

## Mayweather Got His Tax Lien Released, But Will You?

By Robert W. Wood

Unless you are crazy, you don't want an IRS tax lien spoiling your credit and making you a target for debt relief companies and tax resolution firms. There are various vendors who will try to get in on your bad luck. Yet, if your tax debts are big, it is usually quite hard to *avoid* a tax lien filing.

Tax liens are public, and can also cause you embarrassment, even if you're not a celebrity. But a new report says that Floyd Mayweather's \$3.3 million tax lien has been released by the IRS, even though he appears to *still* owe the IRS a whopping \$29 million. If the reports are accurate, it might make you scratch your head.

In this case, the answer appears to be that Mayweather paid the \$3.3 million tax debt in full, so the IRS did not have a choice about releasing its lien. Well, *this* lien, anyway. The boxer known as "Money" Mayweather still owes the IRS more than \$20 million, and he is still suing the IRS to await his Conor McGregor fight payday for more payments.

Mayweather's finances aren't public, but many news sources have tallied the recent \$22.2 million tax lien, plus his still unpaid 2010 IRS debt of \$7.2 million. The total sounds close to \$30 million. Conor McGregor has repeatedly called him out to pay his taxes, but Mayweather may have higher priorities.

Floyd Mayweather Jr. is worth plenty, of course, but high value assets do not always translate to cash to pay the IRS. Even if you have the cash, writing a check can be hard to do. Mayweather's cash-flow will change with his upcoming Aug. 26 fight with MMA's Conor McGregor.

As to tax liens, they are just the IRS's way of making sure that the IRS gets paid, no matter what. In fact, IRS collectors can sometimes ease off on their collection efforts precisely *because* of the lien. It can make the government feel more secure that eventually the IRS will collect.

Still, tax liens are public and can be embarrassing. IRS tax liens can spoil your credit, prevent real estate closings, and damage your reputation. The IRS files a notice of lien so creditors and the public are on notice. And IRS tax liens are broad too.

In fact, they cover *all* your property, even if acquired after the lien filing. And once the lien is filed, it isn't easy to get one removed. What's the main way of getting an IRS tax lien removed? You guessed it, you usually have to pay up.

Then, the IRS is *supposed* to release the lien so you can get your affairs back to normal. Under Section 6321 of the tax code, when you fail to pay a tax liability after notice and demand, a lien attaches to all your property and rights to property. The IRS can seize and sell property subject to a federal tax lien.

So, filing a lien is second nature to the IRS, but it doesn't necessarily mean they will try to seize and sell anything. Unfortunately, though, tax liens are sometimes not promptly removed, even after you have paid off the IRS in full. One government report says that some IRS lien notices are mishandled, with notices going awry, appeal rights not being explained, and similar gaffes. See TIGTA Report No. 2015-30-055, Fiscal Year 2015 Statutory Review of Compliance With Notice of Federal Tax Lien Due Process Procedures (June 26, 2015).

On the plus side, the report says that in most cases, the rules were followed. That is, the IRS mailed out the lien notices explaining the taxpayer's appeal rights. Just about everything with the IRS is about procedure.

The IRS can file a Notice of Federal Tax Lien only after the IRS assesses the liability; sends a Notice and Demand for Payment; and you fail to pay in full within 10 days. The courts use it to establish priority in bankruptcy proceedings and real estate sales. IRS liens last 10 years, and usually release automatically if IRS has not refiled them.

However, you are (obviously) better off to get a lien removed immediately. Getting the IRS to *release* a lien usually involves: (1) paying the tax, interest and penalties; or (2) posting a bond guaranteeing payment. Even then, the IRS may take 30 days. State or local government charges to file and release the lien are added to the amount you owe.

The IRS explains how to request a release of federal tax lien. Note that tax liens and seizures are not the same. The lien just makes sure the IRS eventually gets paid. A seizure involves forced collection so the IRS can sell property and get paid. That's usually a bad thing, but if you want to travel, paying the IRS might not be such a bad idea.

After all, now the IRS can revoke passports for tax debts, too. As a technical matter, the State Department actually does the revoking. The IRS must first certify that you have a seriously delinquent tax debt over \$50,000. That could mean no new passport and no renewal.

It could even mean the State Department will rescind existing passports. The State Department will act when the IRS tells them, and the list of affected taxpayers will be compiled by the IRS. The IRS will use a threshold of \$50,000 of unpaid federal taxes.

However, bear in mind that this \$50,000 figure includes penalties and interest. And as many taxpayers know all too well, when you have a tax debt, interest and penalties can add up fast. The tax-related passport rules are not limited to criminal tax cases, or cases in which the government thinks you are fleeing a tax debt.

And tax debts can sometimes seem like one of the great levelers. Even Money Mayweather has tax debts. Indeed, if Mayweather felt he had to file in Tax Court, perhaps it was to make sure that the IRS did not do something rash, like push hard to collect. The IRS does like to get paid. In that sense, maybe the IRS and Mayweather have something in common.

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