



Tax Reduction Letter

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Internal Revenue Manual 1.2.14.1.14 (11-19-1980)

Policy Statement 5-71

1. **Reporting accounts receivable as currently not collectible—General**
2. If, after taking all steps in the collection process, it is determined that an account receivable is currently not collectible, it should be so reported in order to remove it from active inventory.
3. **Hardship**
4. As a general rule, accounts will be reported as currently not collectible when the taxpayer has no assets or income which are, by law, subject to levy.
5. However, if there are limited assets or income but it is determined that levy action would create a hardship, the liability may be reported as currently not collectible. A hardship exists if the levy action prevents the taxpayer from meeting necessary living expenses. In each case a determination must be made as to whether the levy would result in actual hardship, as distinguished from mere inconvenience to the taxpayer.