

The Automated Collection System of the IRS - Efficient?

The Automated Collection System, or ACS, is a computerized network used by the IRS to communicate with delinquent taxpayers through an Integrated Data Retrieval System, or IDRS.

Data saved in the ACS include taxpayer and audit information. With its creation in the 1980s, the chance to provide notices, review cases, and contact delinquent taxpayers are given to taxpayer examiners.

Each item of information that's uploaded to the ACS is supported by other means, like bank statements, corporate files, court records, and by contacting creditors. The system is built with checks for consistency and validity.

Is utilizing the Automated Collection System effective in collecting taxes owed? To determine if privatization or the ACS is the most efficient method of tax collection, a congressional hearing was held recently.

It's emphasized by consumer tax advocates and opponents of privatization that ACS is much less costly. The cost of ACS vs. private outsourced collections was compared by the IRS's National Taxpayer Advocate, Nina Olsen. Including commissions of up to 24% per amount collected, the expense of the private collection program is \$12 million per year. With just \$23 million in collections, net revenues are only at \$11 million.

With no commissions and only \$7 million in investment, on the other hand, revenues of \$91.8 million to \$145 million are brought in by the ACS. This is more feasible, as opposed to the \$81 million that the government spends each year on the privatization of collections.

On the flip side, the IRS reasons that it has resorted to outsourcing because it can't afford to hire more revenue employees to address the IRS issue of debt collection. They're currently handling in-house particular cases they regained from private collection firms to examine the efficacy of the process. They are planning to compare the outcomes to decide which method is more effective.

Colleen Kelley, the president of the National Treasury Employees Union (NTEU), testified at the hearing: "There has been no question from the outset that using private companies to collect taxes is far more costly than having trained, accountable IRS employees perform this work and poses a severe and unnecessary risk to taxpayers' sensitive and personal information."

Kelley also stresses that IRS officers are the most cost effective tax

collectors in the United States, costing only 40 cents for every \$100 collected. She states that with this resource, there is no necessity to outsource to private debt collection.

Using the ACS is more cost efficient, as opposed to private debt collection. Through the work of IRS officers, the government has the opportunity to regain revenues.

Darrin T. Mish is a Nationally recognized Attorney whose practice focuses on representing clients across the United States with IRS Problems. He is AV rated by Martindale-Hubbel and is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. He has been honored by a listing in Martindale-Hubbel's Bar Register of Preeminent Lawyers. His passion is providing IRS help to taxpayers with both individual and payroll tax problems. He also spends a great deal of time traveling the nation providing training to attorneys, CPAs and Enrolled Agents on how to handle their toughest cases with the IRS. If you would like more information about his services please visit <http://getirshelp.com>.