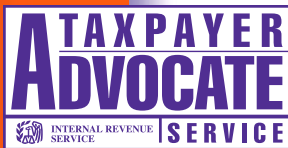


What You  
Need To  
Know  
About The

# Federal Payment Levy Program

A CONSUMER  
TAX ALERT  
BROUGHT  
TO YOU BY





# What is the Federal Payment Levy Program?

**T**he Federal Payment Levy Program levies on federal payments made to taxpayers who owe Federal taxes. Under the program, the IRS may take up to 15 percent of Federal payments made to you and apply them against your Federal tax debt. Other levy programs may withhold additional monies from your payments. This levy continues until the entire amount of your Federal tax debt is repaid or other payment arrangements are made.

## **The types of payments that may be levied include:**

- Social Security benefits,
- Federal employee salaries or retirement annuities, and
- Federal and military vendor payments and travel payments.

## **The types of Social Security payments that may not be levied include:**

- Children's benefits,
- Supplemental Security Income payments,
- Lump Sum Death benefits,
- Prouty benefits (special benefits for people who were age 72 and over by 1971), and
- Benefits undergoing partial withholding to repay a debt to Social Security.



# Will I be affected?

**T**he Federal Payment Levy Program affects taxpayers who have an outstanding tax liability. If you currently owe Federal taxes and you receive payments such as Social Security, you may be affected.

All taxpayers with outstanding tax debts are subject to the Federal Payment Levy Program. If you are subject to the levy, you will receive a notice from the IRS. You will then have 30 days to respond. Once your payments are levied, you will receive a notice indicating the amount of the deduction.

If you have an outstanding tax liability and you believe you will be affected, you can take steps now to prevent having your payments levied.



# What should I do?

The first step is to determine if you owe the tax. Some possibilities for relief from your Federal tax debt include:

- Innocent Spouse Relief (see Publication 971, *Innocent Spouse Relief*), or
- You may not have responded to an earlier IRS notice and the IRS may have assessed the liability based on certain assumptions. You may be able to ask the IRS to reconsider the assessment (see Publication 3598, *What You Should Know About the Audit Reconsideration Process*).

The next step is to determine if you are able to pay all or part of the tax. If you are unable to pay your liability in full, you may want to consider one of the following alternatives:

- Enter into a monthly installment agreement,
- Enter into an Offer in Compromise, or
- You may ask to be classified as currently not collectible. Being currently not collectible does not mean the debt goes away. It means that the IRS has determined you cannot afford to pay the debt at this time. Penalties and interest will continue to be added to the debt.

For more information on these alternatives, refer to Publication 594, *The IRS Collection Process*.



# What if I am a guardian or conservator for a taxpayer?

If you are a guardian or conservator, you will need a Power of Attorney before the IRS can talk to you about tax problems and make any payment arrangements. A Power of Attorney can be obtained by completing Form 2848, *Power of Attorney and Declaration of Representative*. If the taxpayer is incapacitated, you may still complete a Form 2848, however you will need to attach the legal documentation that allows you to act on the taxpayer's behalf.

Further, the taxpayer may be entitled to an equitable tolling of the statute of limitations for any period of the taxpayer's life during which it was medically determined that taxpayer was unable to handle their own affairs and there was no one authorized to act on the taxpayer's behalf.




# Who should I contact for help?

If you have questions, concerns, or need information about the Federal Payment Levy Program, here are some numbers to contact for help:

- **The IRS (1-800-829-7650),**
- **The Taxpayer Advocate Service (1-877-777-4778), or**
- **A Low Income Taxpayer Clinic.**


Please do not contact the Social Security Administration regarding your federal tax matter.

**All publications are available at**  
**[www.irs.gov/formspubs](http://www.irs.gov/formspubs),**  
**or by calling 800-829-3676.**



**LOW INCOME TAXPAYER CLINICS** offer free or low-cost assistance to taxpayers who are unable to afford paid representation. Clinics represent taxpayers in matters before the IRS. If you qualify for representation, a clinic may be able to help you resolve your outstanding tax liability.

For a complete list of clinics and the eligibility guidelines, please refer to Publication 4134, *Low Income Taxpayer Clinic List*.



## **Have a tax problem you cannot get resolved? We can help!**

The Taxpayer Advocate Service is an independent organization with the IRS that ensures tax problems which have not been resolved through normal channels are promptly and fairly handled. There is at least one Local Taxpayer Advocate in each state, who is independent of the local IRS office. The Taxpayer Advocate Service can help if you are facing:

- An economic hardship or significant cost,
- A more than 30-day delay to resolve the issue, or
- An action, response, or resolution deadline that was promised by the IRS but has not been met.

## **What you can expect from the Taxpayer Advocate Service**

Qualified taxpayers will receive personalized service from one of our knowledgeable Advocates. He or she will listen to your situation, help you understand what needs to be done to resolve it, and stay with you every step of the way until your problem is resolved to the fullest extent permitted by law.

Because we are part of the IRS, our Advocates know the tax system and how to navigate it. Because we are independent within the IRS, our Advocates are impartial. They will work on your case until it's finalized – so you can move on with your life. What's more, if your problem affects other taxpayers, the Taxpayer Advocate Service can work to change the system.

**For more information,  
refer to Publication  
1546, *The Taxpayer  
Advocate Service*.  
If you need assistance  
from the Taxpayer  
Advocate Service, you  
may contact us at:  
**1-877-777-4778****



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