

The Newsletter



FAUCHER LAW

TAX & BANKRUPTCY

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Deconstructing IRS Collection Notices: Mild or Lethal?

INSIDE STORIES

- Mild & Scary Examples of IRS Collection Notices
- Sebastian Deconstructs IRS Notices
- BBQ Spareribs Recipe

more time than the notice suggests. Fewer than 10% are “ticking time bombs” – ones where, if you don’t contact the IRS, immediately then your accounts or wages will be levied within weeks.

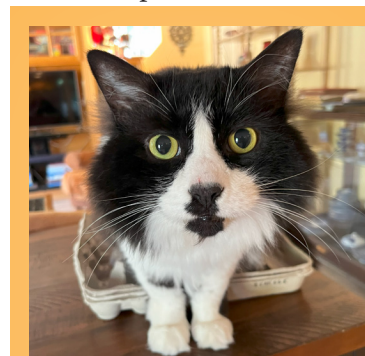
Distinguishing Threatening IRS Collections Notices from Mild Ones. By law, the IRS must make repeated attempts to gain voluntary compliance from taxpayers. Specifically, it needs to mail 3-6 collections notices to the taxpayer over many months, with the last one sent certified mail (to ensure receipt), before it can levy. That means most IRS notices are toothless preludes to the ticking time bomb notice. How can taxpayers tell the difference? *A notice sent by certified mail that offers the taxpayer the right to a Collection Due Process Hearing is threatening and immediate.* If you don’t respond within 30 days, expect a levy in the next month. Here’s the most common Collections notices and their “threat” levels.

Entirely Benign: Balance Due Notice CP14 is often the first correspondence a taxpayer receives from the IRS. It details taxes owed and demands payment but won’t threaten levies. Similarly, the IRS CP71C Annual Reminder of Balance Due is harmless, especially if you’ve received no prior notices of taxes owing. Neither give the IRS the legal right to seize property. However, if correspondence is from a specifically-named IRS Agent, or lists an IRS Agent as a contact, then you should take it seriously and address it. Whenever you are “seen” by an IRS human, rather than an IRS computer (which generate most collection notices), respond: once on an IRS agent’s radar, the only way off is to comply in some way.

Many people call me in a panic after receiving an IRS collection notice, especially one with a threat like *Final Balance Due Reminder – Notice of Intent to Seize (Levy) Your Property* (see next page). But, with most IRS notices, you have

“Mildest” Collection Notices CP501 and CP502 are the first IRS collections Notices in the long, required sequence. If you receive one, you are still at least six months away from an IRS levy.

“Mild” Collection Notices CP503, CP504 & CP504B are the ones that most often prompt a client to call me, no doubt because of the threatening language in large, bold typeface (Amount Due Immediately!). However, none offer a Collections Due Process Hearing (a challenge to the IRS Office of Appeals on the amount of tax owed, which stops collection action until the hearing occurs and can be appealed in US Tax Court). Instead, they offer the confusingly similar sounding Collections Appeal Program, a different process that doesn’t stop collection and cannot be appealed in Tax Court.



Yes, I’m looking at **you**.
I know you’ve got
questions.

Call us! (818) 889-8080

In short, *these Notices are mild despite their harsh language because they don’t contain the critical components of the time bomb: offering a Collection Due Process Hearing.*

Resist Urge to Call IRS Unless You Have To.

Your instinct may be to call the IRS after receiving one of these notices to finally “deal with it.” Resist. All the above notices are computer-generated. But

when you call the IRS, you’ll reach a live IRS Agent, who will now investigate your case. Why poke the bear who didn’t see you? Ignore the IRS until you can’t anymore. Staffing shortages mean many taxpayers will not be on an IRS agent’s radar until the tax debt is 10 years old and the collections statute of limitations runs out.

Lethal Notices: Letter 1058, LT11 Notice, CP90. If you get one of these, *you only have a month before an IRS levy.* NOW is the time to call the IRS for an Installment Agreement, Uncollectible Status, Offer-in-Compromise, or file that request for a Collection Due Process Hearing. Or, call me. **JDF**



Department of the Treasury
Internal Revenue Service
Ogden, UT 84201-0030

002176.500051.371429.9444 1 AB 0.593 854



%JOHN D FAUCHER
2945 TOWNSGATE RD STE 200
WESTLAKE VILLAGE CA 91361-5866

002176

Final Balance Due Reminder – Notice of Intent to Seize (Levy) Your Property or Rights to Property

To:

As of December 16, 2024, we have not received your overdue tax after sending several notices to you. You must pay your balance immediately or we may levy (seize) your property. If you don't make your payment now, we'll consider your noncompliance an active choice and you could face a levy.

Amount Due Immediately: \$51,447.10

Payment must be received immediately.

Other Options — continued

If you don't agree with our intent to levy or file a NFTL, you have the right to request an appeal under the Collection Appeals Program (CAP) before collection action takes place. If you want to file an appeal, call 833-678-7020 or send us a Collection Appeals Request (Form 9423). Call 833-678-7020 if you have any questions. For more information about your appeal rights, see enclosed Publication 1660 (Collection Appeal Rights).

Note: The CAP is different from the Collection Due Process (CDP) program. CAP addresses appeals under Notification of Intent to Levy in Internal Revenue Code Section 6331(d) when a Section 6330 hearing is not offered. For additional information, visit irs.gov/compliance/appeals.

002176 Send us your documents using the Documentation Upload Tool **within 30 days from the date of this notice**.

To use the tool, scan the QR Code below or visit irs.gov/dutreply and enter access code:

AGOURA HILLS, CA 91301

CERTIFIED Mail – Return Receipt

Final Notice

★ → Notice of Intent to Levy and Notice of Your Rights to a Hearing
Please Respond Immediately

Why we are sending you this letter

Your federal tax is still unpaid. We asked you to pay the tax, but we still haven't received your payment. This letter is your notice of our intent to levy (under Internal Revenue Code (IRC) Section 6331) and your right to request a Collection Due Process hearing or an Equivalent Hearing with Appeals (under IRC Section 6330(a)).

What you need to do

Please pay in full today to prevent additional collection action. Make your check or money order payable to the "United States Treasury." Write your taxpayer identification number on your payment. Send your payment to the address at the top of this letter, along with a copy of this letter.

The amount you owe through 03/29/2024 is \$186,983.18. We'll charge additional penalty and interest if you pay after this date.

★ How to request an Appeals hearing

If you want to request an Appeals hearing, complete the enclosed Form 12153, Request for a Collection Due Process or Equivalent Hearing, and send it to us by 4/18/2024. You must complete, sign, and return this form to the above address by 4/18/2024 to preserve your right to contest an Appeals decision in the U.S. Tax Court. A request received by the Service will generally be considered timely if the request is deposited with the United States mail within the 30-day period referred to, has a postmark date within the 30-day period, and the envelope containing the request is properly addressed with the correct postage prepaid. If you send the letter after 4/18/2024, you may still be entitled to a hearing; however, you will forfeit your rights to contest an Appeals decision in Tax Court. Refer to the enclosed Publication 1660, Collection Appeals Rights, for more information on Collection Appeals Program (CAP).

Here's two actual IRS collections Notices.

CP504 is a mild notice, only the second or third in a sequence of 5-6 that must be sent before the IRS levies. This taxpayer actually has several months to make contact with the IRS before it levies.

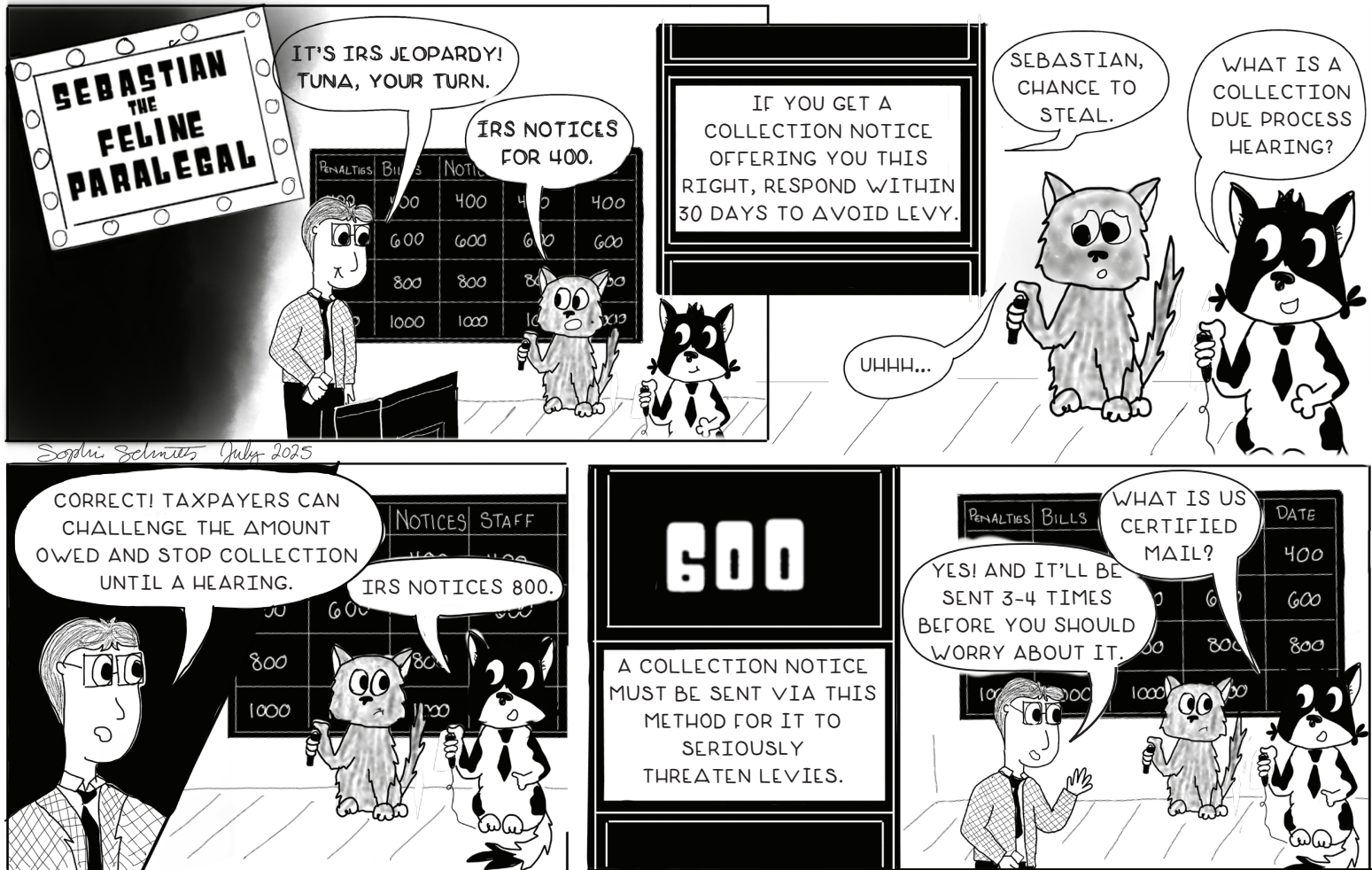
Date:
3/19/2024
Taxpayer ID number (last 4 digits):
XX-XXX
Person to contact:

Employee ID number:

Contact telephone number:
(818)543-2225
Contact fax number:
(855)843-4903

Letter 1058/
LTII Notice
THREATENING, RED
ALERT NOTICE!!

Letter 1058/LTII is the ticking time-bomb. This taxpayer has exactly 1 month to contact the IRS or else they will be levied. How can you tell? It was sent certified mail and gives the right to a Collection Due Process Hearing.



BBQ Spareribs

It's summer and I love to grill (especially with Sebastian helping me and the two of us kickin' back with some beers). These ribs are super-easy to make, though most of the work is done in the oven and requires some pre-planning. But they're so worth it!

2 racks pork spareribs (about 5-7 lbs)

1-2 bottles good-quality, store-bought BBQ Sauce (I love Stubbs spicy and Kinders)

For the rub: 1 tsp each ground cumin, cayenne pepper, black pepper; 2 tsp salt; 1 TBS each ground coffee & chili powder; 4TBS brown sugar

Instructions:

- Spread 2-3 TBS BBQ sauce over each side of rack of ribs; put in large plastic bag and marinate overnight in refrigerator.
- Heat oven to 275 degrees. Make the rub: in small bowl combine all the rub spices above.
- Place ribs on a large, rimmed baking sheet.

Rub ribs evenly with the spice mixture on the top, meaty side of the racks. Tightly cover the baking sheet with foil. Put in oven and bake until the meat easily pulls away from the bone, about 2.5-3 hours.

• Remove from oven (carefully as there will be a lot of juices); dump juices or save for making a chili later in the week. Refrigerate cooked ribs for 3 hours – 2 days before grilling. This helps the very tender meat from falling completely apart on the grill.

• To grill: Heat grill to medium high. Put ribs on grill and slather the first side with BBQ sauce. Grill about 4-5 minutes before turning, covering the other side in BBQ sauce and grilling until just beginning to char, about 4-5 minutes on each side. Serve with more BBQ sauce, corn, beans and baked sweet potatoes.

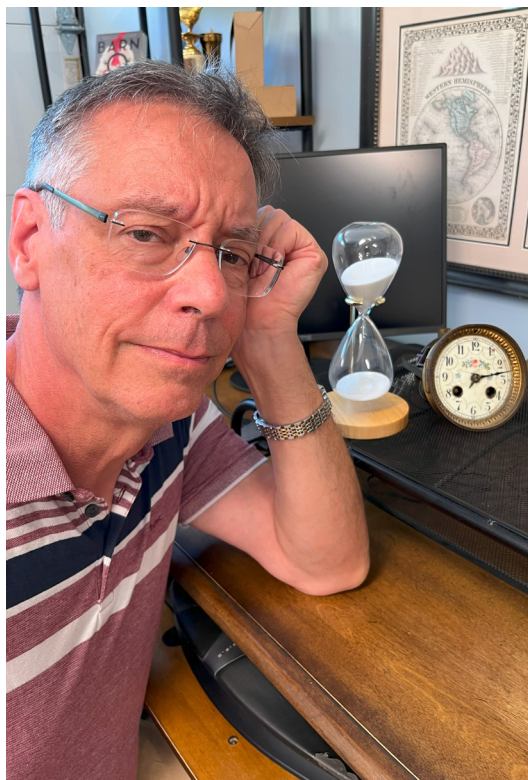
Serves 4-6

WELCOME TO FAUCHER LAW

John D. Faucher worked for 10 years as an IRS trial attorney and has been in private practice since 2008. He and his team speak the legal language. They know the **tax and bankruptcy systems** and can help you get the best result. Have other legal issues? Call us. We'll find the lawyer who's right for you, your friends, or family.

(818) 889-8080
FaucherLaw.com

Understanding Threat Levels of IRS Collections Notices: **How Much Time Before the Collections “Bomb” Goes Off?**



Got an IRS Notice threatening immediate levies if you don't pay taxes owed? The IRS must issue at least 3-6 notices announcing their intention to collect on taxes owed before actually doing so. Trouble is, these notices look and sound similarly scary. But not all IRS collections notices are equally urgent: in this issue of *The Newsletter*, I deconstruct what separates the “Ticking Time Bomb” collections notices from the “eh,-it-can-wait” ones. Warning: if this topic sounds boring that's because it is -- at least until you get one of these notices and panic, wondering how long you have before the IRS has reached into and emptied your checking account. You may want to keep this issue with your Important Papers for such a time (and to save my face and Sebastian's for posterity). Also in this issue, I share my very favorite *BBQ spareribs recipe*, and *Sebastian the Feline Paralegal's take on IRS collections Notices*. Happy Summer!