

PUBLICATION

The IRS Wants to Help

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The Internal Revenue Service (IRS) has just announced a "sweeping series of steps" to help taxpayers address the challenges of COVID-19 related issues. The IRS "People First Initiative," announced Wednesday March 25, 2020, includes the following two overarching aspects:

1. Easing of certain payment related matters; and
2. Postponement of certain compliance actions.

These create some interesting opportunities and much needed relief for taxpayers. In particular, the new IRS announcement provides for the following actions:

Installment Agreements

- **Existing Installment Agreements**
 - The IRS has suspended payment of all amounts due from April 1 through July 15, 2020 and will not default any installment agreement during this period.
 - Taxpayers under a direct debit installment agreement may suspend payments as well if they prefer.
 - Interest will continue to accrue on all installment agreements.
- **New Installment Agreements**
 - The IRS is encouraging taxpayers to promptly contact them and implement new installment agreements. It is anticipated that the IRS will be flexible regarding the terms of new installment agreements.

Offer-in-Compromise (OIC)

- **Pending OIC Submissions**
 - The IRS will allow taxpayers until July 15, 2020 to provide additional requested information for any pending OICs and will not close out the OIC during this time without taxpayer consent.
 - The IRS is suspending any payments due under an OIC until July 15, 2020. The IRS will also not default an OIC for an unfiled tax return for tax year 2018 until at least July 15, 2020, with the proviso that the 2018 and 2019 returns should be filed by July 15, 2020.
- **New Potential OIC**
 - The IRS continues to accept OIC submissions and encourages taxpayers who are unable to pay their full tax balances due to consider submitting an OIC.

Non-filers

- Taxpayers who have unfiled tax returns are encouraged to file. Some taxpayers with unfiled returns may actually be entitled to a refund and should consult a tax professional about filing unfiled returns to ensure that any applicable refunds are not lost under the relevant statute of limitations.

Enforcement Activities Suspended from April 1 through July 15, 2020

- The filing and enforcement of liens and levies will generally be suspended. However, IRS Revenue Officers will continue to pursue high income non-filers and initiate other actions when warranted.
- The automatic filing of liens and levies is suspended.
- Denial of new or renewed passports for seriously delinquent tax debts is suspended. However, entry into an installment agreement or OIC within this period is encouraged.
- Forwarding of new delinquent accounts to private collection agencies is suspended.

Field, Office and Correspondence Audits from April 1 through July 15, 2020

- Generally, the IRS will not initiate a new audit during this time, but will act to protect the statute of limitations.
- The IRS will continue to work refund claims.
- The IRS will also continue to work on existing IRS audits without in-person meetings. Taxpayers should respond to information/document requests during this time to the extent possible.
- **IRS Appellate Division.** IRS Appellate Representatives will continue to work their cases during this period without in-person meetings. Taxpayers should respond to any requests for information/documents during this time.
- **Statute of Limitations.** The IRS will take steps to protect the statute of limitations where necessary. Taxpayers are encouraged to work with the IRS and, where appropriate, consider signing paperwork to extend the statute of limitations, otherwise the IRS may move forward with issuance of notices of deficiency, if necessary.
- **Practitioner Priority Service.** Tax practitioners should be aware that the Practitioner Priority Service is still operating but anticipates a significant increase in call volume. Practitioners should expect an increase in call wait times and are encouraged to be patient.

Members of Baker Donelson's Tax Group are actively monitoring new directives from the IRS and analyzing ways to assist its clients with their tax issues during these unprecedented and trying times. If you need help with any tax matters or wish to discuss various tax opportunities during this time, please contact [Stuart M. Schabes](#), [Seth Kossman](#), or any member of our [Tax Group](#).