



Tax Reduction Letter

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IRM Section 5.19.1.4.21.1

Private Debt Collection Overview, inserted new section with overview of the Private Debt Collection program

1. IRC 6306(c)(1) requires the IRS to use PCAs for the collection of outstanding inactive tax receivables.
2. The PDC program consists of those PCAs who have entered into qualified collection contracts to assist the IRS in the collection of certain past due modules that are currently considered inactive tax receivables as defined by IRC 6306.
3. The IRS will send taxpayers and their representatives written notice (CP 40) that we are transferring their account to a PCA.
4. The PCA will send a separate letter to the taxpayer and the representative confirming this transfer and providing their contact information.
5. The IRS will do everything it can to help taxpayers avoid confusion and understand their rights and tax responsibilities, particularly in light of continuing scams where callers impersonate IRS agents and request immediate payment.
 - o The IRS will send a letter to the taxpayer to indicate that the module has been assigned to the PCA. The PCA will also send a letter to the taxpayer to confirm that the module has been assigned to them. Both of these letters to the taxpayer will contain the unique 10-digit identifier, instead of the taxpayer's SSN. This unique identifier will be used to conduct a two-party verification between the taxpayer and the PCA.
 - o Taxpayers can confirm the names of the PCAs under contract with the IRS on <https://www.irs.gov/businesses/small-businesses-selfemployed/private-debt-collection>.
 - o PCAs will not ask for payment on prepaid debit, gift or iTunes cards.
 - o Taxpayers will be informed about electronic payment options on IRS.gov, Pay Your Tax Bill.
 - o Payment by check will be payable to the U.S. Treasury and sent directly to IRS, not the PCA.
6. For information on scams, visit "Tax Scams and Consumer Alerts" on IRS.gov.
7. The legislation provides for a percentage of the amount collected by the PCAs to be allocated to a fund for hiring and training special compliance personnel.
8. Revenue collected by PCAs will be in addition to revenue already coming in through IRS collection operations and will provide needed support to close the nation's tax gap.