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With \$3.3 Billion Owed, Should Tax-Delinquent Federal Employees--Including IRS--Be Fired?

Federal employees are behind in their tax obligations. In fact, 318,000 of them. And the dollars that are due aren't exactly a rounding error. They add up to *\$3.3 billion*. Should federal employees pay their taxes? Yes, and most do.

The latest IRS report is as of September 30, 2013. If you apply the numbers, it works out to a delinquency rate of 3.27%. That is vastly lower than the 8.7% delinquency rate for the entire U.S. population. On the other hand, the federal employee tax delinquency rate is rising, up 2.6% from a year ago. And the mere fact that the federal government is paying some people, who in turn are not paying their taxes rubs some people the wrong way. Perhaps the best example of the topic involves IRS employees.

There again, it is worth looking at tax delinquency rates by categories of government agencies. The rate for IRS and Treasury Department employees is actually much better, meaning there are fewer IRS tax delinquents than there are in most of the rest of the government. Even so, there's something about IRS employees tasked with administering and collecting taxes from everyone else that gets some people's goat.



(Photo credit: Michael Fleshman)

That issue came to a head recently when it was revealed that [IRS Employees Act Up. Don't Pay Taxes But Still Get Bonuses](#). The explanation is more nuanced than you might think, involving unionized employees and other issues. However, Congress is considering whether federal workers who become tax delinquents should be fired. The National Treasury Employees Union thinks the legislation is unnecessary. Agencies can already take action against delinquent employees and garnish their wages to collect tax debts.

But last year, Rep. Chaffetz and Sen. Tom Coburn (R-Okla.) [authored bills to force federal agencies, the U.S. Postal Service and congressional offices to fire employees](#) who aren't paying. While there was some debate, the bills didn't advance. This year, people may be more fed up with government, more fed up with taxes, or both.

Another "fire tax delinquents" bill has been introduced by Sen. Tom Coburn, R-Okla., and Sen. Mark Pryor, D-Ark. and it appears to be getting more traction than similar bills last year. The bill applies to federal employees of the executive and legislative branches and U.S. Postal Service workers who are delinquent on their taxes and have not entered into an agreement to pay.

The legislation would also prohibit the government from hiring job applicants with seriously delinquent tax debt. Notably, current law already says IRS employees can be fired for failing to pay their taxes. But the proposed legislation would go a good deal further. If history is any indication,

this bill won't pass. But like so many other tax issues out there, this one gets some people pretty fired up.

It also turns out that hundreds of congressional employees, perhaps even including some Senators and Representatives, owed \$8.6 million in unpaid taxes. The figure for this select group was even higher the previous year, when it was \$10.9 million. The House of Representatives had a tax delinquency rate of 4.9 percent, while the Senate's rate was 3.2 percent.

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.