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## Do IRS Tactics Harm Taxpayers?

According to National Taxpayer Advocate Nina E. Olsen's annual report to Congress, when the IRS files liens against taxpayers, it results in damage to the credit standing of these taxpayers thereby jeopardizing their application for jobs, credit, insurance and rental housing. Olsen further concludes that by using these strong-arm tactics, the IRS is actually reducing the country's coffers in the long run.

The National Taxpayer Advocate is responsible for resolving problems taxpayers have with the IRS, among other things. Olsen was quoted as saying, "By filing a lien against a taxpayer with no money and no assets, the IRS often collects nothing, yet it inflicts long-term harm on the taxpayer by making it harder for him to get back on his feet when he does get a job."

In the tax year 2010, the IRS filed some 1.1 million tax liens reflecting nearly two times the number filed in 2005 which was 522,887 liens. And this was despite the tough economic conditions, soaring unemployment and credit crunch of recent times.

A tax lien is a legal claim filed by the IRS on a delinquent taxpayer's property as a security towards the payment of taxes owed. But although

the number of liens has substantially increased, the amount of money brought in through these measures has 'remained flat' according to Olsen's report.

However, the IRS contended that the need for filing liens is to impose the government's priority in the claim on the property especially when the taxpayer owes money to more than one creditor and has too little in terms of assets to repay everyone.

IRS Spokesman Terry L. Lemons responded by saying that the agency has made more flexible repayment arrangements with taxpayers over the last two years in view of the prevailing economic conditions. The IRS has to ensure that it collects taxes fairly so that those who do pay up are not unnecessarily burdened by those who do not and yet at the same time, not unfairly treating taxpayers with unpaid back taxes.

According to another IRS spokesman, Frank Keith, the threshold for filing of tax liens is presently \$5,000 which means if you owe \$5,000 or more in taxes, you will be slapped with a tax lien. But Keith says that the agency is considering raising the threshold and not filing liens against taxpayers who have 'no real property'.

Another measure the IRS is contemplating implementing is putting in place measures for the withdrawal of the liens upon settling of the tax debts and when taxpayers can show that the liens have caused them undue trouble.