



MICHIGAN ATTORNEY GENERAL

CONSUMER ALERT

DEBT COLLECTORS AND THE IRS

The Internal Revenue Service (IRS) occasionally uses four private debt collection agencies to collect some overdue federal tax debts. These agencies are required to respect taxpayers' rights and follow the protections for consumers in the Fair Debt Collection Practices Act. [A list of those four agencies and how the process works is available on the IRS web page.](#)

Because these collection agencies identify themselves as contractors of the IRS collecting taxes, they may be impersonated by scammers looking to pull off another tax scam.

If you owe back taxes, 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

Private collection agencies only work on accounts where taxpayers owe money, but the IRS is no longer actively working the case. And 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](#).

Know this: Payments by check should always be made 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 the taxpayer falls into any of the IRS's 10 identified situations, including the taxpayer is no longer living, 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 include:

- Contacted by a debt collection agency about an IRS tax debt. [Validate the agency on the IRS web page.](#)
- Unexpected phone calls or emails demanding immediate payment without any prior written notice.
- Requiring a specific payment method, like a pre-paid debit card or wire transfer.
- Demanding payment without any chance to appeal or question the amount.
- Threatening lawsuits, imprisonment, or other enforcement action.
- Asking 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 assigned agency. [IRS Private Debt Collection Frequently Asked Questions.](#)
- 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

**P.O. Box 589 Ben Franklin Station
Washington, DC 20044-0589**

CONTACT THE ATTORNEY GENERAL'S OFFICE

If you have a general consumer complaint, you may file a complaint with the Attorney General's Consumer Protection Unit:

Consumer Protection Unit

P.O. Box 30213, Lansing, MI 48909

517-335-7599 | Fax: 517-241-3771 | Toll free: 877-765-8388 | [Online complaint form](#)

The Attorney General provides Consumer Alerts to inform the public of unfair, misleading, or deceptive business practices, and to provide information and guidance on other issues of concern. Consumer Alerts are not legal advice, legal authority, or a binding legal opinion from the Department of Attorney General.

