
REPRESENTATION BEFORE THE COLLECTION DIVISION OF THE IRS

Tax Practice Series

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DEDICATION

This book is dedicated to our mentor,
Robert E. McKenzie.

PREFACE

The IRS Restructuring & Reform Act of 1998 dramatically changed the way the IRS goes about collecting taxes. Taxpayers now have collection due process rights. Before the Internal Revenue Service can initiate collection actions against the taxpayer it must give the taxpayer the right to a hearing and if that appeal is denied, the taxpayer has the right to seek judicial review of proposed IRS actions. As a result of the new protections provided to the taxpayers, the IRS has dramatically reduced its collection efforts. The knowledgeable practitioner can utilize the new protections of law to prevent seizure of client assets.

The IRS Restructuring & Reform Act of 1998 also required the Internal Revenue Service to reorganize. As a result, over the past several years the IRS has reduced the number of mid-level management positions by one-third. It has eliminated many layers of bureaucracy and created a more horizontal management chart based upon function. During this period of reorganization, the Internal Revenue Service focused upon reorganization of itself not upon collection actions. Now that the reorganization is substantially complete, one can anticipate that the new Internal Revenue Service will attempt to resume its prior more aggressive collection postures.

The system of Offers in Compromise remains complex and only individuals with a full knowledge of collection alternatives can hope to have continuing success in securing compromises for their clients. This text contains some of the best and most proven methods for securing Offers in Compromise.

ABOUT THE AUTHORS

ADAM S. FAYNE is a tax attorney who helps businesses and individuals with tax controversies before the Internal Revenue Service (IRS) and tax planning both domestically and internationally. He also handles a variety of white collar criminal matters, both federal and state, particularly involving civil and criminal tax fraud, including tax evasion, money laundering and offshore tax compliance. Adam's knowledge of tax law is informed by his former role as a Special Assistant U.S. Attorney with the Department of Treasury's IRS.

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Ms. Lach received her J.D. from State University of New York at Buffalo.

INTRODUCTION

Representation Before the Collection Division of the IRS offers an insider's view of the IRS. Written by a former IRS Collection Division revenue officer and experienced tax attorneys, it shows you the best ways to:

- Correspond and negotiate with the IRS
- Secure and interpret documents
- Fill out collection information statements and other IRS forms
- Arrange payment plans
- Reduce penalties
- Successfully make offers in compromise

This publication also:

- Describes the IRS system of collecting taxes
- Contains citations to the Internal Revenue Manual and other IRS publications, plus full text of pertinent IRS regulations
- Examines payroll collection and the Trust Fund Recovery Penalty (100% Penalty), including liability requirements, penalty computation, proper protest procedures, defense tactics, and appeals procedure
- Provides a straightforward approach on how to best represent clients
- Reveals important information on collection procedures and client rights

Contents include sample correspondence, memoranda, sample forms, checklists, and practice tips.

This 2026 edition discusses significant updates in this area of law and includes:

- Updated sections throughout to reflect IRS organizational changes and new IRS rulings and memoranda
- Updated appendices throughout

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