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IRS Increases Liens and Levies

Despite the recession and the people's financial hardship, the IRS continues to bulldoze its way through in collecting outstanding taxes by filing an increasing number of tax liens and levies. In 1999, the number of tax liens filed was 168,000. Last year, that number skyrocketed to a staggering 1.1 million. Over the last seven years alone, the IRS has filed more than 5 million tax liens. Not to mention the astronomical number of notices and audits.

All this began around 2006. At that time, the government needed money so the IRS began to implement strategies to improve the collection system, automate and bring in more money. According to National Taxpayer Advocate Nina E. Olson, the IRS has been going after everyone who owes money, not just the wealthy and their actions are causing unnecessary harm.

A tax lien is damaging to a person's credit as it stays on his record for 7 years from the time the outstanding tax has been settled, or even longer if it is not settled. This is particularly destructive to small businesses as they are not able to obtain credit.

The IRS said that over the last 2 years, the agency has taken various measures to alleviate the people's hardship. For instance, they have agreed to accept less taxes than what was owed in some cases. The IRS has also implemented procedures to withdraw tax liens once the underlying tax has been settled. This process will help struggling taxpayers find jobs or securing credit without the problem of having a lien.

The IRS has also targeted the elderly and disabled and one of the ways of collecting is by garnishing up to 15% of their Social Security payments.

The rationale is the government should not have to pay someone who owes the government money. But for those who rely on every cent of their Social Security for payment of rent, utilities and other essentials, such action can be devastating. Hence, this practice is going to be terminated this year if the only source of income of a person is Social Security.

The IRS has implemented greater automation so whenever data on forms do not match the system picks it up and you would be given a notice or an audit. But sometimes, the error is by the IRS themselves. The tax laws are so complex that the automated system does not read certain cases correctly.

If you are struggling with tax debt, call us at (813) 229 7100 for a free consultation.