In the news:

The Internal Revenue Service will employ private debt collection agencies to collect some overdue federal tax debts. The IRS will assign cases to four private collection agencies who will begin their collection efforts starting this spring.

What you need to know:

This new collection program requires the agencies to respect taxpayers’ rights and follow the protections for consumers in the Fair Debt Collection Practices Act. Because the collection agencies will be able to identify themselves as contractors of the IRS collecting taxes, the program will likely attract more scammers to the already effective and widespread use of phone, mail, and email tax scams.

This Alert reminds you to stay vigilant. Look out for any unexpected contacts from anyone claiming to be collecting on behalf of the IRS. And no matter what, remember that the IRS does not accept pre-paid debit cards or wire transfer payments, and all tax debts should be paid directly to the IRS and never to someone acting on its behalf.

Private Debt Collection of IRS Tax Debts

Under the new practice, the IRS will assign private collection agencies to work on accounts where taxpayers owe money, but the IRS is no longer actively working the case.

The IRS, not the private collection agency, will give taxpayers and their representatives the first written notice that their accounts are being assigned to private collection agencies. The agencies will then separately send a second letter to the taxpayers and their representatives to confirm the transfer of the IRS accounts to that agency.

Employees of the collection agencies must follow the Fair Debt Collection Practices Act, which, among other things, means that:

- A debt collector may not contact you at inconvenient times or places, like before 8:00 a.m. and after 9:00 p.m., unless you agree to it.
- A debt collector may not contact you at work if they are told (orally or in writing) that you’re not allowed to get calls there.
- A debt collector cannot pretend to be someone else.
- A debt collector cannot harass, threaten, or deceive you.

Private collection agencies will not ask for payment on a pre-paid debit or credit card. Taxpayers will be informed about electronic payment options for tax debts on the IRS website.

Payments by check should always be payable to the “U.S. Treasury” and sent directly to the IRS, not the private collection agency.
Private collection agencies will return accounts to the IRS if they fall into any of ten identified situations, like the taxpayer is deceased, under the age of 18, or in a designated combat zone. A complete list of accounts that are not for private debt collection can be found on the IRS website.

**SPOT IT:** Signs of a tax debt collection scam

- Unexpected phone calls or emails demanding immediate payment without any prior written notice.
- Requires a specific payment method, like a pre-paid debit card or wire transfer.
- Demand payment without any chance to appeal or question the amount.
- Threatens lawsuits, imprisonment, or other enforcement action.
- Asks for your personal information.

**STOP IT:** How to avoid being scammed

- If you are unsure whether you owe back taxes go to the IRS Account Balance and Payment History website.
- If you do not want to work with an assigned private collection agency to settle your overdue tax account, you must submit a request in writing to the agency.
- If you get an unexpected call and you do not owe taxes, hang up immediately.
- Remember that caller ID can be spoofed to make it look like the IRS is calling. Don’t answer the call if you don’t owe any taxes.
- Never make a payment for federal taxes to anyone other than the IRS.
- Electronic payment options for taxes should only be made to the IRS.
- Payment for federal taxes by check should be made payable to the “U.S. Treasury,” and sent directly to the IRS, not a private collection agency.

**For more information:**

The IRS issues consumer alerts on tax scams.

Read the Michigan Attorney General’s Consumer Alert on IRS Phone and Email Tax Scams.

**Report Fraud**

To make a complaint about a private collection agency or report misconduct by its employee, call the Treasury Inspector General for Tax Administration (TIGTA) hotline at 800-366-4484, visit the TIGTA website, or write to:

TIGTA
Post Office Box 589
Ben Franklin Station
Washington, DC 20044-0589

Michigan Department of Attorney General
Consumer Protection Division
P.O. Box 30213
Lansing, MI 48909
517-373-1140
Fax: 517-241-3771
Toll free: 877-765-8388
Online complaint form

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