

# PUBLICATION

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## IRS (Once Again) Begins Using Private Debt Collectors

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**The IRS has recently renewed the use of private companies to assist with the collection of some of its past due accounts. Although according to the National Treasury Employees Union, each of the prior attempts to use private debt collectors has resulted in the IRS losing money. This latest attempt to create an effective private debt collection program was approved by Congress in late 2015 as part of the Fixing America's Surface Transportation (FAST) Act.**

IRS representatives have advised that the program will be rolled out by assigning a few hundred accounts to private collectors in the first months and, assuming the initial rollout is successful, ramping up to 1,000 accounts per private debt collection company per week. The initial rollout is currently ongoing. Presently only four companies have been selected by the IRS to participate in this program: (1) Pioneer Credit Recovery of Horseheads, New York; (2) CBE Group of Waterloo, Iowa; (3) ConServe of Fairpoint, New York; and (4) Performant of Pleasanton, California.

In recent years, scammers claiming to represent the IRS have been seeking out unwitting victims in an effort to fraudulently take their money – most often contacting their victims by telephone. In response, the IRS has continually informed the public to be aware that it does not conduct its collection activities by telephone. Many in the tax community, however, are rightfully concerned that the renewed use of private debt collectors – who universally attempt to collect debts by telephone – will only encourage more attempts by those fraudulently soliciting funds while claiming to represent the government.

To ease these concerns, the IRS has pledged to notify taxpayers with delinquent accounts by letter prior to assigning their accounts to a private debt collector. Likewise, each past due account will only be assigned to one private debt collector and the collector is required to make its first contact with the taxpayer by letter including sufficient information intended to verify its authenticity. Perhaps most importantly, the IRS has again confirmed that under no circumstances should any person ever be asked to send a payment to the debt collection agency, or anyone other than the IRS or the U.S. Treasury. Additionally illegitimate are requests to pay an alleged debt owed to the IRS by prepaid debit card or other gift card.

The IRS advises that employees of these private debt collection agencies are bound by the provisions of the Fair Debt Collection Practices Act and are expected to be courteous in their communications, and to respect the rights of taxpayers. Only time will tell as to whether the private debt collectors adhere to the requirements of the private debt collection program or whether they will try to stretch the boundary of the program so as to increase their commissions for taxes collected.

If you have been contacted by the IRS or another party claiming that you have a delinquent tax liability, or you have any other questions relating to IRS collection activities or payment alternatives, please contact the author of this alert, [Tyler Ball](#), or any of the attorneys in the Firm's [Tax Group](#).