



Bankruptcy and the IRS

Small Business/Self Employed

Presentation for

South Jersey Working Together – June 8, 2023

Introduction

- - Evelyn Ajel, Revenue Officer Tax Policy Analyst – Insolvency, Headquarters Collection, Small Business/Self-Employed Division
- - Richard Goldstein, Director, Specialty Collection Insolvency (SCI), Headquarters Collection, Small Business/Self-Employed Division

Document Upload Tool (DUT)

- New application for universal transmittal process
- Digital document transmission
- One time code
- File size and type
- Upload all necessary documents
- New code
- Confirmation screen

Valuation of Secured NFTL

- Properly recorded pre-petition Notice of Federal Tax Lien (NFTL)
- Attachment to property
- Secured claim amount determination

Key Points to Consider

- **Important to bring filing current pre-petition and keep current with FTDs, ES payments and required filings post-petition. Incompliance may lead to bankruptcy case dismissal, and returning case to regular collection**
- **Timely and correctly notifying the IRS of bankruptcy filing is important. Otherwise, liabilities may not be dischargeable.**
- **If any questions on an IRS proof of claim – reach out and communicate with the assigned IRS Bankruptcy Specialist**

Key Points (Continued)

- **Use Electronic Federal Tax Payment System (EFTPS) to make plan payments, reduces errors, faster payment application.**
- **Payment plans must adequately provide for IRS claims including statutory interest on secured claim in order to avoid objection to confirmation**
- **If NFTL is recorded, the IRS is a secured creditor.**

Key Points (Continued)

- **Bankruptcy Specialists can only communicate with Attorneys representing the debtor in bankruptcy, and only while the case is open. Information can be shared with POAs with valid F2848 only. All other Attorney office staff is not authorized to receive taxpayer's information from the IRS.**
- **Use secure Document Upload Tool to expedite communication with the IRS**

Key Points (Continued)

- **Contact assigned caseworker to obtain one-time use access code**
- **Code is valid for 70 days**
- **Reduce paper correspondence**
- **Upload scans, photos, or digital copies in the form of JPG, PNG, or PDF with a maximum file size of 15MB per file up to 40 files (120-page limit per file)**

Passport Program

- [Revocation or Denial of Passport in Cases of Certain Unpaid Taxes | Internal Revenue Service \(irs.gov\)](#)
- For Passport related issues you can contact ACS:
855-519-4965 domestic or 267-941-1004 for international callers

Resources

- IRS.gov; search “bankruptcy”
- Publication 908, Bankruptcy Tax Guide
- Publication 5082, What You Should Know about Chapter 13
Bankruptcy and Delinquent Returns
- Internal Revenue Manual, Part 5.9

Webinars

- **For information on future webinars, visit IRS.gov and use keyword search “webinars”.**
- **Visit the IRS Video Portal for a variety of video and audio topics.**
- **www.irsvideos.gov**

South Jersey Working Together (SJWT)

THANK YOU!