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# IRS to Begin Using Private Debt Collectors

[INTERNAL REVENUE SERVICE, TAX](#)  
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Taxpayers with long-overdue federal tax obligations should be aware of a new weapon in the Internal Revenue Service's (the "IRS") tax collection arsenal. Beginning in April of 2017, under the authority of a new federal law, the IRS will use private collection agencies to collect outstanding inactive tax receivables. In light of the recent wave of phone scams involving callers impersonating IRS agents, it is important that taxpayers understand the rules under which the new initiative will operate.

First and foremost, taxpayers will receive a letter from the IRS before their overdue tax receivable is assigned to an outside agency. The letter will include the name and contact information of the agency to which the account will be assigned. Upon receipt of a taxpayer's account information, the agency will send a second letter to the taxpayer to confirm the transfer.

Second, keep in mind that the initial contact with a taxpayer will never be by telephone. The letters described above will always precede phone contact, and will contain information to assure the taxpayer that the collection activity is legitimate. Only after these letters are mailed will telephone calls from the collection agency commence. When calling, the agencies may identify themselves as contractors of the IRS and may request payment. However, they will not ask that payment be made to the collection agency itself, nor will they ever ask that that payment be made by prepaid debit or gift card. They will direct that all checks should be made payable to the "U.S. Treasury" and mailed directly to the IRS.

Third, the IRS has announced that it has authorized only four private collection agencies to collect on its behalf. These agencies are the CBE Group of Waterloo, Iowa; ConServe of Fairport, New York; Performant of Pleasanton, California; and Pioneer of Horseheads, New York. Taxpayers can be certain that contact is not legitimate if an agency alleging to collect on behalf of the IRS is not on this list.

Finally, only longstanding tax obligations dating back several years will be farmed to the collection agencies. Taxpayers whose accounts are outsourced will have already been contacted by the IRS on numerous occasions. It is only those older accounts for which the IRS lacks the resources to pursue that will be impacted. In addition, certain categories of accounts will not be placed with collection agencies. Accounts involving taxpayers who are under 18 years of age, are deceased, or are victims of tax-related identity theft are among those that will not be outsourced.

Taxpayers may be reassured that, as a condition of receiving a contract, all participating collection agencies must agree to abide by The Fair Debt Collection Practices Act, which prohibits debt collectors from using abusive or unscrupulous practices to collect. Among other things, collectors are limited in the hours they may call taxpayers, and may not use threatening or profane language. The IRS has provided a hotline, a website, and a physical address through which it can be contacted in the event that a taxpayer has been the victim of misconduct by an assigned agency or its employees.

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