

Rules of Taxpayer Representation

PART III - IRS COLLECTIONS

This article is the third in a three-part series. It discusses the IRS Collections process and strategies. The Collections process begins after the audit, appeal, any other adversarial proceeding, and the tax has been assessed. The client now owes money and the IRS is attempting to collect what is owed.

- 1. Current Taxes Are Paid First.** Current taxes get paid first, period. You will not be successful in resolving your client's tax obligations if the client does not remain current. Long term solutions, including installment agreements and offers in compromise, require the taxpayer to remain current on their taxes. If self-employed individuals have difficulty staying current on their taxes because of the large quarterly estimated tax payments they should use www.eftps.gov to make estimated tax payments monthly or weekly. Often clients will say they simply cannot meet their tax obligations while also paying the mortgage, auto loan, college payments, and other expenses. It is critical that you remain firm with the client. The client must understand that a lifestyle change may be necessary. Taxes are not a discretionary budget item.
- 2. Carefully Read All IRS Correspondence.** Many communications from the IRS contain deadlines that if missed are detrimental to your client's case. I always carefully read the correspondence to determine if I need to respond by a certain date and then calendar the deadline and include reminders. If the correspondence contains a deadline you must respond appropriately to protect your client's rights and interests. All correspondence sent to the IRS should be delivered by certified mail return receipt requested. You should retain a copy for your records. This provides evidence of the mailing date, delivery date, and documents mailed.
- 3. Preserve Your Client's Appeal Rights.** Always preserve your client's appeal rights regardless of the positive steps you are achieving with the revenue officer. If you miss a deadline to file an appeal your client's case will be negatively impacted. I have become involved in numerous cases where the representative failed to file an appeal, talks deteriorated with the revenue officer, and the revenue officer issued a levy

against the client's assets. This can be catastrophic for the client because the client's bank accounts may be seized along with other assets necessary to live.

- 4. Collection Due Process Hearing.** One of the biggest mistakes representatives make is failing to file an appeal from the letter --- "Final Notice of Intent to Levy and Your Right to a Hearing". This hearing is referred to as a Collection Due Process Hearing. An appeal must be taken within 30 days from the date of the notice. During this time the IRS is generally precluded from taking collection action including issuing levies and filing liens. This is your opportunity for a hearing before a settlement officer. Settlement officers are required to consider all collection alternatives including offers in compromise, installment agreements, penalty abatements and innocent spouse relief.
- 5. Always Ask for Contact Information.** Whenever you call the IRS, always ask for the employee's full name and ID number at the beginning of the conversation. Generally, the employee will say this is Mr. or Mrs. Smith, ID number 01234567. I am always prepared with pen and paper to write down this information. This allows you to work back to the employee if necessary as well as serving as a record of your communications.

If you have questions about the IRS audit, appeals, or collections process, please contact the Tax Department at Fletcher Tilton PC.

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