



COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

May 6, 2009

The Honorable Charles Grassley
United States Senate
Washington, DC 20510

Dear Senator Grassley:

I am responding to your letter of March 4, 2009, regarding the IRS private debt collection program. You asked for clarification on a number of issues related to the structure and operation of that program.

Since I received your letter, we have spoken about my decision not to renew the contracts of the private collection agencies. While I know that we do not agree on this particular matter, I appreciate our dialog and look forward to continuing to work with you. I have enclosed a document that responds to your questions, as well as a separate package of internal IRS correspondence and memoranda that you requested. I trust that you will find this information responsive.

If you have additional questions, please call me or have your staff contact Floyd Williams, Director, Legislative Affairs, at (202) 622-4725.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Shulman", written over a white background.

Douglas H. Shulman

Enclosure

Question 1: Describe the standards, including privacy safeguards and additional security costs, which contractors must meet to participate in the PDC program.

- **Provide an estimate of the costs incurred by the PCAs to adhere to these standards**

The IRS does not maintain detailed information on the cost of contractor compliance with privacy safeguards and standards. Based on your request, IRS staff informally asked for this information from the two PCA contractors. One PCA provided a high-level cost estimate of \$750,000 to comply with security and privacy standards over the life of the Private Debt Collection program. The IRS is unable to validate this estimate independently. The IRS would be happy to facilitate follow-up discussions between your staff, IRS staff, and the contractor firms to arrive at a more precise estimate.

According to information provided by the Department of Education and Financial Management Service, the level of effort expended by the PCAs to participate in the IRS PDC program is likely similar to what would be required to participate in their programs.

- **Describe the difference in standards and costs to PCAs in contracting with the IRS versus other federal agencies.**

The IRS is required to ensure that contractors with “staff like” access to taxpayer data comply with federal security requirements identified by the FISMA and by Internal Revenue Code section 6103. Contractors were expected to develop site-specific policies and procedures addressing all appropriate security controls as outlined in the original IRS Request for Quotation and referenced National Institute of Standards and Technology (NIST) documents.

The difference in standards and costs to the PCAs in contracting with the IRS versus other federal agencies should be minimal. All federal agencies are required to be FISMA compliant and all agencies are expected to follow the NIST guidance. Both the Department of Education and Financial Management Service required their PCAs to meet FISMA and NIST requirements.

Question 2: Explain why the IRS has not expanded the program to include other PCAs and indicate whether the standards for participation deter other participants.

The IRS recently announced its intent to discontinue the PCA program.

The standards for participation in the program were a combination of statutory and policy standards designed to ensure that the program was implemented to its fullest, while including safeguards for taxpayer rights and privacy, and

accounting for differences in the ability of the PCAs and IRS to handle specific taxpayer situations. The standards were designed to ensure the integrity of the program and were not intended to either promote or deter participation.

Question 3: Explain why the PCAs are not provided the same authority as IRS employees to provide Offers in Compromise or otherwise negotiate or settle tax debts, and impose liens and levies. Provide copies of all memoranda and other correspondence with the Office of Chief Counsel, including e-mails and documentation of phone conferences and meetings supporting this decision.

Internal Revenue Code section 6306, which authorized the IRS to enter into qualified collection contracts, provides PCAs with the following authority:

- Locate and contact taxpayers,
- Request full payment from taxpayers, and if the taxpayer is unable to make full payment, to offer the taxpayer an installment agreement (IA) providing for full payment of unpaid taxes over a period not to exceed five years, and
- Obtain financial information from taxpayers

This code section does not authorize the PCAs to negotiate or settle any tax debts or to take any enforcement action. At the IRS only certain employees have the authority to take enforcement action.

The role of PCAs was outlined in Announcement 2006-63 of Internal Revenue Bulletin 2006-37. This announcement included descriptions of the legal and administrative procedures that were in place for PCA activities.

Copies of the memoranda and other correspondence requested are provided in a separate package.

Question 4: Provide a breakdown of the cases referred to the PCAs by income and provide the language that the PCAs must use to inform the taxpayers of their rights.

Cases referred to the PCAs were not placed or identified by the income level of the taxpayer. Cases were selected based on the total balance owed on the account, with the accounts with the highest balance due placed first.

Although data is not maintained on income levels of the assigned accounts, an analysis of the Total Positive Income (TPI) was conducted on assigned accounts in April 2007. Although TPI is not a direct calculation of the income level of the taxpayer, it does provide a close approximation. Based on this analysis, 19.3% of the PCA assigned modules at the end of April 2007 had a TPI greater than or equal to \$50,000. This figure was comparable to the overall rate of 19.9% for all

IMF Unpaid Assessment Modules that had a TPI greater than or equal to \$50,000 during the same time period.

In addition, accounts assigned to the PCAs include an indicator that is used to assess user fees when those fees are tiered based on income levels. This indicator is tied to the income level of the taxpayer. Based on an analysis of this indicator for the cases in inventory as of March 2009, 60% had an income level above \$55,125 for a family of four (\$27,075 for a single taxpayer) and 40% were below these levels.

Taxpayer Rights

The PCAs provided information to taxpayers about their rights in the initial contact letter. The letter included specific information related to taxpayer rights in the following areas (excerpts from the initial contact letters related to these rights are included at the end of this document):

- Right to not work with the PCA
- Dispute of Balance Due
- Complaint Process
- Privacy Act and the Public Law that authorizes the IRS to hire PCAs to act on their behalf in the request of information
- Taxpayer Advocacy Process
- Penalty and Interest Information

When an account was placed with a PCA, the IRS also sent to the taxpayer Letter 3998 advising the taxpayer that their account had been placed with a PCA. Included with this letter was Publication 4518, "What You Can Expect When the IRS Assigns Your Account to a Private Collection Agency". This letter and publication include information on taxpayer rights. The IRS requested feedback on the information contained in these documents from Congressional staff members (House Committee on Ways and Means and Senate Finance Committee), the PCA contractors, Internal Revenue Service Advisory Council (IRSAC), and several practitioner groups.

Question 5: The latest monthly report on the PDC program provided to my staff indicates that PCA employees have scored over 99% ratings in the areas of Regulatory, Procedural, and Customer Accuracy, Timeliness, and Professionalism. I understand that similar ratings for IRS collection employees are less than 65%. Does the IRS use the same quality measures for rating IRS collection employees? If yes, provide IRS percentages for all of the measures. If no, describe how IRS employees are rated.

The IRS employs two methods to measure and track case quality. The Embedded Quality Review System (EQRS) is used to assess the quality of case

work for individual employees. The information from these reviews is incorporated into the performance management system.

The National Quality Review System (NQRS) is used to measure quality for organizational units, such as Automated Collection Services (ACS). The PCAs are also reviewed using NQRS. Reviews of both IRS and PCA actions are conducted by a dedicated group of IRS analysts who examine a random selection of cases. Sample sizes for both are determined by the IRS Statistics of Income (SOI) Division to yield a 95% confidence accuracy rating with a variance not to exceed plus or minus five points.

The IRS and PCA quality measures captured through NQRS both utilize Data Collection Instruments (DCI) incorporating the same categories and attributes. There are separate DCIs for phone and paper case activities. The ACS Phone DCI includes 105 items for review while the PCA Phone DCI includes 73 items. The larger number of review items for ACS reflects the increased variety of actions that may be taken by an ACS employee. Examples of actions ACS would take that the PCAs would not are computations of penalty and interest, decisions related to enforced collection, and the actual input of actions into IRS systems. The following charts show the quality scores for phone activities for the PCAs and IRS ACS programs:

PCA Quality	Customer Accuracy	Procedural	Regulatory	Timeliness	Professionalism
FY 2007	99.9	98.8	98.5	100	100
FY 2008	99.8	99.8	99.0	99.9	99.9
FY09 thru Feb	99.8	99.6	99.0	99.8	99.8

SB/SE ACS Quality	Customer Accuracy	Procedural	Regulatory	Timeliness	Professionalism
FY 2007	91.4	80	94	98.3	99.5
FY 2008	94.7	85	95	99.3	99.8
FY09 thru Feb	92.6	87	96	99.0	99.7

W&I ACS Quality	Customer Accuracy	Procedural	Regulatory	Timeliness	Professionalism
FY 2007	93.9	85	96	98.9	99.5
FY 2008	95.9	89	96	99.5	99.8
FY09 thru Feb	94.4	91	97	99.1	99.8

Question 6: A primary reason that PCAs have collected only half of what they have been assigned is because they are being assigned cases so old that even the IRS cannot locate the taxpayer.

As noted in my letter of March 5, 2009, the IRS scanned all active and inactive collection inventories each week for cases eligible for placement with the PCAs.

Eligible cases were drawn from multiple inventories, including unable to locate or unable to contact, queue, shelved, and deferred. As of March 2009, fewer than 23% of the total cases assigned to the two active PCAs were cases where the IRS could not locate or contact the taxpayer. The IRS did not use the age of the case as a criteria for selecting PCA work. Approximately 46% of the eligible cases were in the current inventory status for less than three years.

- **Describe how data IRS provides to PCAs about taxpayers is different from the data Department of Education or FMS provides to their PCAs.**

During the initial startup of the PDC program, the IRS provided the PCAs with taxpayer data that included information on the balance owed and the current IRS address of record for the primary taxpayer. The information was sufficient to allow the PCAs to attempt to contact the taxpayer and request payment. Since June 2007, the IRS has provided addresses on both the primary and secondary taxpayer, phone numbers present on the IRS systems, and names, phone numbers and addresses for Powers of Attorney (POA). On a weekly basis, taxpayer and POA data were refreshed and updates provided to the PCAs. Additionally, in January 2008 the IRS began providing the taxpayer's Date of Birth (DOB) to assist the PCAs in authenticating taxpayers and the Low Income Indicator so they could identify those taxpayers who qualified for a reduced Installment Agreement user fee.

Based on information provided by the Department of Education (ED) and Financial Management Service (FMS), the primary difference in the information provided to the PCAs is prior address information and third-party contacts. ED and FMS provide PCAs with prior address and limited third-party contact information if it is available. The IRS does not provide this information because of taxpayer privacy concerns and third-party notification and reporting requirements.

- **Explain why PCAs are not permitted to use their own proprietary databases to locate taxpayers. Provide copies of all communication with Chief Counsel on this subject.**

While the PCA contractors discussed the possibility of using their own proprietary databases to locate taxpayers with IRS staff, no formal request was ever made.

The IRS is under the impression that the PCAs decided not to pursue this option, and accordingly never requested a formal opinion from the Office of Chief Counsel.

Question 7: Explain why, when a PCA returns a case to the IRS a case is not removed from the PCA's liquidity calculation.

The IRS does not use a "liquidity calculation" to measure PCA performance. The IRS tracks a variety of balanced metrics to evaluate PCA performance and overall program results, including taxpayer accounts placed, revenue collected, commissions paid, case resolutions, quality, and customer satisfaction. Performance results related to revenue collected and case resolutions are a function of account placements and the dollar value of the accounts placed. To allow for consistent reporting over time and across PCAs, account placement statistics are not adjusted for account recalls.

Cases that are assigned to the PCAs may be recalled for a number of reasons. Based on an analysis of accounts recalled in fiscal year 2008, cases were recalled on average 27 weeks after placement (for those accounts that were recalled). In other words, the PCAs had six months on average to work these accounts and secure payments or establish an installment agreement prior to the account being recalled. Cases with an approved installment agreement are not generally recalled for most of the recall reasons, even in situations such as disaster declarations. Since the average time to establish an installment agreement was 16 weeks, the PCAs would have had an opportunity to establish an installment agreement on these accounts, which may have prevented recall.

Question 8: Provide a breakdown of the expenses incurred to date and describe whether they are start-up expenses or recurring expenses.

	Non-IT Personnel		IT Costs (Hardware, Software, & Support)	Other Costs (Services & Supplies)	Total
	Labor & Benefits	Training, Travel, Rent, Furniture, etc.			
FY 2004-2005	\$2.4 M	\$1.1 M	\$36.3 M	n/a	\$38.8 M
FY 2006*	\$4.3 M	\$2.2 M	\$10.7 M	\$1.4 M	\$16.6 M
FY 2007	\$3.4 M	\$8.8 M	\$7.9 M	\$1.7 M	\$13.8 M
FY 2008**	\$5.4 M	\$9.9 M	\$3.4 M	\$1.5 M	\$11.2 M
FY 2009 (Q1)	\$1.2 M	\$2.2 M	(est.) \$9.9 M	\$2.2 M	\$2.5 M
Cumulative	\$16.7 M	\$2.2 M	\$59.2 M	\$4.8 M	\$82.9 M

* The PDC Program became operational in September 2006.

** The increase in Labor & Benefits costs from FY 2007 to FY 2008 is primarily attributable to improved cost tracking.

PDC program costs include IRS personnel devoted to this initiative as well as the cost of operating the IT infrastructure that selects and delivers cases to the private collection agencies.

Start-Up Costs: The PDC Program became operational in September 2006. Infrastructure start-up and Project Milestone Release 1.1 and 1.2 costs are included in the annual expenses through FY 2007.

Recurring Costs: The costs in the table above for FY 2008 represent actual expenses, including IT expenses, in a steady-state operation. These costs would have been expected to continue as recurring expenses had the program

continued at the FY 2008 level. Changes in inventory placement levels would potentially impact recurring Non-IT Personnel cost (Referral Units primarily).

Question 9: Provide a breakdown of recurring expenses and explain why the IRS cannot reduce those expenses so that IRS can cover the costs of the administering the program with the earnings it retains from PCA collections.

The breakdown of recurring expenses is included in the response to Question #8 above.

Based on the costs incurred in FY 2008, recurring expenses were expected to be approximately \$11 million per year. In FY 2008, the IRS transferred approximately \$7.5 million to retained funds as a result of PCA collections.

From the beginning of the PDC program, the IRS has focused on running the program as efficiently as possible. As shown in the response to Question #8, the annual operating costs went down every year from FY 2006 to FY 2008. Expenditures on the PDC program were carefully balanced between seeking program efficiency and ensuring that the program was appropriately staffed to ensure that the program was run well, and the IRS was responsive to taxpayers and the PCA contractors.

Question 10: In last week's letter, we asked you to explain how each of the 31 exclusion criteria, which prohibit the PCAs from working on certain types of cases, was determined. Please also provide the following information:

a. Explain whether PCAs have any similar restrictions in contracting with other federal agencies.

Based on information provided by the Department of Education and Financial Management Service, some IRS exclusion criteria are consistent with those applied by ED and FMS. For example, we have been told that ED and FMS do not assign accounts where data indicate the debtor is incarcerated. Also, we have been told that ED excludes many joint accounts from assignment since it is difficult to identify accurately who owes the debt. Finally, we have been told that both ED and FMS will recall or suspend accounts placed with PCAs if the debtor disputes the debt, since PCAs do not have the authority to handle disputed accounts.

b. Provide copies of all written correspondence, including e-mails, with the Office of Chief Counsel, the NTEU and the NTA regarding this topic.

This information is provided in a separate package.

Question 11: Compare and contrast the IRS' collection process and procedure to that of for profit businesses.

- **Discuss whether the age of IRS' receivables and collection rate is consistent with industry standards.**

Based on a 2008 Agency Benchmarking Survey commissioned by ACA International, the average Liquidation Percentage was 19.4% and the median Liquidation Percentage was 13.8%. These rates are based on data provided by the 214 ACA agency members who responded to the survey.¹ The Liquidation Percentage is calculated as Gross Collections divided by New Business. The IRS does not measure Liquidation Percentage, and if it did the comparison would be imperfect. The IRS has significant taxpayer protections, due process, and collection authorities that are unique to federal tax debt collection.

- **Explain why IRS does not make outbound phone calls as soon as a debt is classified as delinquent.**

The IRS uses a number of treatments to effectively manage the collection inventory. IRS operational data has shown that issuing notices to taxpayers has proven to be the best initial approach considering the taxpayer population and the IRS resources available for outgoing calls. For accounts that remain unresolved after the notice process that are sent to ACS, an outcall is made if a phone number is present on the account. In FY 2008, the IRS made 1.1 million outcalls to delinquent taxpayers.

Question 12: Both the GAO and TIGTA have reported on the significant drop in the level of service provided on the IRS' toll-free help lines last year because of stimulus payment questions. Explain why the PCAs were not used to complete the work of the IRS collection personnel that were assigned to answer stimulus payment phone calls during the 2008 filing season.

As noted in the response to Question 6, the IRS scanned all active and inactive collection inventories each week for cases eligible for placement with the PCAs, including during the time frame of the stimulus work.

For reasons articulated elsewhere in this response, the PCAs are not able to handle all of the same types of cases that IRS collection personnel can handle. Accordingly, the IRS's ability to 'backfill' collection personnel with PCA resources was limited to delivering as much inventory to the PCAs as possible under the existing program guidelines.

¹ 2008 Agency Benchmarking Survey, October 2006 – September 2007, ACA International (The Association of Credit and Collection Professionals.)

Question 13: Given that the IRS' delinquent tax debt inventory is growing every year, explain why the PDC program is not being considered as part of the IRS' overall collection strategy, but rather appears to be a stand alone program.

While the overall unpaid tax debt inventory has grown 8.8% from FY 2002 to FY 2008, the potentially collectible inventory that is not in active collection status has been cut in half.

Question 14: Is it expected that the American Recovery and Reinvestment Act of 2009 will have the same impact on IRS telephone customer service as the 2008 stimulus payments?

- **Will IRS collection staff again be reassigned to assist with phone service during filing season?**
- **Will PCAs be given additional work to prevent revenue loss resulting from such reassignment? If not, explain why.**

IRS collection staff have not been reassigned to support taxpayer inquiries related to the American Recovery and Reinvestment Act, and the IRS has no plans to do so.

Question 15: *The Washington Post* article, "IRS Tries Walking in Our Shoes," dated February 15, 2009, reports Commissioner Shulman as saying that the IRS will be working to provide leniency for those taxpayers experiencing economic hardship. The article also quotes him as saying that these taxpayers are just getting a break, not a free ride. This is encouraging, especially in these troubling times.

- **However, given that IRS hasn't been keeping track of delinquent taxpayers for decades, how does the IRS expect to track those who are just getting a break?**
- **Is it expected that PCAs will assist IRS in keeping track of these taxpayers? If no, explain why.**

In February, the IRS announced a number of new steps to provide help to people struggling to meet their tax obligation. The purpose of these measures is to ensure that taxpayers facing financial difficulties – potentially for the first time – stay in the tax system. Accordingly, the IRS will continue to monitor these taxpayers' situation and ensure that the debt is repaid as the taxpayers' financial situation allows.

Because the IRS recently decided to discontinue the PCA program, the PCAs will not be asked to assist in keeping track of these taxpayers.

Question 16: In May 2007, Acting IRS Commissioner Kevin Brown testified that IRS would not be pursuing the debts that have been assigned to the PCAs, even if additional resources were provided to the IRS. Indicate whether this is still the IRS's position. If yes, explain including why the IRS believes that all tax debt should not be treated equally for collection purposes.

This is not the current position of the IRS. The IRS plans to work the types of cases that were assigned to PCAs as part of its overall collection strategy.

Question 17: Provide the number of employees working on the PDC Program that are members of the NTEU and explain how IRS is managing the conflicts of interest arising from employees working on the program who also oppose it.

Current PDC program staff consists of 19 non-bargaining unit employees and six bargaining unit employees. Within the Referral Units, there are two non-bargaining unit employees and 26 bargaining unit employees. Bargaining unit employees are eligible to join the union but are not required to do so.

Employees are not required to indicate whether they are members of the union, and membership in the union does not mean that employees will agree with positions held by NTEU. The PDC program has not experienced any conflicts of interest related to NTEU membership. Many employees applied and were competitively selected for these positions.

Question 18: I understand that the IRS is still negotiating the NTEU contract. Please update the data provided by former Commissioner Everson in his letter to me dated April 11, 2007. I have attached a copy for your review.

The use of official time for representational activities by union stewards has been an ongoing concern to both the IRS and the Committee on Finance for several years. As shown in the table below, from 2002 through 2008, total annual official time spent on union related activities decreased approximately 21%, from 729,988 to 579,394 hours. This represents a reduction from approximately 350 to 278 full time equivalents (FTEs).

	2002	2003	2004	2005	2006	2007	2008
BU Employees	No Data	91,892	80,692	83,642	81,616	79,459	80,156
Total Hours	729,988	702,090	692,596	670,847	630,539	573,123	579,394
Hours per BU Employee	Not Available	7.6	8.6	8.0	7.7	7.2	7.2

In 2008, NTEU's use of official time increased by 6,271 hours, or 1%, over 2007. While the number of hours increased, the hours of official time per bargaining unit employee (BUE) remained constant at 7.2 hours per BUE. This number remains too high, and we will continue to make efforts to reduce it.

Question 19: Describe the NTAs involvement in the study, including whether any NTEU members from her office were allowed to participate in shaping or otherwise discussing the study.

Staff from the office of the National Taxpayer Advocate were part of the cross-functional study team that included technical representatives and subject matter experts from more than six different IRS offices. The National Taxpayer Advocate had no decision making or approval authority over the study.

Question 20: Did the NTA seek permission or authorization to include data from the IRS' PDC study in the NTA's annual report? If no, did the IRS object to the NTA's discussion in her annual report? If yes, why did the IRS grant such permission?

The IRS will follow up separately with your staff on personnel related questions.

Question 21: Describe in detail the review and approval process for this study, including the "chain of command" and the titles of those in that chain of command.

While the production of the study involved a number of different groups within the IRS, the approval of the report followed the reporting chain of the PDC program, which is as follows:

- Acting Director, Private Debt Collection / Collection Business Reengineering, Small Business / Self Employed Division
- Director, Collection, Small Business / Self Employed Division
- Deputy Commissioner, Small Business / Self Employed Division
- Commissioner, Small Business / Self Employed Division
- Deputy Commissioner, Services and Enforcement

Question 22: Did the NTA seek permission or authorization to speak to the media about the IRS' PCA study? If yes, why did IRS permit the NTA to discuss this publicly but fail to provide the study to my staff? If no, what if any disciplinary action will be taken against the NTA?

The IRS will follow up separately with your staff on personnel related questions.

Question 4: Excerpts from Letters Sent to Taxpayers by Private Collection Agencies Related to Taxpayer Rights

Right to not work with the PCA:

"If you do not wish to work with [Private Collection Agency] and would rather work directly with the IRS to settle your overdue tax account, you must submit your request in writing to the address above."

Dispute of Balance Due:

"If you do not dispute the validity of this debt, or any portion thereof, in writing, within 30 days after receipt, we will assume it is valid. If you do dispute the validity of this debt, in writing, within the 30-day period, we will obtain verification of this debt or a copy of a judgment and will mail a copy to you. At your request, in writing, within the 30-day period, we will provide you with the name and address of the original creditor, if different from the current creditor. Federal law prohibits unfair collection practices."

Complaint Process:

"If you wish to file a complaint, you should contact the Internal Revenue Service at: ..."

Privacy Act and the Public Law that authorizes the IRS to hire PCAs to act on their behalf in the request of information:

"Privacy Act Statement for Private Contractors Contracting Out of Collection Work

The Privacy Act of 1974 states that when Internal Revenue Service (IRS) asks you for information, they must first tell you their legal right to ask for the information, why they are asking for it, and how it will be used. The IRS must also tell you what could happen if you do not provide the information and whether or not you must respond under the law.

We are a private contractor hired by the Department of Treasury to assist IRS with certain collection activities. We are contacting you to request information as part of our contract responsibilities. The information will be used by IRS to collect the balance of taxes you owe. The IRS may use the information to file Federal Tax Liens and Levies against your property if you do not keep any payment arrangement that you make with them.

Providing the requested information to us is voluntary; however, if you do not provide it any payment arrangements you may wish to make with the IRS may not be accepted by them. Also, if you do not provide the requested information the IRS may take immediate collection action.

The Internal Revenue Service's authority to request information from you is the Internal Revenue Code sections 6001, 6011, and 6012(a) and their implementing regulations. Public Law 108-357 permits the Department of Treasury to hire us to act as IRS's agent and ask you about your employment, bank records, other financial information, and your current address and telephone number. All information we receive will be provided to the IRS. We will not use the information you provide to us for any other purpose. As provided by law, IRS may give the information to other federal agencies, cities, states, U.S. commonwealths or possessions to carry out their tax laws, and to foreign governments due to tax treaties they have with the United States."

Taxpayer Advocacy Process:

"If you are experiencing economic harm, or you believe that an IRS system or procedure is not working as it should, you may be eligible for Taxpayer Advocate Service assistance. Also low income Taxpayer Clinics provide low income taxpayers with representation in federal tax controversies with the IRS for free or for nominal charge. You can contact the Taxpayer Advocate Service case Intake line at 1-877-ASK-TAS1 (1-877-275-8271) for more information about these programs."

Penalty and Interest Information:

Internal Revenue Code (IRC) 6651

"Paying late - The IRS charged a penalty because, according to its records, you didn't pay your tax on time. The penalty is 1/2% of the unpaid tax for each month or part of a month you didn't pay your tax, up to a total penalty for late payment that may not exceed 25% of the initial unpaid amount of tax."

Removal of Penalties

"Reasonable Cause - The law lets the IRS remove or reduce the penalties explained in this notice if you have an acceptable reason. If you believe you have an acceptable reason, you may send the IRS a signed statement explaining your reason. The IRS will review it and let you know if it accepts your explanation as reasonable cause to remove or reduce your penalty. This procedure doesn't apply to interest and, in some cases, the IRS may ask you to pay the tax in full before it reduces or removes the penalty for paying late."

Internal Revenue Code (IRC) 6601

"Interest - The IRS charged interest because, according to its records, you didn't pay your tax on time. The IRS figured interest from the due date of your return (regardless of extensions) through the expected date of this notice. "