



Bet Tzedek Legal Services IRS Suspends Collections & Compliance (Peoples First Initiative)

Peoples First Initiative – COVID- 19 Quick Facts

On March 27, 2020, the IRS announced the People’s First Initiative which has suspended the IRS’s compliance & collections program.

Key Takeaways:

- 1. Installment Agreements:** The IRS has suspended all payments due between April 1, 2020 and July 15, 2020. If you decide to suspend your direct debit installment agreement or stop making payments during this time, the IRS will not default your installment agreement.

- a. Suspending your Installment Agreement:**

- i. Suspending the regular IA:** If you send payments directly to the IRS, you are on a regular installment agreement. You can choose to not make payments through July 15, 2020.

- ii. Direct Debit Installment Agreement (DDIA):** If you are on a direct debit installment agreement, you must suspend the agreement yourself, so that it is not taken out of your bank account.

- 1. How?** Contact your bank directly, share the IRS People First Initiative Information, and ask them to temporarily stop deductions. Banks are required to comply with customer requests to stop recurring payments within a specified timeframe.

- iii. Payroll Deduction Installment Agreement (PDIAs):** If you have payments taken directly from your paycheck, you must suspend these as well)

- 1. How?** Contact your employer, share the IRS People First Initiative information, and ask the employer to not deduct or send payments from their pay to the IRS through July 15, 2020.

- b. Interest will continue to accrue** statutorily compounded interest will continue to accrue on your account balance, during the time of suspension. Although interest will continue to accrue, the IRS will NOT add any additional penalties for suspending the Installment Agreement.

- c. Re-start Payments Before July 15, 2020:** If payments are stopped, you MUST resume making payments as of July 15, 2020. If you fail to resume making payments by either sending a payment in manually or re-instating your DDIA or PDIA (must ask the bank or employer to resume debits **two weeks** before the July 15, 2020 date) the IRS will default your IA agreement.

- d. For further information please see:**

- i.** <https://www.irs.gov/newsroom/irs-unveils-new-people-first-initiative-covid-19-effort-temporarily-adjusts-suspends-key-compliance-program>

- ii. <https://www.irs.gov/newsroom/installment-agreement-direct-debit-frequently-asked-questions>
- iii. <https://taxpayeradvocate.irs.gov/news/tas-tax-tip-how-to-suspend-irs-installment-agreement-payments>

2. Offers in Compromise:

- a. **Pending OIC applications:** If you have a pending OIC, you have until July 15, 2020 to submit additional information to support your pending application.
 - b. **OIC Payments:** If you have recently received an OIC acceptance letter, you have until July 15, 2020 to make the OIC payment.
 - c. **Delinquent Return Filings:** If you have not filed your 2018 or 2019 returns, the IRS is giving you until July 15, 2020 to file your 2018 and 2019 Tax Returns.
 - i. **Note:** Tax Compliance is key to an accepted OIC. If you are not in Tax Compliance, the IRS will default your accepted or pending OIC.
3. **Non- Filers:** Did you know that more than 1 million households that have not filed tax returns during the last three years are owed refunds? If you have not filed a tax return in the last three years, and you have the resources to file one, you should do it to take advantage of a potential refund!
4. **Field Collection Activities:** Field Revenue Officers will not be actively pursuing liens and levies during this time.
5. **Liens and Levies:** New automatic, systemic liens and levies will be suspended during this period.
6. **Private Debt Collection:** New delinquent accounts will not be forwarded by the IRS to private collection agencies to work during this period.
7. **Field, Office, and Correspondence Audits:** The IRS will not start new field, office or correspondence examinations during this time.
 - a. **Note:** The IRS may start new examinations where deemed necessary to protect the government's interest in preserving the applicable statute of limitations.
8. **Earned Income Tax Credit and Wage Verification:** If the IRS has asked you to verify whether you qualify for the Earned Income Tax Credit or to verify your income, you have until July 15, 2020 to respond.

If you have more questions or need assistance, we are happy to help. Please contact our intake line at 323-939-0506.

**These materials were last updated on May 7, 2020, and do not contain or incorporate any benefits from the recently passed Federal CARES Act. We are in the process of incorporating this information and will post an updated guide as soon as possible.*