CPA

Practice **Advisor**

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new program.

Sep. 29, 2016



The Internal Revenue Service will again be outsourcing some of its collections of federal tax debts next spring, and has selected four contractors to implement the new program.

The new program, authorized under a federal law enacted by Congress last December, enables these designated contractors to collect, on the government's behalf, outstanding inactive tax receivables. 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. The

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Divermore, on

Pioneer Horseheads, NY

These private collection agencies will work on accounts where taxpayers owe money, but the IRS is no longer actively working their accounts. 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 each taxpayer and their representative written notice that their account is being transferred to a private collection agency. The agency will then 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 the provisions of the Fair Debt Collection Practices Act and must 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 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 for information

including the "Tax Scams and Consumer Alerts" page.

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