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many of whom need assistance, not threats.”

The 1996 pilot was so unsuccessful it was cancelled after 12 months. Contractors participating in the pilot programs were found to have regularly violated the Fair Debt Collection Practices Act, and the program resulted in a \$17 million net loss.

“How much time and money has the IRS expended sending the message that the IRS will not call you, will not attempt to collect taxes over the phone?” noted Gail Perry, CPA, editor-in-chief of *CPA Practice Advisor*. “The IRS continuously reminds taxpayers that if they receive a call from someone claiming to represent the IRS and asking for money, the taxpayers should ignore the call and instead contact the IRS [or their accountant]. So now, with authorized debt collectors out there trying to collect taxes on behalf of the IRS, how is the average consumer supposed to distinguish between real and phony debt collectors? This sounds like an exercise destined to fail, and in doing so, destined to waste millions of taxpayer dollars.”

The IRS again attempted the use of PCAs to collect federal taxes in 2006. While the program was projected to bring in \$2.2 billion in new revenue, data from the IRS showed that the program resulted in a net loss of almost \$4.5 million to the federal government, after subtracting \$86.2 million in program administration costs and more than \$16 million in commissions to the PCAs. The Treasury Department – again – cancelled the program.

“In other words, the private debt collectors make money and the U.S. Treasury takes a hit,” Reardon said.

NTEU also questions how much money the IRS has already spent re-starting this program, including reviewing the bids from the contractors and setting up the process for monitoring their work. As IRS officials have noted, no new money was appropriated by Congress to operate the PCA program.

It is also alarming that one of the PCAs contracted by the IRS lost its contract with

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own profits at the taxpayers' expense is a recipe for disaster," Reardon said. "Congress should reverse course and cancel this program before it wastes more money or exposes people to fraud."

An independently reviewed study by the IRS found that IRS employees are three times more efficient at collecting taxes than private tax collectors.

Unlike private debt collectors, IRS employees have a variety of tools at their disposal with which they can help taxpayers facing financial difficulties meet their tax obligations. These include the ability to postpone, extend or suspend collection activities for limited periods of time; making available flexible payment schedules; the possibility of waiving late penalties or postponing asset seizures and Offers In Compromise (OIC), an agreement between a struggling taxpayer and the agency that settles a tax debt for less than the full amount owed.

IRS officials say they are worried about scammers who may try to masquerade as a legitimate IRS-approved debt collector, which is why they've added precautions, such as alerting taxpayers in writing that their past due accounts are being turned over to a PCA. But risks remain. NTEU agrees with privacy advocates and consumer groups who are concerned that this new program only makes it easier to swindle innocent taxpayers.

NTEU represents 150,000 employees at 31 federal agencies and departments, including the IRS.

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