief as an innocent spouse. You should complete and attach Form 8857, Request for Innocent Spouse Relief, to your hearing request.

Other Reasons—“I am not liable for (I don't owe) all or part of the taxes.” You can raise a disagreement about the amount you owe only if you did not receive a deficiency notice for the liability (a notice explaining why you owe taxes—it gives you the right to challenge in court, within a specific timeframe, the additional tax the IRS says you owe), or if you have not had another prior opportunity to disagree with the amount you owe.

“I do not believe I should be responsible for penalties.” The IRS Office of Appeals may remove all or part of the penalties if you have a reasonable cause for not paying or not filing on time. See Notice 746, Information About Your Notice, Penalty and Interest for what is reasonable cause for removing penalties.

“I have already paid all or part of my taxes.” You disagree with the amount the IRS says you haven't paid if you think you have not received credit for payments you have already made.

See Publication 594, The IRS Collection Process, for more information on the following topics:
Installment Agreements and Offers in Compromise; Lien Subordination, Discharge, and Withdrawal;
Innocent Spouse Relief; Temporarily Delay Collection; and belief that tax bill is wrong.

Form 1215
3 (Rev. 12-2013)

Catalog Number 26685D

www.irs.gov

Department of the Treasury - Internal Revenue Service

V. Penalties

a. Penalties

i. Failure to file

Failure to file: Internal Revenue Code §6651(a)(1)

1. 5% of unpaid tax required to be reported
2. Reduced by the “failure to pay” penalty amount for any month where both penalties apply
3. Charged each month or part of a month the return is late, up to 5 months
4. Applies for a full month, even if the return is filed less than 30 days late
5. Income tax returns are subject to a minimum late filing penalty when filed more than 60 days after the return due date, including extensions. The minimum penalty is the LESSER of two amounts – 100% of the tax required to be shown on the return that you didn’t pay on time, or a specific dollar amount that is adjusted annually for inflation. The specific dollar amounts are:
 - a. \$215 for returns due on or after 1/1/2020
- 6.

ii. Failure to pay

Failure to pay tax reported on return: Internal Revenue Code §6651(a)(2)

- a. 0.5% of tax not paid by due date, April 15; 0.25% during approved installment agreement (if return was filed on time, and taxpayer is an individual); 1% if tax is not paid within 10 days of a notice of intent to levy
- b. Recurring charge on the remaining unpaid tax each month or part of a month following the due date, until the tax is fully paid or until 25% is reached
- c. Full monthly charge applies, even if the tax is paid before the month ends.

b. Plus Interest – compounded daily

IR-2019-103, June 5, 2019

WASHINGTON —The Internal Revenue Service today announced that interest rates will decrease for the calendar quarter beginning July 1, 2019. The rates will be:

- five (5) percent for overpayments [four (4) percent in the case of a corporation];
- two and one-half (2.5) percent for the portion of a corporate overpayment exceeding \$10,000;
- five (5) percent for underpayments; and
- seven (7) percent for large corporate underpayments.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis. For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points.

Generally, in the case of a corporation, the underpayment rate is the federal short-term rate plus 3 percentage points and the overpayment rate is the federal short-term rate plus 2 percentage points. The rate for large corporate underpayments is the federal short-term rate plus 5 percentage points. The rate on the portion of a corporate overpayment of tax exceeding \$10,000 for a taxable period is the federal short-term rate plus one-half (0.5) of a percentage point.

The interest rates announced today are computed from the federal short-term rate determined during April 2019 to take effect May 1, 2019, based on daily compounding.

c. Abatements –

- i. First Time Abatements First-Time Abatement: IRM 20.1.1.3.6.1–
- ii. Reasonable Cause: IRM 20.1.1.3.2 Reasonable cause abatement.
 1. Death, Serious Illness, or Unavoidable Absence: IRM 20.1.1.3.2.2.1
 2. Fire, Casualty, Natural Disaster, or Other Disturbance: IRM 20.1.1.3.3.6
 3. Unable to Obtain Records: IRM 20.1.1.3.2.2.3
 4. Mistake Was Made: IRM 20.1.1.3.2.2.4
 5. Erroneous Advice or Reliance: IRM 20.1.1.3.2.2.5
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VI. Collections

Part 5 of the Internal Revenue Manual Covers Collections

9/18/2019

| Internal Revenue Service



Part 5. Collecting Process

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5.18 Liability Determination

- 5.18.1 Automated Substitute for Return (ASFR) Program
- 5.18.2 Business Returns IRC 6020(b) Processing

5.19 Liability Collection

- 5.19.1 Balance Due
- 5.19.2 Individual Master File (IMF) Return Delinquency
- 5.19.3 Backup Withholding Program
- 5.19.4 Enforcement Action
- 5.19.5 ACS Inventory
- 5.19.6 ACS Support
- 5.19.7 Monitoring Offer In Compromise

- ♦ 5.19.8 Collection Appeal Rights
- ♦ 5.19.9 Automated Levy Programs
- ♦ 5.19.10 Collection Operations Transcript Processing
- ♦ 5.19.11 Withholding Compliance Program
- ♦ 5.19.12 Centralized Lien Operation
- ♦ 5.19.13 Campus Procedures for Securing Financial Information
- ♦ 5.19.14 Trust Fund Recovery Penalty (TFRP)
- ♦ 5.19.15 Federal Agency Delinquency (FAD) Program
- ♦ 5.19.16 Compliance Services Collection Operations (CSCO) Clerical Procedures
- ♦ 5.19.17 Campus Procedures for Currently Not Collectible and Offers in Compromise
- ♦ 5.19.18 Federal Employee/Retiree Delinquency Initiative (FERDI)
- ♦ 5.19.19 Campus Compliance International Case Processing (CCICP)
- ♦ 5.19.21 Campus Procedures for Handling Identity Theft
- ♦ 5.19.22 Business Master File (BMF) Return Delinquency
- ♦ 5.19.23 Restitution - Based Assessments Processing
- ♦ 5.19.24 Doubt as to Liability Offer in Compromise

5.20 Abusive Tax Avoidance Transactions (ATAT)

- ♦ 5.20.1 Abusive Tax Avoidance Transaction Program
- ♦ 5.20.2 Abusive Tax Avoidance Transactions Time Reporting
- ♦ 5.20.3 Third Party Contacts
- ♦ 5.20.4 Summons Procedures
- ♦ 5.20.6 Whipsaw Assessments
- ♦ 5.20.7 Monitoring of Promoter/Preparer Injunctions (IRC 7407 and 7408)
- ♦ 5.20.8 Promoter/Preparer Investigations
- ♦ 5.20.10 Identification and Processing of Frivolous Documents
- ♦ 5.20.11 Examination Reconsiderations and Referrals
- ♦ 5.20.12 Initial Contact and Research Actions Related to Abusive Tax Avoidance Transactions cases

5.21 International and Insular Issues

- ♦ 5.21.1 Overview
- ♦ 5.21.2 Offshore Information Gathering Techniques
- ♦ 5.21.3 Collection Tools for International Cases
- ♦ 5.21.4 Payments Made in Foreign Currency
- ♦ 5.21.5 International Field Calls
- ♦ 5.21.6 Foreign Financial Account Reporting
- ♦ 5.21.7 Special Cases
- ♦ 5.21.8 Adjustments to International Cases

VII. Liens And Levies

	2017	2018
Number of notices of Federal tax liens filed	446,378	410,220
Number of notices of levy requested on third parties	590,249	639,025
Number of seizures	323	275

Liens:

5.17.2.2.1 (03-19-2018)

When and How the Tax Lien Arises

1. The federal tax lien arises when any "person" liable to pay any federal tax fails to pay the tax after a demand by the Government for payment. IRC § 6321. For federal tax law purposes, a "person" is defined to include individuals, trusts, estates, partnerships, associations, companies, and corporations. IRC § 7701(a)(1). The lien is effective from the date the Government assesses the tax. Thus, if the taxpayer neglects or refuses to pay the assessed tax, then the lien is deemed to relate back to the assessment date. IRC § 6322. The Service is not required to file a NFTL in order for the tax lien to attach. As discussed later in the text, the Service may need to file a NFTL in order to have priority over the taxpayer's other creditors.

Notice of Federal Tax Lien (NFTL)

5.12.2.1 (11-09-2015)

Purpose

1. Federal tax liens exist by operation of law. The purpose of this IRM is to provide instructions for making the determination of whether to file a notice of the lien's existence (i.e., a Notice of Federal Tax Lien (NFTL)) and the NFTL filing criteria. See IRM 5.12.1 for an introduction to federal tax liens and the lien program. See IRM 5.17.2 for an in-depth discussion of the federal tax lien and lien priorities.
2. A Notice of Federal Tax Lien filing determination is the decision whether to file an NFTL; defer the filing of an NFTL, or not to file an NFTL. Determination criteria are found in IRM 5.12.2.3. If the determination decision is to file a lien notice, filing thresholds and criteria are found in IRM 5.12.2.6. If the determination decision is to defer or not file, those criteria are found in IRM 5.12.2.4.

2. Levy –
i. Wages

5.11.5.1.1 (06-13-2018)

Background

1. Internal Revenue Code IRC 6331(e), Continuing levy on salary and wages provides a levy on salary or wages has continuous effect from the time the levy originally is made until the levy is released pursuant to IRC 6343. The term salary or wages includes compensation for services paid in the form of fees, commissions, bonuses, and similar items.

ii. Banks

5.11.4.1.1 (02-15-2018)

Background

1. Internal Revenue Code IRC 6332(c), Surrender of property subject to levy provides special rules when a levy is served on money in banks, credit unions, savings and loans, and similar institutions. This IRM provides guidance on these special rules.

5.11.4.2 (02-15-2018)

Holding Period

1. Under IRC 6332(c) a bank must wait 21 calendar days after a levy is served before surrendering the funds in the account (including interest thereon) held by the bank, subject to extension. On the next business day after the holding period expires, the bank must surrender the funds in the account, up to the amount of the levy. The depositor(s) can waive this waiting period. The bank will not surrender money that is subject to attachment or execution under judicial process. "Bank" includes credit unions, savings and loan associations, trust companies, and others described in IRC 408(n) and Treas. Reg. §301.6332–3(b).

iii. Assets

5.10.1.1.1 (08-29-2017)

Background

1. Internal Revenue Manual 5.10.1, Seizure and Sale, Pre-Seizure Considerations, contains procedural guidance for seizing assets for the non-payment of tax. The procedures contained in this section relate to the determination

as to whether seizure is appropriate, taxpayer notifications, perishable/courtesy/jeopardy/MCAR seizures, asset specific considerations, and consent or writ determinations.

b. Passport

The IRS began sending certifications of unpaid tax debt to the State Department in February 2018. Additionally, in July 2019, the IRS began issuing Letter 6152 to taxpayers.

Before the IRS sends a revocation referral to the Department of State, IRS will issue Letter 6152 asking the taxpayer to call within 30 days to resolve their account to prevent this action.

If you have seriously delinquent tax debt, IRC § 7345 authorizes the IRS to certify that debt to the State Department for action. The State Department generally will not issue a passport to you after receiving certification from the IRS.

Seriously delinquent tax debt is an individual's unpaid, legally enforceable federal tax debt totaling more than \$52,000 (including interest and penalties) for which a:

- Notice of federal tax lien has been filed and all administrative remedies under IRC § 6320 have lapsed or been exhausted or
- Levy has been issued

VIII. Working Collections Cases

Power of Attorney (POA) – Who can represent? IRM 1.25.1.2.1 (11-30-2016) Power of Attorney and Form 2848

1. A power of attorney is a taxpayer's written authorization for an individual to act on the taxpayers' behalf in specific tax matters. A power of attorney is submitted when a taxpayer wants to authorize an individual to advocate or otherwise represent him/her before the IRS. Most frequently, a power of attorney is submitted when a taxpayer wants to be represented at a conference with the IRS or to have a written response prepared and submitted to the IRS.
2. Form 2848

Part 1 Sections of IRS Power of Attorney Form

- i. Taxpayer Information: name and mailing address, social security number, and tax id number of the taxpayer;
- ii. Representatives: name and mailing address of the representative(s); Make sure to check the box to receive all documents the IRS sends to the Taxpayer.
- iii. Acts Authorized: the description of the matter(s) for which representation is authorized which, if applicable, must include- the type of tax involved; the federal tax form number; the specific year(s)/period(s) involved; and in estate matters, decedent's date of death.
- iv. Specific use recorded on Centralized Authorization File (CAF): CAF is where the IRS records all Power of Attorney agreements.
- v. Authorized Acts: Details the acts a representative may and may not perform.
- vi. Retention/revocation of prior power(s) of attorney: Form 2848 automatically revokes and overrides any previously filed form 2848. Check the box to prevent the previous form doesn't get overwritten.
- vii. Signature of taxpayer: the taxpayer's signature and date.

[Link to IRS Form 2848](#)

IRS Form 2848 - Power of Attorney and Declaration of Representative

<https://www.irs.gov/forms-pubs/about-form-2848>

Centralized Authorization File (CAF)

21.3.7.1.1 (09-13-2017)

Background

The Centralized Authorization File (CAF) is a computerized system of records which houses authorization information from both powers of attorney and tax information authorizations. The CAF system contains several types of records, among them taxpayer and representative's records, tax modules and authorizations.

A CAF number is a unique nine-digit identification number and is assigned the first time you file a third-party authorization with IRS. A letter is sent to you informing you of your assigned CAF number. Use your assigned CAF number on all future authorizations.

1. Transcripts – Tax transcripts are summaries of tax information. Different kinds of transcripts
 - a. Tax return
2. FOIA – Freedom of Information Request
3. Compliance –
 - i. Filing compliance – Filing Tax Returns
 - ii. Payment compliance – payment of taxes due
 - iii. Reporting compliance – Accuracy of tax returns
4. Tax Returns –
How far back to go IRM 1.2.1.6.18 (08-04-2006)
5. Collection Statute Expiration
 - a. How long
 - b. Activities that Suspend
6. Collection Information Sheet
7. 6 things you can do if you owe the IRS money –
 1. Pay
 2. Installment Agreements (IRM 5.14)
 - a. 10k – Guaranteed
 - b. 25k – Streamline
 - c. 50k – Modified streamline
 - d. 100K now
 - e. More than 100k
 - f. Partial
 - g. Pay it all now – Everything liquidate now

5.4.11.1.1 (10-06-2016)

3. Offer in Compromise –

5.8.1.2.1 (09-23-2008)

Definition

1. An offer is an agreement between a taxpayer and the government that settles a tax liability for payment of less than the full amount owed.

5.8.1.2.2 (05-05-2017)

Authority

1. The Secretary of the Treasury is granted broad authority to compromise tax liabilities in IRC Section §7122.
2. The Commissioner of Internal Revenue, under Treasury Regulation §301.7122-1, is authorized to compromise a liability on any one of three grounds:
 1. Doubt as to Collectability (DATC),
 2. Doubt as to Liability (DATL), or to
 3. promote Effective Tax Administration (ETA).

4. Currently Not Collectible

5.16.1.1.1 (09-18-2018)

Background

1. The Internal Revenue Service (IRS) is granted the authority to determine that some accounts are CNC. The IRS balances the potential for collection against the costs and its ability to collect.
2. The decision to suspend collection action is made with an awareness that the IRS also is charged with fair and equitable enforcement of tax laws.

5. Bankruptcy

See Discharging Taxes in Bankruptcy, Steven A. Leahy

6. Nothing