

Larry's Tax Law

## **The IRS Will Put the American People First — No, Really (But Only for a Limited Time)**

By Larry Brant and Peter Evalds on 3.25.20 | Posted in Federal Law, Internal Revenue Service, IRS

Today, in the wake of the recent decision by the Internal Revenue Service (“IRS”) to extend the income tax filing and payment deadlines to July 15, 2020, it announced a new taxpayer-friendly program called the “People First Initiative” (the “PFI”). The PFI is designed to provide taxpayers with [additional relief from the havoc wreaked by COVID-19](#).

IRS Commissioner Chuck Rettig stated that the PFI is part of the Service’s “extraordinary steps to help the people of our country.” It is a temporary initiative. Unless extended, the PFI will be available to taxpayers from April 1, 2020 to July 15, 2020 (“Program Period”).

The temporary relief offered by the PFI includes postponing Installment Agreement and Offer in Compromise payments, and halting many collection and enforcement actions. During the Program Period, the IRS will provide needed guidance.

### Existing Installment Agreements

During the Program Period:

- Payments under existing Installment Agreements due during the Program Period are suspended.
- Taxpayers who currently cannot comply with the terms of an Installment Payment Agreement, including a Direct Deposit Installment Agreement, are permitted to suspend payments during the Program Period.
- The IRS will not hold any taxpayer in default of any Installment Agreements during the Program Period. **NOTE:** Interest continues to accrue on unpaid balances during the Program Period.

### Offers in Compromise (“OIC”)

Under the PFI, with respect to OICs:

- Taxpayers will have until July 15, 2020 to provide requested additional information to support a pending OIC.
- The IRS will not close pending OIC requests before July 15, 2020.
- Taxpayers may suspend all payments on OICs until July 15, 2020, but interest will continue to accrue.
- The IRS will not hold a taxpayer in default of an OIC because the taxpayer has not filed a 2018 income tax return.

#### Liens and Levies

During the Program Period, in terms of collection activities, the IRS is making significant changes relative to liens and levies:

- Liens and levies initiated by field revenue officers will be suspended during this period.
- New automatic, systemic liens and levies will be suspended during this period.

#### Additional Collection and Enforcement Changes

During the Program Period, in terms of additional collection and enforcement activities, the IRS is making significant changes:

- The IRS is suspending new passport certifications to the Department of State.
- The IRS will not forward new delinquent accounts to private collection agencies.

#### Audit Changes

The IRS will generally not commence new field, office and correspondence examinations during the Program Period. It will, however, continue to work existing refund claims without in-person contact. However, it may commence new examinations to protect the government's interest if there is a statute of limitations concern. During the Program Period:

- In-person meetings will be suspended, but IRS examiners will continue examinations remotely, where possible.

- Where taxpayers want an examination to begin during this period (e.g., while staff and records are available), the IRS may move forward with an examination.

#### Earned Income Tax Credit and Wage Verification Reviews

The IRS is allowing taxpayers until July 15, 2020 to respond to the IRS to verify that they qualify for the Earned Income Tax Credit or to verify their income. During this period, the IRS will not deny these credits for failure to provide requested information.

#### Appeals

During the Program Period, Appeals employees will continue to work cases. Conferences may be held by telephone or videoconference.

#### Statute of Limitations

During the Program Period, the IRS will take the following actions regarding statutes of limitations:

- It will continue to take steps to protect statutes of limitations, including issuing Notices of Deficiency, where necessary.
- It encourages taxpayers to cooperate to extend statutes of limitations.
- It will likely not pursue actions until at least July 15, 2020 if the statutory period will not expire during 2020.

#### Practitioner Priority Service (“PPS”)

The PPS phone line apparently will remain open, but there may be more significant wait times.

#### Conclusion

The PFI is good news for taxpayers. Commissioner Rettig should be commended for his efforts. While the PFI may be temporary, it will provide significant help for many taxpayers in need.

**Tags:** appeals conferences, Coronavirus, COVID-19, Earned Income Tax Credit, Installment Agreements, IRS Commissioner Charles P. Rettig, levies, Offers in Compromise (“OIC”), People First Initiative, Practitioner Priority Service (“PPS”), tax liens, tax relief, Taxpayer