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Homes and Pensions Now On IRS Hit List

Longtime observers of our federal tax system note sagely that there are recurrent pendulum swings. For some years, the IRS will be encouraged to collect, collect, collect, and inevitably be admired for its toughness perhaps earning an accolade: ruthless. Then, after a few too many citizens have rugs pulled from under them, Congress and the Executive Branch will rebuke the IRS. Telling the IRS how mean and inappropriate it is, Congress will cut back on the agency's authority and make it play nice.



In one such pendulum swing away from toughness in 1978, Congress enacted "[Section 530 Relief](#)." Still with us [today](#), it allows businesses that misclassified workers not only to avoid all past payroll taxes, but to keep misclassifying workers in the future too. By the 1990s, the IRS was back to being tough and unrelenting in its collection efforts, ready for another rebuke from Congress.

In a huge pendulum swing away from toughness, Congress enacted [sweeping reforms in 1998](#) to make the IRS kinder and gentler. See [IRS Restructuring and Reform Act of 1998](#). It added many extra hoops for

the IRS to jump through before it could collect from taxpayers. Due process hearings started, and for a time, the IRS even started calling taxpayers “customers.”

Most of those procedural safeguards are still in place, although the pendulum has again swung the other way. The economy is hurting, revenues are declining and wells are drying up. Facing budget cuts and revenue shortfalls everywhere, the IRS is on a mission to collect, collect, collect.

Thus, Treasury Secretary and likely [TurboTax pitchman Timothy Geitner](#) is issuing warnings. Today’s IRS is likely to squeeze a good deal harder, emboldened by the Obama administration and U.S. lawmakers. With the economy in the doldrums, revenue collected from taxpayers is low.

We have high unemployment and a huge percentage of the population not paying taxes. Something has to give. Treasury Top Taxman Geithner has said that the Service will necessarily be more aggressive in collecting back taxes and prosecuting Americans accused of tax evasion. See [IRS Criminal Investigations On Rise](#).

One sea change relates to primary residences. Traditionally on a kind of unofficial no-fly list, the IRS was generally loath to force the sale of a primary residence to satisfy a tax lien. See [Tax Liens Means IRS Thinks You Owe](#). But that *It’s a Wonderful Life* sentiment is gone, suggests Mr. Geithner. [Retirement](#) accounts too, once generally above the fray, are now in the IRS’s crosshairs.

The IRS has numerous and complex protocols to collect unpaid tax debts. The process includes contacting taxpayers through notices, telephone calls, and in person. The IRS has a large debt workload, one that is increasing in the current climate. However, the IRS also has limited resources.

“A total of \$332 million would be devoted to new Internal Revenue Service (IRS) enforcement efforts, including \$128.1 million to add nearly 800 new IRS employees to combat...tax evasion and improve compliance with tax laws by businesses and high-income individuals,” said Treasury

Secretary Geithner. See [Obama's IRS to Initiate Full Court Press, Warn Tax Law Experts](#).

For more, see:

[IRS Watchdog Urges Greater Anti-Fraud, Tax Compliance Effort](#)

[The IRS Takes a Closer Look at Colleges](#)

[Potential Trouble Spots As IRS Steps Up Enforcement](#)

[Special IRS Audits Target Wealthy Elite](#)

[Can The IRS Access Your Emails?](#)

[IRS Unveils Big Relief Program For Worker Status](#)

[IRS Narrows Independent Contractor Relief](#)

[Ten Things To Know About Fighting An IRS Bill](#)

[Received An IRS Notice? 10 Simple Tips](#)

[IRS "Fresh Start" for Tax Liens and Installment Deals?](#)

[Duke Lacrosse Tax Lien Highlights How Lawsuits Are Taxed](#)

[Independent Contractor or Employee? The 100-Year War](#)

[Choose Your Ground In Tax Disputes](#)

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