

The Collection Process

If you do not pay in full when you file, you will receive a bill. This bill begins the collection process, which continues until your full amount is paid or when the IRS cannot collect the tax for legal reasons.

The first bill you get will explain the reason for your balance due and ask you to pay the full amount. It will include the tax plus penalties and interest. You can pay this bill by sending the IRS a check or money order payable to “United States Treasury” with your notice. To pay by credit card, call (800) 272-9829 or (888) 729-1040.

If you cannot pay the full amount, you should still pay as much as you can. You will be charged interest and penalties on any amount you do not pay. That is why it is in your best interest to pay your tax debt in full as soon as you can to make sure the amount of interest and penalties is as low as possible.

If you are unable to pay the full amount, the IRS may be able to offer a payment plan with monthly payments – an **Installment Agreement**. You can use the Online Payment Agreement (OPA) or you may fill out Form 9465 (<http://www.irs.gov/pub/irs-pdf/f9465.pdf>), *Installment Agreement Request*, to mail in with your bill. Some installment agreements can also be set up over the telephone. If you are not able to pay anything, the IRS may stop collection on your account until you are able to pay. Interest and penalties will still continue to add up while you make installment payments or while the IRS stops collecting.

If the IRS will not let you get an installment agreement, you may be able to file an offer in compromise. An **Offer in Compromise (OIC)** is an agreement between a taxpayer and the IRS that clears up the debt. Sometimes, the IRS can accept less than full amount due.

When you contact the IRS, you should be ready to discuss your basic income and expense information. To prepare, find all of your information about your income, assets and necessary living expenses, such as your most recent pay stubs, rent or mortgage payment amounts, transportation expenses, etc.

It is best if you contact the IRS and find a way to pay the tax before they contact you. If you do not try to pay your tax bill or contact the IRS to try to settle the account, the IRS may take collection actions to get the money you owe.

Some of the actions the IRS may take to collect taxes include:

1. **Filing a Notice of Federal Tax Lien;**
2. **Serving a Notice of Levy; or**
3. **Offset of a refund.**

An explanation of this process is as follows:

A ***Federal Tax Lien*** is a claim against your property, including property that you get after the lien is filed. By filing a Notice of Federal Tax Lien, the IRS lets other people know you owe the government money. A lien can hurt your credit rating. Therefore, it is important that you work to pay your tax debt as quickly as you can. Once a lien is filed, the IRS usually cannot lift it until the taxes, penalties, interest, and other fees are paid in full or the IRS cannot legally collect the tax.

A ***Notice of Levy*** is another way the IRS collects unpaid taxes. This means the IRS can take and sell your property to pay the debt. This could include your car or house. The IRS may also take some of your wages, bank accounts, Social Security benefits, or retirement income. When you have tax debt, any future federal tax refunds will be taken to pay the amount you owe. Any state income tax refunds may also be levied and put toward your debt.

If you believe the bill is not correct, write the IRS office that sent you the bill, or visit the IRS office closest to you. To help the IRS correct a problem, please include a copy of the bill and copies of any records, such as the front and back of canceled checks or money orders, or other information that will help the IRS understand what you believe is wrong. Please do not send your original documents. You may also call the IRS at (800) 829-1040 to discuss why you disagree with the bill. Please have the bill and your records with you when you call.

You have rights and protections during the collection process. Please see to Publication 1 (<http://www.irs.gov/pub/irs-pdf/p1.pdf>), which provides more information on *Your Rights as a Taxpayer*. More information on the collection process is available in Publication 594 (<http://www.irs.gov/pub/irs-pdf/p594.pdf>), *What You Should Know About The IRS Collection Process*, and in Publication 1660 (<http://www.irs.gov/pub/irs-pdf/p1660.pdf>), *Collection Appeals Rights*. You can find these resources and more on the IRS website at www.irs.gov.