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TAXES | 11/06/2013

# Dog The IRS Bounty Hunter? Private Tax Collectors Are Coming

No one wants to owe money, and being chased for taxes is no fun. But if you have to owe taxes, who do you want coming after you, the IRS or private debt collectors? People may crack jokes about the inefficiency of the IRS. Still, many people think that having the IRS farm out collection work to private contractors is a bad idea.

**But not everyone agrees. If you ask this question, you'll get mixed answers. Should the IRS use private debt collectors? Senator Chuck Grassley thinks so.**

In part, he relies on a report by the Treasury Inspector General for Tax Administration (TIGTA). It shows that tax enforcement is down. It also reveals a big increase in Tax Delinquent Accounts and in the size of amounts owned. Tax debts have increased by nearly \$100 billion over ten years.

Sen. Grassley points to the many tasks of the IRS, but says its primary role is to collect the revenue necessary to fund the government. But the system isn't



TV personalities Beth Chapman and Dog the Bounty Hunter attend the Dial Global Radio Remotes during The 48th Annual Academy of Country Music Awards at the MGM Grand on April 5, 2013 in Las Vegas, Nevada. (Image credit: Getty Images via @daylife)

working, says Grassley. He points to a trial run that he says shows private contractors will collect more than IRS employees and do it more efficiently.

That's right. It turns out that the IRS's resort to Private Debt Collection was authorized in a 2004 law. This program authorized the IRS to contract with private agencies to collect taxes that were owed to the IRS but it wasn't collecting on its own. For two and a half years, private contractors worked dog tax cases the IRS wouldn't work.

Lo and behold, the contractors collected nearly \$100 million that otherwise would have gone uncollected. What's more, Sen. Grassley points to the IRS's own data showing that the quality ratings of employees of the private contractors were high. In fact, they were consistently above those of IRS employees.

Grassley claims that the program was doomed despite its success. In March 2009 the IRS chose not to renew contracts with private debt collecting agencies. The IRS claimed that IRS employees could collect the tax debts cheaper and better than private employees.

Sen. Grassley points to a 2010 Government Accountability Office (GAO) study that the IRS "cooked the books" to get the results it wanted. GAO made several suggestions on how to fix the study and move forward. Yet, the IRS doggedly refused.

A 2011 TIGTA report also supported the idea of private tax collection. According to Sen. Grassley, despite the assertion by the IRS that its employees would work the cases more effectively, TIGTA found that IRS worked less than half the cases that were reassigned to the IRS when private contractors were called off the scent. TIGTA estimated that up to \$516 million could have been collected over five years if similar cases would have been assigned to the private debt collectors.

Stay tuned.

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