

**From the desk of  
Peter S. Muffoletto, C.P.A.**

# IRS increases Enforcement on Passport Holders with Tax Debt

The Internal Revenue Service has increased tax enforcement on travelers who have substantial or extremely overdue taxes.

Expatriates and travelers with tax debt should take measures to resolve any delinquent or overdue taxes with the IRS.

Congress passed legislation in 2015 that restricted passports of individuals who owe "seriously delinquent tax debt" (Sec. 7345(a)).

The new compliance rules are now being enforced.

## **Restrictions affect expats and foreign travelers with serious tax debt**

This passport-restriction will affect the expatriate community and travelers who have not established an agreement with the IRS to pay their seriously delinquent tax debt.

Currently more than 15.6 million individual taxpayers owe the IRS back taxes.

According to IRS statistics 453,470 individuals owed more than \$100,000 to the IRS, and 1.4 million owed between \$25,000 and \$100,000.

The law defines seriously delinquent tax debt as a legally enforceable federal tax liability of more than \$50,000 (unpaid taxes, penalties, and interest combined) that has been assessed and for which:

- A lien has been filed and all administrative remedies for lien relief have lapsed or been denied; or
- A levy has been issued.

### **People with IRS agreements to pay can still travel**

Taxpayers will still be able to travel if:

- They are paying their debt in a timely manner under an installment agreement—an IRS payment plan.
- They are paying their debt in a timely manner under an offer in compromise—an arrangement that applies in rare circumstances for taxpayers in financial hardship situations to settle their taxes for less than they owe (Form 656, *Offer in Compromise*).
- Collection has been suspended on their debt because they have requested innocent spouse relief—release of liability from a spouse's portion of tax debt in certain situations (Form 8857, *Request for Innocent Spouse Relief*).
- Collection has been suspended on their debt because they have requested or have pending a Collection Due Process hearing—an appeal with the IRS to contest a levy issued (requested by timely filing Form 12153, *Request for a Collection Due Process or Equivalent Hearing*).

The IRS has also indicated that taxpayers in currently not collectible status which is deferred payment for taxpayers in financial hardship situations will not be subject to passport restrictions.

The IRS may set more exclusion rules as it implements the passport restrictions.

The IRS is in the process of sending notices to every person with seriously delinquent tax debt .

Form **CP508C**, **Notice of Certification of Your Seriously Delinquent Federal Tax Debt to the State Department** which advises individuals to enter into a payment plan with the IRS or suffer passport restrictions.

The IRS will also provide the list of individuals certified as having seriously delinquent tax debt to the State Department.

The State Department will deny a passport to any new or renewal passport applicants with seriously delinquent tax debt.

Existing passports can also be revoked.

Under these new rules delinquent taxpayers have been detained before boarding flight overseas.

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