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Owe IRS? Dog The Bounty Hunter May Collect

Over 5 million people owe the IRS and are considered tax delinquents. They fall into three categories: willing to pay, can't pay, and won't pay. If you owe taxes, who do you want coming after you? The IRS or private debt collectors?

Exactly how the IRS collects is being debated. Many people think that having the IRS farm out collection work to private contractors is a bad idea. National Taxpayer Advocate Nina Olson sure thinks so. Her [letter](#) about the idea says the 2006-2009 program using private collectors didn't even raise revenue.

The IRS has gone in for private collectors twice over the last 18 years. Ms. Olson says it wasn't pretty. Key question are how much money is out there for the grabbing, and how it can and should be collected. Ms. Olson says that the IRS and private collectors are different.



She suggests that tax collection is more nuanced than you might think. For example, the IRS can use its levy, lien and seizure powers to address the “won’t pay,” bad actors. However, the IRS can allow all manner of partial payment installment agreements and offers in compromise for people who are willing to pay. As for people who truly *can’t* pay, she says the IRS can put them in to a suspended status called currently not collectible.

Or, consider taking a low-dollar offer in compromise. Ms. Olson intimates that private collectors are likely to lump everyone together and just try to put on the squeeze. The Taxpayer Advocate list many worries about private collectors, including:

1. Providing IDs and personal data to private companies is risky.
2. IRS employees who get abusive face strict penalties. Private collectors don’t.
3. IRS employees must be straightforward in their dealings. Private collectors are told to use psychological techniques to pressure taxpayers. Pressure makes people agree to deals they can’t keep.

4. The IRS would end up sending many Obamacare penalty cases to private collectors, and the healthcare law is already beset by big problems.
5. Private collectors *sound* like a revenue *raiser* but is more likely to be a revenue *loser*.

Bottom line? The Taxpayer Advocate doesn't want private collectors. Still, if the law goes that way, she says we need some protection. Start with an enhanced taxpayer bill of rights, carve-outs for low income earners, privacy protections, and more.

So does *anyone* want private collectors? Senators Chuck Grassley and Charles Schumer, among others. A [bill](#) in Congress would allow more of it. Sen. Grassley says tax enforcement is down and the tax system isn't working. He says private contractors will collect more and do it more efficiently. A 2004 law authorized private collectors.

From 2006 to 2009, private contractors worked dog cases the IRS wouldn't pursue. The contractors collected nearly \$100 million. And that's not all. Sen. Grassley says the IRS's *own* data shows the quality ratings of private contractors were high—consistently above those for IRS employees.

But in March 2009, the IRS went back in-house, claiming that IRS employees could collect tax debts cheaper and better. In response, Sen. Grassley points to a 2010 Government Accountability Office study suggesting that the IRS manipulated the data to get the results it wanted. Indeed, a 2011 TIGTA report also supported private collectors. It found the IRS worked less than half the cases private contractors did. Up to \$516 million could have been collected by private debt collectors, it claimed.

So with all these conflicting reports, must you worry that Dog or someone like him might show up at your door? Not yet, but it's happened before and could again.

You can reach me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.