



Small Business/Self-Employed Collection

IRS Collection

*Taxpayer Experience Enhancements and the
Private Debt Collection Program*

June 6, 2024



Entering the Collection Process

General steps from billing to collection:

Taxpayer files a return (Or, if the taxpayer fails to file, we may file a substitute return for them)

If the taxpayer owes taxes, we will send them a bill. Individuals receive CP14, businesses receive CP161

This starts the collection process, which continues until the taxpayer's account is satisfied or until the IRS may no longer legally collect the tax.



COVID-19 Pandemic Impact

- The IRS temporarily suspended the mailing of **automated reminders to pay overdue tax bills** starting in **February 2022**.
- The IRS **did not suspend** the mailing of the first, or initial, balance due notices for taxpayers such as the CP14 and CP161 notices.
- The IRS **waived failure to pay penalties** for **tax years 2020 and/or 2021** for individual, business, estate, trust or tax-exempt taxpayers if they:
 - filed a Form 1040, 1041, 1120 series or Form 990-T tax return for years 2020 and/or 2021,
 - were assessed taxes of less than \$100,000, and
 - received an initial balance due notice, typically the CP14 or CP161, between Feb. 5, 2022, and Dec. 7, 2023.

[IRS Newsroom: IRS provides penalty relief for 2020 and 2021 tax returns; help paying taxes](#)



Restart of Notices

- Return to **business as usual**:
 - Individual and business taxpayers began receiving automated collection notices for the current tax year in Fall 2023
 - Automated collection reminder notices for older tax years resumed in February 2024
 - Non-filer compliance alert notices resumed in February 2024



IRS Simple Notice Initiative

Collection notices are part of larger transformation work with the Inflation Reduction Act.

- Goal is to **provide simple, clear and easy** to understand information.
- **Provide electronic options** for taxpayers to meet obligations.

Content clearly emphasizing intent of letter, payment options, and how and where to pay and find information.

- **Quick Response (QR) codes** to bring the taxpayer directly to applicable **self-help and electronic response options**.
- Reduced number of pages.



Small Business/Self-Employed Collection

Taxpayer Experience Enhancements



Individual Online Account

Individual taxpayers may access their accounts online at [IRS.gov/account](https://www.irs.gov/account) to:

- View balance
 - Make and view payments
 - View or create payment plans
 - Manage email notifications for account information
 - Access tax records
- View certain notices
 - Go paperless for certain notices
 - View and approve tax professional authorizations
 - FY25: Select language preference and elect to view in Spanish



Business Tax Account

Certain business taxpayers (currently sole proprietors, partnerships and S-Corps) may be able to:

- View balance
- Make and view payments
- Access tax records
- View certain notices
- View account in English or Spanish

Other capabilities are coming soon!



Online Payment Agreements

Taxpayers and their representatives may qualify to request or revise a payment plan online through Online Account and/or the Online Payment Agreement (OPA) application.

- OPA provides immediate notification of whether your payment plan has been approved.
- In Fiscal Year 2023, individual taxpayers completed over 2 million installment agreement transactions via online self-service.



Individual representatives with a Centralized Authorization File (CAF) number in good standing with a CAF address in the 50 United States or District of Columbia can:

- View client's tax information
- View and withdraw active authorization
- Submit Power of Attorney (POA) or Tax Information Authorization (TIA)

Reminder: The Practitioner Priority Service (PPS) line is available to all tax professionals with valid third-party authorizations.

To reach PPS, dial 866-860-4259

[Practitioner Priority Service ® | Internal Revenue Service \(irs.gov\)](https://www.irs.gov)



Document Upload Tool (DUT)

DUT allows taxpayers and/or their representatives to submit responses to Collection notices using a mobile device or computer via a secure portal.

- Reduces incoming paper correspondence and helps the IRS transition to a digital inventory management system.
- **Improves the customer experience by providing more options** that help taxpayers comply with their tax obligations.



Document Upload Tool (DUT)

You can access the DUT on the [irs.gov](https://www.irs.gov) homepage

How can we help you?



File your taxes for free



Sign in to your account



Get your refund status



Make a payment



Get your tax record



Find forms & instructions



File an Extension



Get answers to your tax questions



Apply for an Employer ID Number (EIN)

Tools & Applications

IRS Direct File pilot



Eligible taxpayers in 12 states can file for free.



[Check your eligibility](#)

Document Upload Tool

Upload documents in response to an IRS notice or letter.



[Submit requested files](#)





Small Business/Self-Employed Collection

Debt Resolution



Importance of Notices

Notices and letters provide taxpayers with the unpaid balance, the actions they need to take, options for resolution and explain their rights in the collection process.

- Carefully read any letter or notice received before calling the IRS and follow the instructions to take action to resolve the account.
- Don't wait to respond to a notice.
- It is important to **voluntarily resolve** your account quickly.
- **Make sure your address is correct** to make sure you are getting notices or refunds from the IRS.
- The IRS **offers several payment options** and help for taxpayers struggling to pay their tax bill.



Debt Resolution - Payments

**Resolve Tax Debt -
www.irs.gov/Payments**

Make a Payment

English | [Español](#) | [中文\(简体\)](#) | [中文\(繁體\)](#) | [한국어](#) | [Русский](#) | [Tiếng Việt](#) | [Kreyòl ayisyen](#)

Bank Account (Direct Pay)
We accept full and partial payments, including payments toward a payment plan (including installment agreement). Penalties and interest will continue to grow until you pay the full balance.

Debit or Credit Card

Your Online Account

Business Tax Payment (EFTPS)

Payment Plan

Tax Debt Help

Penalties

Interest

Tax Withholding

Foreign Electronic Payments

User Fees

Pay Now
You'll need to confirm your identity before making a payment using pay now options. Make a payment today, or schedule a payment, without signing up for an IRS Online Account. Pay from your bank account, your Debit or Credit Card, or even with digital wallet.

Pay from Your Bank Account
For individuals only. No registration required. No fees from IRS. Schedule payments up to a year in advance.

Pay Now with Direct Pay

Pay by Debit Card, Credit Card or Digital Wallet
For individuals and businesses (not for payroll tax deposits). Processing fees apply.

Pay Now by Card or Digital Wallet

Sign In to Pay
You will need to sign in using your credentials before you can pay and get more information about your payment history.

Sign In to make an Individual Tax Payment and See Your Payment History
For individuals only.

- You will need to create an IRS Online Account before using this option.
- View the amount you owe, your payment plan details, payment history, and any scheduled or pending payments.
- Make a same day payment from your bank account for your balance, payment plan, estimated tax, or other types of payments.

Go to Your Account



Debt Resolution - Payments

Resolve Tax Debt - www.irs.gov/Payments

Sign in to make a Tax Deposit Payment or Schedule Estimated Payments with the Electronic Federal Tax Payment System (EFTPS)

- Enrollment required to use this option.
- Make payments from your bank account.
- Make a same day Tax Deposits, estimated taxes, Offer in Compromise (OIC) or other types of payments.

[Go to EFTPS](#)

Need More Time to Pay?

Avoid a [penalty](#) by filing and paying your tax by the [due date](#), even if you [can't pay what you owe](#).

For individuals and businesses: Apply online for a payment plan (including installment agreement) to pay off your balance over time. Fees apply.

For more information on payment plans including streamlined, in-business trust fund express, guaranteed, and partial payment installment agreements refer to [Tax Topic No. 202-Tax Payment Options](#).

[Apply for a Payment Plan](#)

See if you qualify for an [Offer in Compromise](#) to settle your debt for less than you owe.

If you're facing financial hardship, you may be eligible to ask for a [temporary collection delay](#) until your finances improve.

Other Ways You Can Pay

- [Same-Day Wire](#) — Bank fees may apply
- [Check or Money Order](#) — Through U.S. mail
- [Cash](#) — Through a retail partner and other methods
- [Electronic Funds Withdrawal](#) — During e-filing





Debt Resolution – Pay Part of Your Balance

The IRS has several options available to help taxpayers resolve their tax bill.

Pay over time

- Apply online for a payment plan
- Visit <https://www.irs.gov/payments/online-payment-agreement-application>

Request an Offer in Compromise

- Visit <https://www.irs.gov/payments/offer-in-compromise> to check eligibility



Debt Resolution – Can't Pay Anything Now

Ask for a delay in collection

- If you can't afford to pay because of your financial condition, you can ask us to temporarily delay collection.
- If the IRS determines a taxpayer is unable to pay, it may delay collection until the taxpayer's financial condition improves.
- Penalties and interest continue to accrue until the taxpayer pays the full amount.



Private Debt Collection



Public Law 114-94, the Fixing America's Surface Transportation (FAST) Act, requires the IRS to use private collection agencies (PCAs) for the collection of all outstanding inactive tax receivables. The statute was further amended by the Taxpayer First Act (TFA).

The law defines **inactive tax receivables** as any tax receivable if:

- The IRS removes from active inventory for lack of resources or inability to locate the taxpayer,
- More than 2 years has passed since assessment and such receivable has not been assigned for collection to any employee of the IRS, or
- In the case of a receivable which has been assigned for collection, more than 365 days have passed without interaction with the taxpayer or a third party for purposes of furthering the collection of such receivable.

Certain taxpayer accounts are **excluded** from being assigned to a PCA:

- Deceased,
- Under the age of 18,
- In designated combat zones,
- Victims of tax-related identity theft,
- Currently under examination, litigation, criminal investigation or levy,
- Subject to pending or active offers in compromise,
- Subject to an installment agreement,
- Subject to a proper exercise of the right of appeal,
- Classified as innocent spouse cases, AGI less than 200% of poverty level, or SSI/SSDI recipient



Private Collection Agencies (PCAs)

The IRS requires:

- Private debt collectors **work responsibly & respect taxpayer rights.**
- Taxpayers working with a PCA have the same rights as those working with the IRS.
- **The majority of those with unpaid taxes will** continue to work directly with the IRS.
- **Private debt collectors can discuss payment options - including setting up payment agreements - but they cannot take enforcement actions such as liens or levies.**
- Private debt collectors **ensure** the safety and security of taxpayer data, **and ensure taxpayers** are treated with fairness and respect.



Safeguarding Taxpayer Data

Our contractors **must** participate in a background investigation process and complete security training **before** starting work.

Contractor Controls

The PCA's systems must ensure the privacy of taxpayer data.

- The Contractor shall refer to and follow all Security requirements as outlined in IRS [Publication 4812](#).

Establish and maintain its own information system and software, which can accept, accommodate, and generate reporting data on all accounts.

Monitoring

The PCA's security controls are monitored through an annual contractor security assessment (CSA).

IRS employees performing the assessments:

- Cyber Security
- Privacy Governmental Liaison and Disclosure (PGLD)
- Facilities Management and Security Services (FMSS)
- Contracting Officer's Representative (COR)



Legitimacy of a Private Collection Agency

IRS continues to educate taxpayers and practitioners on how to identify the current IRS-contracted private collection agencies.

YouTube Video:

[Here's How to Know that Private Collection Agency Calling You is Legit](#)

IRS.gov:

[Private debt collection](#)



Private Collection Agencies

<https://www.irs.gov/businesses/small-businesses-self-employed/private-debt-collection>

Private debt collection

Individuals

- Businesses and Self-Employed**
 - Business Tax Account
 - Small Business and Self-Employed**
 - Employer ID Numbers
 - Business Taxes
 - Reporting Information Returns
 - Self-Employed
 - Starting a Business
 - Operating a Business
 - Closing a Business
 - Industries/Professions

Private collection agencies

The law requires the IRS to use private agencies to collect certain outstanding, [inactive tax debts](#).

Effective September 23, 2021, when the IRS assigns your account to a private collection agency, one of these three agencies will contact you on the government's behalf:

CBE Group Inc.	Coast Professional, Inc.	ConServe
P.O. Box 2217		P.O. Box 307
Waterloo, IA 50704	P.O. Box 425	Fairport, NY 14450
800-910-5837	Geneseo, NY 14454	844-853-4875
	888-928-0510	

How it works

Before you are contacted by a private collection agency, you will receive two letters.

1. The IRS will first send [Notice CP40](#) and [Publication 4518 \[PDF\]](#). These let you know that your overdue tax account was assigned to a private collection agency.
2. The private collection agency then sends their

What to do

Work with your assigned private collection agency to resolve your overdue taxes.

- [Questions and answers](#)
- [Get Transcript](#) to verify the assignment of your account to a private collection agency
- Options to make [Payments](#)
- [Watch for scams](#)

Frequently Asked Questions

Note: The PCAs cannot subcontract out collection work.



What can I expect from a PCA?

A PCA **will**:

- Send an initial contact letter before attempting to collect
- Identify themselves as IRS contractors who are collection taxes
- Set up and monitor payment arrangements that will allow you to pay in full within seven years or the collection expiration date

A PCA **will not**:

- Request a payment made directly to them or on prepaid debit, iTunes or gift cards
- Collect financial information
- Take any type of enforcement action such as issuing a levy or Notice of Federal Tax Lien
- Make determinations to accept or reject offers in compromise or report accounts currently not collectible
- Charge a fee for setting up a payment agreement
- Inquire with or report debt to a credit bureau



How will a PCA initially contact me about my tax bill?

- *Before you are contacted* by a private collection agency, you will receive two letters.
 1. Notice CP40
 2. PCA letter to confirm assignment of your unpaid tax liability
- The PCA will not contact you by telephone before sending you the confirmation.
- After they send the PCA letter, **the PCA will call you** to help you resolve your account. They will explain the payment options and help you choose one that is best for you.



What if I don't want to work with a PCA to settle my debt?

- If you do not wish to work with your assigned private collection agency to settle your overdue tax account, **you must submit this request in writing to the PCA.**



From the beginning of the program in April 2017 through March 2024:

- The IRS assigned over 7.6 million accounts to the PCAs with a collection potential of over \$64 billion.
- The PCAs assisted over 1.6 million taxpayers to full pay and are managing over 34,000 payment arrangements.
- PDC retained earnings fund 1,798 Special Compliance Personnel (SCP) employees.
- The PCAs and SCP employees generated over \$5.6 billion in revenue.
- The PCAs maintain an overall customer satisfaction rating in the high 90s%.