The IRS Collection Process
Publication 594

This publication provides a general description of the IRS collection process. The collection process is a series of actions that the IRS can take against you to collect the taxes you owe if you don't voluntarily pay them. The collection process will begin if you don't make your required payments in full and on time, after receiving your bill.

Please keep in mind that this publication is for information only, and may not account for every tax collection scenario. It's also not a technical analysis of tax law.

If you have questions or need help

Please visit www.irs.gov/formspubs/ to find all the IRS tax forms and publications mentioned here, or to do a keyword search on any topic.

You can also visit your local IRS office, or call the number on your bill. If you don't have a bill, please call:

- 1-800-829-1040 (individuals)
- 1-800-829-4933 (businesses)

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Overview: Filing a tax return, billing, and collection

After you file your tax return, we'll determine if you owe taxes. If you owe, we'll send a bill for the amount due, including any penalties and interest. You're required to pay this, so if you avoid payment, we can take collection actions to recover your debt. Our goal is always to work with you to resolve your case before we have to take collection actions.

General steps from billing to collection

You file your tax return. Most returns are filed annually (by April 15th) or quarterly.

1. If you owe taxes, we'll send you a bill. This is your first bill for tax due. Based on your return, we'll calculate how much tax you owe, plus any interest and penalties.

2. If you don't pay your first bill, we'll send you at least one more bill. Remember, interest and penalties continue to accrue until you've paid your full amount due.

3. If you still don't pay after you receive your final bill, we'll begin collection actions. Collection actions can range from applying your previous tax year's refund to tax due to seizing your property and assets.

What you should do when you get an IRS bill

If you agree with the information on the bill, pay the full amount before the due date. If you can't pay the full amount due, pay as much as you can, and immediately contact us to explain your situation. Based on your ability to pay, we may provide you with alternate payment options.

If you disagree with the information on the bill, call the number on the bill, or visit your local IRS office. Be sure to have a copy of the bill and any tax returns, cancelled checks, or other records that will help us understand why you believe your bill is wrong. If we find that you're right, we'll adjust your account and, if necessary, send a revised bill.

If you don't pay the amount due or tell us why you disagree with it, we may take collection actions.

If you're involved in bankruptcy proceedings, please notify us immediately. The bankruptcy may not eliminate your tax debt, but we may temporarily stop collection. Call the number on your bill or 1-800-973-0424.

Who to contact for help

The Internal Revenue Service (IRS)

Please don't hesitate to contact us with any questions you may have. Call the number on your bill or 1-800-829-1040. You can also visit your local IRS office to speak with an IRS representative in person.

Taxpayer Advocate Service (TAS)

The Taxpayer Advocate Service is your voice at the IRS. It helps taxpayers whose problems with the IRS are causing financial difficulties, who have tried but haven't been able to resolve their problems with the IRS, and those who believe an IRS system or procedure is not working as it should. If you believe you're eligible for Taxpayer Advocate Service assistance, call the toll-free number at 1-877-777-4778 or TTY/TDD 1-800-829-4059. For more information, go to www.irs.gov/advocate.

Low Income Taxpayer Clinics (LITCs)

Low Income Taxpayer Clinics are independent from the IRS. Some clinics serve individuals whose income is below a certain level and who need to resolve a tax problem. These clinics provide professional representation before the IRS or in court on audits, appeals, tax collection disputes, and other issues for free or for a small fee. Some clinics can provide information about taxpayer rights and responsibilities in many different languages for individuals who speak English as a second language. For more information and to find a clinic near you, see the Low Income Taxpayer Clinics page on www.taxpayeradvocate.irs.gov or Publication 4134, Low Income Taxpayer Clinic List. This publication is also available by calling 1-800-829-3676 or at your local IRS office.

Ways to pay your taxes

To minimize interest and penalties, we recommend paying your taxes in full. However, if you're unable to pay in full, you can request an Installment Agreement or Offer in Compromise. These payment plans allow you to pay your taxes in installments over time, to pay less than you owe, or both. Keep in mind it's also important to stay current on your payments for future taxes. This means making your estimated tax payments, withholding payments, or federal tax deposits as necessary.

Options for paying in full

Pay with electronic funds transfer

For a convenient, secure way to pay, you can use the Electronic Federal Tax Payment System (EFTPS). To enroll, visit www.eftps.com or call 1-800-555-4477. For more information, see Publication 966, Electronic Choices to Pay All Your Federal Taxes.

Pay with your credit or debit card

For a fee, you can pay by credit or debit card by using an electronic payment service provider. For more information on making a payment using a credit or debit card, visit www.irs.gov/e-pay.

Pay by mail or in person at a local IRS office

You can mail a check to us at the address listed on your bill or bring it to your local IRS office. For a listing of offices near you, please visit www.irs.gov/localcontacts/index.html.

Options if you can't pay in full now

Apply for an Installment Agreement

An Installment Agreement with the IRS means that we'll allow you to make smaller periodic payments over time if you can't pay the full amount at once. There are several ways to apply for an Installment Agreement:

- **Online** at www.irs.gov/individuals/article/0,,id=149373,00.html. Only individuals who owe $50,000 or less can apply online.
- **By phone** Please call the number on your bill or 1-800-829-1040.
- **By mail** Please complete Form 9465, Installment Agreement Request, if you owe $25,000 or less. Complete Form 9465-FS, Installment Agreement Request, if you owe more than $25,000. Or you can use Form 2159, Payroll Deduction Agreement. Mail your form to the address on your bill.
- **In person** at your local IRS office.

If you request a payment plan, you can reduce penalties and interest by making voluntary payments according to the proposed plan's terms until you're notified whether we've accepted your payment plan request. Keep in mind that our acceptance of your interim payments doesn't mean we've approved your request. We'll notify you in writing once we've made our decision.

With an Installment Agreement, you can pay by check, direct debit, through payroll deductions, or electronic funds transfer. Keep in mind there's a user fee for Installment Agreements. However, if you meet our low-income guidelines, you can pay a reduced user fee. For more information, see Form 13844, Application for Reduced User Fee for Installment Agreements.

To be eligible for an Installment Agreement, you must file all required tax returns. Prior to approving your Installment Agreement request, we may ask you to complete a Collection Information Statement (Form 433-F, 433-A and/or Form 433-B) and provide proof of your financial status. Please have your financial information available if you apply over the phone or at an IRS office. For more information, see Publication 1854, How to Complete a Collection Information Statement (Form 433-A).

If we approve your request, we'll still charge applicable interest and penalties until you pay the amount or balance due in full, and may file a Notice of Federal Tax Lien (see page 4.) If we reject your Installment Agreement request, you may request that the Office of Appeals review your case. For more information, see Publication 1660, Collection Appeal Rights.

If you're unable to meet the terms of your approved Installment Agreement, please contact us immediately.

Apply for an Offer in Compromise (OIC)

You may be eligible for an Offer in Compromise if you can't pay the amount you owe in full or through installments. By requesting an Offer in Compromise, you're asking to settle unpaid taxes for less than the full amount you owe. We may accept an Offer in Compromise if:

- We agree that your tax debt may not be accurate,
- You have insufficient assets and income to pay the amount due, or
- Because of your exceptional circumstances, paying the amount due would cause an economic hardship or would be unjust.

For an Offer in Compromise to be considered, you must pay an application fee and make an initial or periodic payment. However, low income taxpayers may qualify for a waiver of the application fee and initial or periodic payment.

For more information, please see the Low Income Certification on Form 656, Offer in Compromise.

To apply for an Offer in Compromise, complete one of the following forms:

- **Form 656-L, Offer in Compromise (Doubt as to Liability)** Complete this if you think your tax debt isn't accurate.
- **Form 656, Offer in Compromise** Complete this if you're unable to pay the amount due, have an economic hardship, or other special circumstance that would cause paying the amount due to be unjust.

For more information, see Form 656-B, Offer in Compromise Booklet or visit www.irs.gov/individuals/article/0,,id=243822,00.html.

If you need more time to pay

Ask that we delay collection

If you can't pay any of the amount due, you can request that we delay collection until you're able to pay. Prior to approving your request, we may ask you to complete a Collection Information Statement and provide proof of your financial status. Please remember that even if we delay collection, we'll still charge applicable penalties and interest until you pay the full amount, and we may file a Notice of Federal Tax Lien (see page 4). We may also request updated financial information during this temporary delay to review your ability to pay.

How long we have to collect taxes

We can attempt to collect your taxes up to 10 years from the date they were assessed. However, there are exceptions to this time frame. For example, by law, we'll suspend and extend collection while:

- We're considering your request for an Installment Agreement or Offer in Compromise. If your request is rejected, we'll suspend collection for another 30 days, and during any period the Appeals Office is considering your appeal request.
- You live outside the U.S. continuously for at least 6 months. Collection is suspended while you're outside the U.S. and, if at the time of your return the normal collection period would expire before 6 months from the date of your return, the extended period won't expire before the expiration of the 6 months after your return.

- The tax periods we're collecting on are included in a bankruptcy with an automatic stay. We'll suspend collection for the time period we can't collect because of the automatic stay, plus 6 months.
- You request a Collection Due Process hearing. Collection will be suspended from the date of your request until a Notice of Determination is issued or the Tax Court's decision is final.
- We're considering your request for Innocent Spouse Relief. Collection will be suspended from the date of your request until 90 days after a Notice of Determination is issued, or if you file a timely petition to the Tax Court, until 60 days after the Tax Court's final decision. If you appeal the Tax Court's decision to a U.S. Court of Appeals, the collection period will begin 60 days after the appeal is filed, unless a bond is posted.

How to appeal an IRS decision

You can appeal most collection actions. Your main options for appeals are the following:

Collection Due Process (CDP)

The purpose of a Collection Due Process hearing is to review collection actions that were taken or have been proposed. You can request a Collection Due Process hearing if you receive any of the following notices:

- Notice of Federal Tax Lien Filing and Your Right to a Hearing
- Final Notice—Notice of Intent to Levy and Notice of Your Right to a Hearing
- Notice of Jeopardy Levy and Right of Appeal
- Notice of Levy on Your State Tax Refund—Notice of Your Right to a Hearing
- Notice of Levy and of Your Right to a Hearing

To request a Collection Due Process hearing, complete Form 12153, Request for a Collection Due Process or Equivalent Hearing, and send it to the address on your notice. You have 30 days from the date of the notice to request a Collection Due Process hearing. You can also request an Equivalent Hearing within one year from the date of the notice.

Collection Appeals Program (CAP)

Under the Collections Appeals Program, if you disagree with an IRS employee's decision and want to appeal it, you can ask their manager to review your case. If you then disagree with the manager's decision, you may continue with the Collection Appeals Program as outlined in Publication 1660. Instances in which you can pursue the Collection Appeals Program include, but aren't limited to:

- Before or after we file a Notice of Federal Tax Lien
- Before or after we seize ("levy") your property
- After we reject, terminate, or propose to terminate your Installment Agreement (a conference with the manager is recommended, but not required)

For more information about the Collection Due Process and Collection Appeals Program, please see Publication 1660, Collection Appeal Rights.

If you don't pay on time: Understanding collection actions

There are several words and phrases particular to the collection process. Here, we've defined some of the most commonly used collection terms:

Federal tax lien: A legal claim against all your current and future property, such as a house or car, and rights to property, such as wages and bank accounts. The lien automatically comes into existence if you don't pay your amount due after receiving your first bill.

Notice of Federal Tax Lien (NFTL): A public notice to creditors. It notifies them that there is a federal tax lien that attaches to all your current and future property and rights to property.

Levy: A legal seizure of property or rights to property to satisfy a tax debt. When property is seized ("levied"), it will be sold to help pay your tax debt. If wages or bank accounts are seized, the money will be applied to your tax debt.

Seizure: There is no legal difference between a seizure and a levy. Throughout this publication, we'll use both terms interchangeably.

Notice of Intent to Levy and Notice of Your Right to a Hearing: Generally, before property is seized, we have to send you this notice. If you don't pay your overdue taxes, make other arrangements to satisfy the tax debt, or request a hearing within 30 days of the date of this notice, we may seize your property.

Summons: A summons legally compels you or a third party to meet with the IRS and provide information, documents, or testimony.

Collection actions in detail

Federal tax lien: A legal claim against property

A lien is a legal claim against all your current and future property. When you don't pay your first bill for taxes due, a lien is created by law and attaches to your property. It applies to property (such as your home and car) and to any current and future rights you have to property.

Notice of Federal Tax Lien: Provides public notice to creditors that a lien exists

A Notice of Federal Tax Lien gives public notice to creditors. We file the Notice of Federal Tax Lien so we can establish the priority of our claim versus the claims of other creditors. The Notice of Federal Tax Lien is filed with local or state authorities, such as county registers of deeds or the Secretary of State offices.

If a Notice of Federal Tax Lien is filed against you, it's often reported by consumer credit reporting agencies. This can have a negative effect on your credit rating and make it difficult for you to receive credit (such as a loan or credit card). Employers, landlords, and others may also use this information and not favorably view the fact that a Notice of Federal Tax Lien has been filed against you.

What to do if a Notice of Federal Tax Lien is filed against you

You should pay the full amount you owe immediately. Keep in mind the Notice of Federal Tax Lien only shows your assessed balance as of the date of the notice. It doesn't show your payoff balance or include our charges for filing and releasing the lien. To find out the full amount you must pay to have the lien released, call 1-800-913-6050. If you have questions, call the number on your lien notice or 1-800-829-1040 or visit www.irs.gov/businesses/small/article/0,,id=108339,00.html.

How to appeal a Notice of Federal Tax Lien

Within 5 business days of filing the Notice of Federal Tax Lien, we'll send you a Notice of Your Right to a Collection Due Process Hearing. You'll have until the date shown on the notice to request a Collection Due Process hearing with the Office of Appeals. Send your Collection Due Process hearing request to the address on the notice. For more information, see Form 12153, Request for a Collection Due Process or Equivalent Hearing.

After your Collection Due Process hearing, the Office of Appeals will issue a determination on whether the Notice of Federal Tax Lien should remain filed, or whether it should be withdrawn, released, discharged, or subordinated. If you disagree with the determination, you have 30 days after it's made to seek a review in the U.S. Tax Court.

If you don't file a hearing request within 30 days, you aren't entitled to a Collection Due Process hearing, but you may be entitled to an equivalent hearing. The request for an equivalent hearing; however, doesn't prohibit us from seizing and doesn't suspend the 10-year period for collecting tax. In addition, you aren't entitled to a judicial review of the decision from the Equivalent Hearing.

In addition to any Collection Due Process rights you may have, you may also appeal a proposed or actual filing of a Notice of Federal Tax Lien under the Collection Appeals Program.

Reasons we'll "release" a federal tax lien

A "release" of a federal tax lien means that we have cleared both the lien for your debt and the public Notice of Federal Tax Lien. We do this by filing a Certificate of Release of Federal Tax Lien with the same state and local authorities with whom we filed your Notice of Federal Tax Lien. We'll release your lien if:

- Your debt is fully paid,
- Payment of your debt is guaranteed by a bond, or
- The period for collection has ended. (In this case, the release is automatic.)

For more information, see Publication 1450, Instructions on How to Request a Certificate of Release of Federal Tax Lien.

Reasons we may "withdraw" a Notice of Federal Tax Lien

A "withdrawal" removes the Notice of Federal Tax Lien from public record. The withdrawal tells other creditors that we're abandoning our lien priority. This doesn't mean that the federal tax lien is released, or that you're no longer liable for the amount due.

We may withdraw a Notice of Federal Tax Lien if:

- You've entered into an Installment Agreement to satisfy the tax liability, unless the Agreement provides otherwise. For certain types of taxes, we'll routinely withdraw a Notice of Federal Tax Lien if you've entered into a direct debit installment agreement and meet certain other conditions,
- It will help you pay your taxes more quickly,
- We didn't follow IRS procedures,
- It was filed during a bankruptcy automatic stay period, or
- It's in your best interest (as determined by the Taxpayer Advocate) and in the best interest of the government. For example, this could include when your debt has been satisfied and you request a withdrawal.

For more information, see Form 12277, Application for Withdrawal of Filed Notice of Federal Tax Lien.

How to apply for a "discharge" of a federal tax lien from property

A "discharge" removes the lien from specific property. There are several circumstances under which the federal tax lien can be discharged. For example, we may issue a Certificate of Discharge if you're selling property and a Notice of Federal Tax Lien has been filed; you may be able to remove or discharge the lien from that property through the sale. For more information on whether you qualify for a discharge, see Publication 783, Instructions on How to Apply for a Certificate of Discharge of Property from Federal Tax Lien. To watch an instructional video about Publication 783, visit www.irsvideos.gov/Individual/IRSLiens.

How to make the federal tax lien secondary to other creditors ("subordination")

A "subordination" is where a creditor is allowed to move ahead of the government's priority position. For example, if you're trying to refinance a mortgage on your home, but aren't able to because the federal tax lien has priority over the new mortgage, you may request that we subordinate our lien to the new mortgage. For more information on whether you qualify for a subordination, see Publication 784, How to Prepare an Application for a Certificate of Subordination of Federal Tax Lien. To watch an instructional video about Publication 784, visit www.irsvideos.gov/Individual/IRSLiens.

Appeal rights for withdrawal, discharge, or subordination

If we deny your request for a withdrawal, discharge, or subordination, you may appeal under Collections Appeals Program.

Levy: A seizure of property

While a federal tax lien is a legal claim against your property, a levy is a legal seizure that actually takes your property (such as your house or car) or your rights to property (such as your income, bank account, or Social Security payments) to satisfy your tax debt.

Keep in mind that we can't seize your property if you have a current or pending Installment Agreement, Offer in Compromise, or if we agree that you're unable to pay due to economic hardship, meaning seizing your property would result in your inability to meet basic, reasonable living expenses.

Reasons we may seize ("levy") your property or rights to property

If you don't pay your taxes (or make arrangements to settle your debt), we could seize and sell your property. We usually seize only after the following things have occurred:

- We assessed the tax and sent you a bill,
- You neglected or refused to pay the tax, and
- We sent you a Final Notice of Intent to Levy and Notice of Your Right to a Hearing at least 30 days before the seizure.

However, there are exceptions for when we don't have to provide a 30-day notice before seizing your property. These include situations when:

- The collection of the tax is in jeopardy,
- A levy is served to collect tax from a state tax refund,
- A levy is served to collect the tax debt of a federal contractor, or
- A Disqualified Employment Tax Levy (DETL) is served. A Disqualified Employment Tax Levy is the seizure of unpaid employment taxes and can be served when a taxpayer previously requested a Collection Due Process appeal on employment taxes for other periods within the past 2 years.

If we serve a levy under one of these exceptions, we'll send you a letter explaining the seizure and your appeal rights after the levy is issued.

What you should do if your property is seized ("levied")

If your property or federal payments are seized, call the number on your levy notice or 1-800-829-1040. If you're already working with an IRS employee, call him or her for assistance.

Examples of property we can seize ("levy")

- **Wages, salary, or commission held by someone else** If we seize your rights to wages, salary, commissions, or similar payments that are held by someone else, we'll serve a levy once, not each time you're paid. The one levy continues until your debt is fully paid, other arrangements are made, or the collection period ends.

  Other payments you receive, such as dividends and payments on promissory notes, are also subject to seizure. However, the seizure only reaches the payments due or the right to future payments as of the date of the levy.
- **Your bank account** Seizure of the funds in your bank account will include funds available for withdrawal up to the amount of the seizure. After the levy is issued, the bank will hold the available funds and give you 21 days to resolve any disputes about who owns the account before sending us the money. After 21 days, the bank will send us your money, plus any interest earned on that amount, unless you have resolved the issue in another way.
- **Your federal payments** As an alternative to the levy procedure used for other payments such as dividends and promissory notes, certain federal payments may be systemically seized through the Federal Payment Levy Program in order to pay your tax debt.

  Under this program, we can generally seize up to 15% of your federal payments (up to 100% of payments due to a vendor for goods or services sold or leased to the federal government). We'll serve the levy once, not each time you are paid. The one levy continues until your debt is fully paid, other arrangements are made, the collection period ends, or the IRS releases the levy.

  The federal payments that can be seized in this program include, but aren't limited to, federal retirement annuity income from the Office of Personnel Management, Social Security benefits under Title II of the Social Security Act (OASDI), and federal contractor/vendor payments.
- **Your house, car, or other property** If we seize your house or other property, we'll sell your interest in the property and apply the proceeds (after the costs of the sale) to your tax debt.

  Prior to selling your property, we'll calculate a minimum bid price. We'll also provide you with a copy of the calculation and give you an opportunity to challenge the fair market value determination. We'll then provide you with the notice of sale and announce the pending sale to the public, usually through local newspapers or flyers posted in public places.

  After giving public notice, we'll generally wait 10 days before selling your property. Money from the sale pays for the cost of seizing and selling the property and, finally, your tax debt. If there's money left over from the sale after paying off your tax debt, we'll tell you how to get a refund.

Property that can't be seized ("levied")

Certain property is exempt from seizure. For example, we can't seize the following: unemployment benefits, certain annuity and pension benefits, certain service-connected disability payments, workers compensation, certain public assistance payments, minimum weekly exempt income, assistance under the Job Training Partnership Act, and income for court-ordered child support payments.

We also can't seize necessary schoolbooks and clothing, undelivered mail, certain amounts worth of fuel, provisions, furniture, personal effects for a household, and certain amounts worth of books and tools for trade, business, or professions. There are also limitations on our ability to seize a primary residence and certain business assets.

Lastly, we can't seize your property unless we expect net proceeds to help pay off your tax debt.

How to appeal a proposed seizure ("levy")

You can request a Collection Due Process hearing within 30 days from the date of your Notice of Intent to Levy and Notice of Your Right to a Hearing. Send your request to the address on your notice. For more information, see Form 12153, Request for a Collection Due Process or Equivalent Hearing. At the conclusion of your hearing, the Office of Appeals will provide a determination. You'll have 30 days after the determination to challenge it in the U.S. Tax Court.

If you don't file a hearing request within 30 days, you're not entitled to a Collection Due Process hearing, but you may be entitled to an Equivalent Hearing. The request for an Equivalent Hearing, however, doesn't prohibit us from seizing and doesn't suspend the 10-year period for collecting tax. In addition, you're not entitled to a judicial review of the decision from the Equivalent Hearing.

If Collection Due Process rights aren't available for your case, you may have other appeal options, such as the Collection Appeals Program.

Reasons we "release" a levy

The Internal Revenue Code (IRC) specifically provides that we must release a levy if we determine that:

- You paid the amount you owe,
- The period for collection ended prior to the levy being issued,
- It will help you pay your taxes,
- You enter into an Installment Agreement and the terms of the agreement don't allow for the levy to continue,
- The levy creates an economic hardship on you, meaning we've determined that you're unable to meet basic, reasonable living expenses, or
- The value of the property is more than the amount owed and releasing the levy won't hinder our ability to collect the amount owed.

In addition, a levy on wages or salary must be released as soon as possible if we determine that your tax isn't collectible.

We'll also release a levy if it was issued improperly. For example, we'll release a levy if it was issued:

- Against property exempt from seizure,
- Prematurely,
- Before we sent you the required notice,
- While you're in bankruptcy and an automatic stay is in effect,
- Where the expenses of seizing and selling the levied property would be greater than the fair market value of the property,
- While an Installment Agreement request, Innocent Spouse Relief request, or Offer in Compromise is being considered or had been accepted and is in effect, or
- While the Office of Appeals or Tax Court is considering certain appeals and the levy wasn't a Disqualified Employment Tax Levy to collect employment taxes, a state refund, or jeopardy levy.

Reasons we may return seized ("levied") property

We may return your property if:

- Its seizure was premature,
- Its seizure was in violation of the law,
- Returning the seized property will help our collection of your debt,
- You enter into an Installment Agreement that doesn't allow a levy,
- We didn't follow IRS procedures, or
- It's in your best interest (as determined by the Taxpayer Advocate) and in the best interest of the government.

If we decide to return your property but it's already been sold, we'll give you the money we received from the sale. You can file a request for seized property to be returned, or we can return seized property on our own initiative, generally up to 9 months after the seizure.

How to recover seized ("levied") property that's been sold

To recover your real estate, you (and anyone with interest in the property) may recoup it within 180 days of the sale by paying the purchaser what they paid, plus interest at 20% annually.

If your property has been seized ("levied") to collect tax owed by someone else, you may appeal under the Collection Appeals Program or (within the time prescribed by law), file a claim under Internal Revenue Code section 6343(b), or you may (within the time prescribed by law) file a suit under Internal Revenue Code section 7426 for the return of the wrongfully seized property. For more information, see Publication 4528, Making an Administrative Wrongful Levy Claim under Internal Revenue Code section 6343(b).

How to recover economic damages

If our seizure was in error, your payment was lost or misplaced, or there was a direct debit Installment Agreement processing error and you incurred bank charges, we may reimburse you for charges you paid. For more information, see Form 8546, Claim for Reimbursement of Bank Charges. If your claim is denied, you can sue the federal government for economic damages.

If we intentionally or negligently didn't follow Internal Revenue law while collecting your taxes, or you're not the taxpayer and we wrongfully seized your property, you may be entitled to recover economic damages. Mail your written administrative claim to the attention of the Advisory Group Manager for your area at the address listed in Publication 4235, Collection Advisory Group Addresses. If you've filed a claim and your claim is denied, you can sue the federal government, but not the IRS employee, for economic damages.

Summons: Used to secure information

If we're having trouble gathering information to determine or collect taxes you owe, we may serve a summons. A summons legally compels you or a third party to meet with an officer of the IRS and provide information, documents, and/or testimony.

If you're responsible for a tax liability and we serve a summons on you, you may be required to:

- Testify,
- Bring books and records to prepare a tax return, and/or
- Produce documents to prepare a Collection Information Statement, Form 433-A or Form 433-B.

If you can't make your summons appointment, immediately call the number listed on your notice. If you don't call us and don't attend your appointment, serious legal action may be taken against you.

If we serve a third-party summons to determine tax liability, you'll receive a notice indicating that we're contacting a third party. Third parties can be financial institutions, record keepers, or people with relevant information to your case. We won't review their information or receive testimony until the end of the 23rd day after the notice was given. You also have the right to:

- Petition to reject ("quash") the summons before the end of the 20th day after the date of the notice, or
- Petition to intervene in a suit to enforce a summons to which the third party didn't comply.

If we issue a third-party summons to collect taxes you already owe, you won't receive notice or be able to petition to reject or intervene in a suit to enforce the summons.

Information for employers: Collection of employment tax

About employment taxes

Employment taxes are the amount you must withhold from your employees for their income tax and Social Security/Medicare tax, plus the amount of Social Security/Medicare tax you pay for each employee. Federal unemployment taxes are also considered employment taxes.

What we'll do if you don't pay your employment taxes:

- Assess a failure to deposit penalty, up to 15% of the amount not deposited in a timely manner.
- We may propose a Trust Fund Recovery Penalty assessment against the individuals responsible for failing to pay the trust fund taxes.

About trust fund taxes

Trust fund taxes are the income tax, Social Security tax, and Medicare tax withheld from the employee's wages. They are called trust fund taxes because the employer holds these funds "in trust" for the government until it submits them in a federal tax deposit. Certain excise taxes are also considered trust fund taxes because they are collected and held in trust for the government until submitted in a federal tax deposit. For more information, see Publication 510, Excise Taxes.

To encourage prompt payment of withheld employment taxes and collected excise taxes, Congress has passed a law that provides for the Trust Fund Recovery Penalty. For more information, see Publication 15, Circular E, Employer's Tax Guide.

Trust Fund Recovery Penalty

The Trust Fund Recovery Penalty is a penalty that is assessed personally against the individual or individuals who are responsible for paying the trust fund taxes but willfully did not do so. The amount of the penalty is equal to the amount of the unpaid trust fund taxes. For additional information, please see Notice 784, Could You be Personally Liable for Certain Unpaid Federal Taxes?, or visit www.irs.gov/businesses/small/article/0,,id=108357,00.html.

If the Trust Fund Recovery Penalty is proposed against you

You'll receive a letter and Form 2751, Proposed Assessment of Trust Fund Recovery Penalty.

If you agree with the penalty, sign and return Form 2751 within 60 days from the date of the letter. To avoid the assessment of the Trust Fund Recovery Penalty, you may also pay the trust fund taxes personally.

If you disagree with the penalty, you have 10 days from the date of the letter to let us know that you don't agree with the proposed assessment, have additional information to support your case, or want to try to resolve the matter informally. If you can't resolve the disagreement with us, you have 60 days from the date of the letter to appeal with the Office of Appeals. For more information, see Publication 5, Your Appeal Rights and How to Prepare a Protest if You Don't Agree.

If you don't respond to the letter, we'll assess the penalty amount against you personally and begin the collection process to collect it. We may assess this penalty against a responsible person regardless of whether the company is still in business.

Additional information

Innocent Spouse Relief

Generally, both you and your spouse are responsible, jointly and individually, for paying any tax, interest, or penalties on your joint return. If you believe your current or former spouse should be solely responsible for an incorrect item or an underpayment of tax on your joint tax return, you may be eligible for Innocent Spouse Relief. This could change the amount you owe, or you may be entitled to a refund. Keep in mind you generally must submit Form 8857, Request for Innocent Spouse Relief, no later than two years from the date of our first attempt to collect the outstanding debt, except for requests for equitable relief under Internal Revenue Code section 6015(f). For additional information, see Publication 971, Innocent Spouse Relief.

Representation during the collection process

During the collection process, a hearing, or an appeal, you can be represented by yourself, an attorney, a certified public accountant, an enrolled agent, an immediate family member, or any person enrolled to practice before the IRS. If you're a business, you can also be represented by full-time employees, general partners, or bona fide officers.

To have your representative appear before us, contact us on your behalf, and/or receive your confidential material, file Form 2848, Power of Attorney and Declaration of Representative.

To authorize someone to receive or inspect confidential material, file Form 8821, Tax Information Authorization.

Sharing your tax information

During the collection process, we're authorized to share your tax information in some cases with city and state tax agencies, the Department of Justice, federal agencies, people you authorize to represent you, and certain foreign governments (under tax treaty provisions).

We may contact a third party

The law allows us to contact others (such as neighbors, banks, employers, or employees) to investigate your case. You have the right to request a list of third parties contacted about your case.