

Senate Amendment Allows IRS To Revoke Passports

by Brian Mahany

Each day we lose more and more of our fundamental rights. Many of these rights were given up in the name of “national security.” It’s a very slippery slope. Scholars have debated the erosion of civil rights caused by the passage of the Patriot Act. A recent unanimous amendment to a Senate transportation bill may have just cost us the right to travel.

Senator Harry Reid of Nevada was successful in amending a Senate highway funding bill to now allow the IRS to revoke or limit the passports of U.S. taxpayers who are seriously delinquent in their tax obligations.

Under the measure, if one owes more than \$50,000 and the debt is at the levy or lien stage, the IRS can seek to have the State Department revoke the taxpayer’s passport. America abolished debtor’s prisons in 1833 but the new measure is pretty similar – your freedom and liberty can be curtailed until the tax man is paid.

With final passage of the Senate amendment, the U.S. will join the United Arab Emirates and China in allowing such punishment for civil debts.

Willful failure to pay one’s taxes has long been a crime in the U.S. but that requires a finding by the court that the taxpayer has the ability to pay yet simply refuses. The new law doesn’t require willfulness – if you don’t pay, you can’t leave.

The popular Eagles song Hotel California released in 1977 has a line that says “You can check in anytime but you can never leave.” Thirty-five years later that song is becoming a reality.

Tax collection is no laughing matter. Ignore the IRS and you could find yourself with no bank account, no house and bad credit. Procrastinate too long and you might even find yourself with criminal charges. There are things you can do, however.

As paralyzing as an audit or levy notice can be, there are offers in compromise, penalty abatements, taxpayer due process hearings and other tools to fight back. Because penalties can escalate and compound quickly, don’t wait before seeking professional help.

About the Author. Brian Mahany is an attorney concentrating in offshore tax reporting including FBARs, the new FATCA law and the offshore voluntary disclosure program. He and his firm, Mahany & Ertl, are the preferred legal services providers to the accounting organization CPAmerica and its thousands of members. Questions and comments are welcome; contact Brian at (414) 704-6731 (direct) or by email at brian@mahanyertl.com