

IRS PEOPLE FIRST INITIATIVE PROVIDES ADMINISTRATIVE COLLECTION AND OTHER RELIEF

Hodgson Russ Federal-International Tax Alert
March 26, 2020

On March 25, 2020, the Internal Revenue Service (IRS) unveiled its “People First Initiative” in an effort to help people facing the challenges of COVID-19 issues. The IRS is taking unprecedented action to ease the burden on people facing tax issues by adjusting some of its normal processes and automated collection systems through July 15, 2020. Here are some highlights of the Initiative:

Relief from payments due under existing installment agreements

The IRS is suspending payments due under an existing installment agreement between April 1 and July 15, 2020. Furthermore, the IRS will not default any installment agreements during this time. By law, though, interest will continue to accrue on any unpaid balances.

Offers in Compromise (OIC)

The IRS is allowing taxpayers until July 15 to provide requested additional information to support a pending OIC application and it will not close any pending OIC request before July 15, 2020 without the taxpayer’s consent. Also, taxpayers may suspend all payments on accepted OICs until July 15, 2020, although interest will continue to accrue on any unpaid balances. Moreover, the IRS will not default an OIC for taxpayers who are delinquent in filing their tax return for the 2018 year.

Lien and levy action suspended

Liens and levies (including any seizures of a personal residence) initiated by field revenue officers will be suspended through July 15, 2020. In addition, new automatic, systemic liens and levies will be suspended during this period.

Passport Certifications to the State Department

The IRS will suspend new certifications to the Department of State for taxpayers who are “seriously delinquent” during this period. Certification prevents taxpayers from receiving or renewing passports.

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Field, Office and Correspondence Audits

During this period, the IRS generally will not start new field, office or correspondence examinations. The IRS, however, may start new examinations where deemed necessary to protect the government's interest in preserving the applicable statute of limitations. In-person meetings for current field, office and correspondence examinations will be suspended, but examiners will continue their examinations remotely, where possible.

IRS Appeals

IRS Appeals employees will continue to work their cases. Although Appeals currently is not holding in-person conferences with taxpayers, conferences may be held over the phone or by videoconference. The IRS is encouraging taxpayers to promptly respond to any outstanding requests for information for all cases with IRS Appeals. Importantly, though, no relief has been accorded to extend the time to protest IRS action (e.g., penalty abatement request denial or refund claim disallowance) to IRS Appeals;

Statute of Limitations

The IRS will continue to take steps necessary to protect all applicable statutes of limitations. The IRS is encouraging taxpayers to consent to extend the time to assess tax where statute expirations may be jeopardized during this period. The IRS otherwise will issue a Notice of Deficiency and pursue other similar actions to protect the government's interests. It is important to note that no relief or extension is available with respect to the expiration of the statute of limitations for a taxpayer to claim a refund.

Practitioner Priority Service

The IRS reminded practitioners that, depending upon staffing levels and allocations going forward, the wait times for the Practitioner Priority Service telephone line may be more significant than normal.

The IRS will continue to review and, where appropriate, modify or expand the Initiative as it reviews its processes and receives feedback from practitioners and taxpayers. The Initiative provided some welcomed relief, and we hope that the IRS continues to be reasonable, and flexible, at this difficult time.

The tax professionals at Hodgson Russ LLP will continue to monitor this relief and publish updates as information becomes available. Please contact one of the tax attorneys at Hodgson Russ LLP if you would like to discuss how the Initiative may impact your tax situation.

All our attorneys are currently working remotely and can respond to any questions or concerns you have whenever you need us. We are here to support you during this challenging time!

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