

**"A clear vision, backed by definite plans, gives you a tremendous feeling of confidence and personal power."**

*-- Brian Tracy, Author*

Tax Tip – May 31, 2017

Private Debt Collection

Part 1 of 2

The Internal Revenue Service began a new private collection program of certain overdue federal tax debts selecting four contractors to implement it.

The new program, authorized under a federal law enacted by Congress, enables these designated contractors to collect, on the government’s behalf, outstanding inactive tax receivables. Authorized under a federal law enacted by Congress in December 2015, Section 32102 of the Fixing America’s Surface Transportation Act (FAST Act) requires the IRS to use private collection agencies for the collection of outstanding inactive tax receivables.

General Information

As a condition of receiving a contract, these agencies must respect taxpayer rights including, among other things, abiding by the consumer protection provisions of the Fair Debt Collection Practices Act.

These private collection agencies will work on accounts where taxpayers owe money, but the IRS is no longer actively working them. Several factors contribute to the IRS assigning these accounts to private collection agencies, including older, overdue tax accounts or lack of resources preventing the IRS from working the cases.

The IRS will give taxpayers and their representative written notice that the accounts are being transferred to the private collection agencies. The agencies will send a second, separate letter to the taxpayer and their representative confirming this transfer.

Private collection agencies will be able to identify themselves as contractors of the IRS collecting taxes. Employees of these collection agencies must follow provisions of the Fair Debt Collection Practices Act and should be courteous and respect taxpayer rights.

The IRS will do everything it can to help taxpayers avoid confusion and understand their rights and tax responsibilities, particularly in light of continual phone scams where callers impersonate IRS agents and request immediate payment.

Private collection agencies will not ask for payment on a prepaid debit, iTunes or gift card. Taxpayers will be informed about electronic payment options for taxpayers on IRS.gov/Pay Your Tax Bill. Payment by check should be payable to the U.S. Treasury and sent directly to IRS, not the private collection agency.

The IRS will continue to keep taxpayers informed about scams and provide tips for protecting themselves. The IRS encourages taxpayers to visit [IRS.gov](https://www.irs.gov/) for information including the “[Tax Scams and Consumer Alerts](https://www.irs.gov/uac/tax-scams-consumer-alerts)” page.

Next week we will send more information about Private Debt Collection.

If you have any questions regarding this information, please feel free to contact our office.

P.S. Please forward this to your friends or colleagues that you'd like to introduce our firm to. Or send us their email address and we'll ask for their permission to forward with your compliments.

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