

**From the desk of
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Delinquent Taxes Can Jeopardize Passports

The Internal Revenue Service has just issued a new Notice, the first one of the year, Notice 2018–01 stating that the IRS will be active in curtailing the travels of anyone owing taxes.

The IRS will soon be updating the State Department with the identity and amounts owed by anyone delinquent in paying their tax liabilities.

The State Department will generally deny issuing or renewing passports to anyone who is seriously delinquent in what they owe the IRS.

The State Department can and will most probably revoke passports already in use.

The law was enacted in 2015 but the IRS and State Department have not been consistent in their administration of the law but are now implementing the rules.

Notably the rules are not limited to criminal tax cases or even where the IRS thinks you are trying to escape a tax debt.

The basics are in Section 7345 of the tax code which can be viewed on the IRS website at [IRS.gov](https://www.irs.gov).

Initially the State Department will not issue or renew a passport for anyone who has a seriously delinquent tax debt, more than \$50,000. This amount includes penalties and interest.

The IRS states that if you face this situation to consider: (1) paying the taxes in full; (2) entering into an installment agreement with the IRS; or (3) making an offer in compromise.

The IRS will notify by certification of those who are seriously delinquent in their tax debt and transmit that information to the State Department

Once a certification is issued, and a taxpayer applies for a passport the State Department will provide the applicant with 90 days to resolve the tax delinquency before denying the passport application.

If a taxpayer needs their passport to travel within those 90 days the taxpayer must contact the IRS and resolve the matter within 45 days from the date of application so that the IRS has adequate time to notify the State Department.

The only remedy for a taxpayer who believes that a certification is erroneous, or that the IRS incorrectly failed to reverse a certification because the tax debt has been fully satisfied or ceases to be seriously delinquent, is to file a civil action in court.

The taxpayer cannot go to IRS Appeals to challenge the certification or the IRS decision not to reverse a certification.

A taxpayer can contact the phone number in the IRS Notice CP508C to request reversal of the certification if the taxpayer believes that the certification is erroneous.

Procedure is Important

Before a tax debt gets to the stage where the IRS informs the State Department of seriously delinquent matters they will have sent multiple notices which are important to respond to so as to resolve the problem.

If you receive an IRS Notice of Proposed Deficiency or Examination Report be sure to either pay the amount in question in full, or enter into an installment agreement, or if the amount in question is erroneous, then prepare a protest before the deadline provided in the notice(s).

The filing of a protest will provide an opportunity to have your matter heard in the IRS Appeals Office where you have maybe able resolve it. If you fail to protest, or you cannot resolve your matter with IRS Appeals you will receive a Notice of Deficiency. Thereafter you have 90 days to respond and file in the U.S. Tax Court.

A tax debt does not become final while any formal dispute is still in process, but again, you must do so within the IRS requirements.

We here at Muffoletto & Company believe that the more informed you are in regards to the rules and regulations that affect you the more we can be of service.

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