

DELINQUENT TAXPAYERS MAY HAVE U.S. PASSPORTS REVOKED

On December 4, 2015, as part of the Fixing America's Surface Transportation Act (the "FAST Act"), Congress enacted Internal Revenue Code Section 7345, which requires the Internal Revenue Service to notify the Department of State when any taxpayer has been certified as owing a seriously delinquent Federal tax debt. The FAST Act generally prohibits the Department of State from issuing or renewing a United States passport to a taxpayer who has been certified to have a seriously delinquent Federal tax debt and also authorizes the Department of State to revoke or limit any United States passport previously issued. The Internal Revenue Service must also notify the Department of State if the certification is found to be erroneous after the debt is fully satisfied or the taxpayer enters into certain administrative remedies. Contemporaneous with notifying the Department of State, the Internal Revenue Service must notify the individual.

The Internal Revenue Service intends to begin issuing Notice CP508C, which is a notice of certification to taxpayers who have a Federal tax debt that is seriously delinquent. Internal Revenue Code Section 7345 defines a "seriously delinquent tax debt" as an unpaid, legally enforceable Federal tax liability of an individual (1) which has been assessed; (2) which is greater than \$50,000 (as adjusted for inflation); and (3) with respect to which (a) a notice of lien has been filed and certain administrative rights have been exhausted or lapsed or (b) a levy is made pursuant to Internal Revenue Code Section 6331. This definition generally excludes (1) a debt that is being paid in a timely manner pursuant to an agreement and (2) certain debts where collections are suspended. After issuing Notice CP508C, the Internal Revenue Service will issue Letter 6152, which is a Notice of Intent to Request the United States Department of State to Revoke Your Passport. Such notice will allow the taxpayer 30 days (90 days if the taxpayer is outside the United States) to resolve his/her tax debt.

If you think you may owe delinquent Federal taxes, Thompson & Knight has significant experience representing taxpayers. If you have any questions about the information contained in this Client Alert, please contact the Thompson & Knight attorney with whom you regularly work or one of the attorneys listed below.

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