IRS Resumes Automated Levies: What Taxpayers Need to Know

The Internal Revenue Service ("IRS") has resumed using its Automated Collection System ("ACS") to issue automated levies against taxpayers, a practice paused during the COVID-19 pandemic. This signals a return to more aggressive IRS enforcement. Taxpayers with unresolved liabilities should establish a collection alternative promptly to avoid IRS action.

What is ACS?

ACS is a streamlined collection department within the IRS that uses certain automated tools to take enforcement action against taxpayers. It can issue payment demand notices, initiate levies or garnishments against a taxpayer's assets, and file federal tax liens, all without a Revenue Officer's direct involvement. Although most enforcement actions were paused during the pandemic, the IRS has gradually reinstated these enforcement tools.

What Does This Mean for Taxpayers

The IRS's renewed use of ACS means taxpayers with delinquent accounts who haven't made payment arrangements face a greater risk of enforced collection actions. Recently, the IRS has begun sending levy notices using Form 668-W, which instructs employers to garnish a taxpayer's wages or other income to satisfy unpaid tax obligations. Since ACS notices are generated automatically without personal interaction, taxpayers must proactively work with the IRS to prevent enforcement action.

How to Avoid or Resolve IRS Levies

The most effective way to avoid a potential ACS levy or garnishment is to establish a collection alternative. Depending on the situation, you may qualify for an installment agreement, an offer in compromise, or having your account be placed in "currently not collectible status." These collection alternatives halt aggressive IRS collection actions and ensure a manageable resolution.

If you have any questions about how these IRS enforcement actions may affect you, please don't hesitate to contact us at (410)497-5947 or schedule a confidential consultation with our team of experienced tax attorneys.

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