

Private Collection of Some Federal Tax Debt Starts in April

Taxpayers: Watch Out for Scam Calls

Starting this month, the Internal Revenue Service will begin 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 a federal law enacted by Congress in December 2015, 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.

This is probably the IRS' 3rd or 4th attempt at using private collection agencies. It failed in the past because of Federal disclosure issues with private firms.

"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."

The program will begin this week with a few hundred taxpayers receiving mailings and subsequent phone calls, with the program growing to thousands a week later in the spring and summer. Taxpayers with overdue taxes will always receive multiple contacts, letters and phone calls, first from the IRS, not private debt collectors.

Watch out for Phone Scams

The IRS reminds taxpayers to be on the lookout for scammers posing as private collection firms. The IRS will be watching for these schemes as the collection program begins, and this effort will include working with partners in the tax community and law enforcement about emerging scams.

More at: <https://www.irs.gov/businesses/small-businesses-self-employed/private-debt-collection>

Provided by:
Gary W Lundgren, EA
www.TaxBulldog.com

Apr 4, 2017