(5) the presence of lavish or unusual expenditures relative to past spending levels.

If the requesting spouse had knowledge that the nonrequesting spouse would not or could not pay the taxes, that knowledge may be negated if the nonrequesting spouse abused the requesting spouse or maintained control of the household finances by restricting the requesting spouse's access to financial information such that the nonrequesting spouse's actions prevented the requesting spouse from questioning or challenging payment of the tax liability. A requesting spouse must establish that the requesting spouse: (1) was the victim of abuse before the return was filed and (2) as a result of that abuse, was not able to challenge the treatment of any items on the return or was not able to question the payment of any balance due reported on the return, for fear of the nonrequesting spouse's retaliation.

The court found that the requesting spouse had provided sufficient evidence that the nonrequesting spouse had physically and mentally abused her to the point of forcing her from the home and requiring her to include a protection clause in the divorce decree. Thus, although the IRS demonstrated that the requesting spouse had some knowledge of the nonrequesting spouse's financial difficulties, that knowledge was negated by the abuse suffered by the requesting spouse.

Conclusion

Even though this case demonstrated how a requesting spouse may make use of the streamlined equitable relief, the requesting spouse still had to meet over a dozen requirements to obtain relief. Taxpayers may still obtain equitable relief through the final set of factors provided in *Rev. Proc. 2013-34*,[15] but careful and thorough documentation of the streamlined factors will save the taxpayer that extra effort.

ENDNOTES

[1] I.R.C. § 6015. For discussion of the other innocent spouse relief provisions, see Harl and Achenbach, *Agricultural Law*, § 26.10 (2019).

[2] I.R.C. § 6015(b).

[3] I.R.C. § 6015(c).

[4] I.R.C. § 6015(f). Equitable innocent spouse relief is also governed by Rev. Proc. 2013-34, I.R.B. 2013-43, 398.

[5] See I.R.C. § 6015(b)(1)(B), (c)(1), (f)(1).

[6] See § 4, I.R.B. 2013-43 397.

[7] See § 4, I.R.B. 2013-43 397.

[8] Contreras v. Comm'r, T.C. Memo. 2019-12.

[9] I.R.B. 2013-43 397.

[10] Rev. Proc. 2013-34, § 4.02, I.R.B. 2013-43 397.

[11] T.C. Memo. 2019-12.

[12] T.C. Memo. 2019-12.

[13] I.R.B. 2013-43 397.

[14] I.R.B. 2013-43 397.

[15] I.R.B. 2013-43 397.

CASES, REGULATIONS AND STATUTES

BANKRUPTCY

CHAPTER 12

PLAN. The debtors, husband and wife, filed for Chapter 12 their plan proposed payments of unsecured claims over five years, followed by formation of a trust funded with farm equipment, inventory and products. The debtors would transfer the farm property to themselves as trustees and pay the remaining unsecured claims during the next five years. The trustee objected to this plan provision as violating the five year limitation on plan payments under Section 1222(c). The debtors argued that Section 1227(b) allows the estate's property to vest in the debtor at confirmation or as the court otherwise orders. The debtors asserted that conveying the estate's property to themselves as trustees has the legal effect of equitably transferring it to the creditors and that the debtors are paying the unsecured claims by using estate property in the trust to make the second five-year tranche of payments. The debtors argued that Section 1225(b)(7) allows a debtor to propose to pay a claim with property of the debtor or the estate; Section 1222(b)(8) allows the debtor to sell property and distribute the proceeds to creditors having an interest in the property or, in the alternative, to distribute property to the respective interest-holders in kind; Section 1222(b)(10) provides that the estate's property can vest in the debtors or "any other entity" at confirmation or "at a later time;" and Section 1222(b)(12) allows any other plan provision that is "not inconsistent" with the provisions of title 11. The court noted that, although Chapter 11 provides specifically for creditors' trusts and Chapter 12 has no similar provision, Section 1222(b)(10) allows the vesting of estate property in "any other entity." Thus, the court held that the creation of the trust at the termination of the five year plan was not prohibited under bankruptcy law. However, the trustee also argued that the use of the trust violated the five year plan limit under Section 1222(c). The court noted that Section 1222(c) has only two statutorily-prescribed exceptions: (1) Section 1222(b)(5) provides for the curing of any default within a reasonable time and maintenance of payments while the case is pending on any unsecured claim or secured claim on which the last payment is due after the date on which the final payment under the plan is due and (2) Section 1222(b)(9) provides for payment of allowed secured claims consistent with Section 1225(a)(5), over a period exceeding the period permitted under Section 1222(c). The court held that neither exception applied in this case; therefore, the use of the trust to extend the plan payments beyond the five year limit was not permissable and the plan could not be confirmed. ***In re* Duensing, 2019 Bankr. LEXIS 598 (Bankr. D. Kan. 2019)**.

STUDENT LOANS. The debtors, husband and wife, filed for Chapter 12 and listed student loans as general unsecured claims. The Chapter 12 plan proposed to pay all unsecured claims on a *pro rata* basis in quarterly installments but with all payments on the student loans to be made only to principal. The loan creditor objected to this provision, arguing that the provision violated federal law and regulations governing student loans. The court stated that Section 1222(b)(2) allows debtors to modify unsecured claims through their Chapter 12 plan and nothing in the Code insulates student loan claims from that treatment. The Bankruptcy Code controls the substantive rights of debtors and creditors with respect to claims and their treatment, including student loan claims in bankruptcy plans, cases and proceedings. Although student loans are generally not dischargeable in bankruptcy, the Code does not elevate the loans above other unsecured creditors' claims. The court noted that the debtors' plan does not discharge any of the student debt and the debtors would remain liable for any post-petition interest on the loan which had accrued during the plan. In addition, Section 1222(b)(11) prohibits payment of interest unless the debtor has sufficient disposable income after payment of all other unsecured claims. In this case, if the court required plan payment of post-petition interest, the debtors' plan would be non-confirmable because other creditors would not be paid in full. The creditor also argued that, allowing payments to apply only to principal amounted to a de facto discharge of the student debt in violation of Sections 523(a)(8) and 1228(a)(2). The court held that the student loan law and regulations did not conflict with the bankruptcy plan provisions because the student loan law, regulations and loan agreement provide for prepayment of the loans without penalty and state that the loans are subject to applicable federal law, including federal bankruptcy law. ***In re* Duensing, 2019 Bankr. LEXIS 598 (Bankr. D. Kan. 2019)**.

FEDERAL ESTATE AND GIFT TAXATION

No items.

FEDERAL FARM PROGRAMS

No items.

FEDERAL INCOME TAXATION

CASUALTY LOSSES. The taxpayer claimed casualty loss deductions for gambling losses incurred when the taxpayer was under the effects of a Parkinson's Disease drug which caused the taxpayer to gamble compulsorily. The court found that the drug, pramipexole did have a medically recognized side effect of causing compulsory behaviors and that the taxpayer's compulsory gambling habits existed only when the taxpayer was taking the drug. Under I.R.C. § 165(c)(3), taxpayers can deduct nonbusiness losses that "arise from fire, storm, shipwreck, or other casualty, or from theft." Such losses are deductible only to the extent that they exceed $100 and 10% of a taxpayer's adjusted gross income, see I.R.C. § 165(h)(1) and (2), and taxpayers must claim the deduction for the year in which the loss actually occurred. See I.R.C. § 165(a); Treas. Reg. §§ 1.165-1(d)(1), 1.165-7(a)(1). The court noted that, although neither the Code nor regulations define "other casualty," the court have accepted only incidents of losses which are similar to "fire, storm, shipwreck." Thus, a deductible casualty loss must result from something "sudden, unexpected, or unusual" and not from something cause progressive deterioration from a steadily operating cause, such as erosion or termites. The taxpayer argued that the gambling losses were sudden in that they resulted abruptly after the taxpayer began taking the drug. However, the IRS argued that a deductible casualty loss is allowed only for physical damage to property. The court discussed several early cases which held that a casualty loss deduction was not allowed for the loss of property value due to flooding and mudslides which did not damage the building involved but affected the value only because of the possibility that the flooding or mudslides could occur again. The court noted several more recent cases which were consistent with the rule that a deductible casualty loss must result from damage to property. However, the court noted IRS Pub. 547, *Casualties, Disasters, and Thefts* (2017) which states that a taxpayer can deduct as a casualty the "loss on deposits [that occurs] when a bank, credit union, or other financial institution becomes insolvent or bankrupt." The court recognized that his statement opens the way to deductible casualty losses from non-property damage but held that the authority of the publication did not overcome the decades of cases which support the rule that the loss must result from property damage. In addition, the court found that the taxpayer's gambling losses were not sudden in that the taxpayer's gambling occurred over three years. See *Rev. Rul. 72-592, 1972-2 C.B. 101* ("sudden" means "swift and precipitous and not gradual and progressive"). Finally, the court found that, even if the gambling losses were deemed sudden and resulted from property damage, the taxpayer failed to substantiate any of the claimed losses. **Mancini v. Comm'r, T.C. Memo. 2019-16**.

CHILD TAX CREDIT. The IRS has published information about the effect of the TCJA 2017 on the child tax credit. *Credit amount*. The new law increases the child tax credit from $1,000 to $2,000. Eligibility factors for the credit have not changed. As in past years, a taxpayer can claim the credit if all of these apply: the child was younger than 17 at the end of the tax year; the taxpayer claims the child as a dependent; and the child lives with the taxpayer for at least six months of the year. *Credit refunds*. The credit is refundable, now up to $1,400. If a taxpayer does not owe any tax before claiming the credit, they will receive up to $1,400 as part of their tax refund. *Earned income threshold*. The income threshold to claim the credit has been lowered to $2,500 per family. This means a family must earn a minimum of $2,500 to claim the credit. *Phaseout*. The income threshold at which the child tax credit begins to phase out is increased to $200,000, or $400,000 if married filing jointly. This means that more families with children younger than 17 qualify for the larger credit. *New credit for other dependents*. Dependents who cannot be claimed for the child tax credit may still qualify for the new credit for other dependents. This is a non-refundable credit of up to $500 per qualifying person. These dependents may also be dependent children who are age 17 or older at the end of the tax year. It also includes parents or other qualifying relatives supported by the taxpayer. **Tax Reform Tax Tip 2019-15**.

ESTIMATED TAXES. The IRS has issued a Notice that provides relief for farmers and fishermen from the estimated tax penalty. I.R.C. § 6654 provides that, in the case of an individual, estimated income tax is required to be paid in four installments, each 25 percent of the required annual payment. Individual taxpayers who fail to make a sufficient and timely payment of estimated income tax are liable for an addition to tax under I.R.C. § 6654(a). I.R.C. § 6654(i)(2) provides that a taxpayer qualifies as a farmer or fisherman for the 2018 tax year if at least two-thirds of the taxpayer's total gross income was from farming or fishing in either 2017 or 2018. I.R.C. § 6654(i)(1)(A), (B) provides that qualifying farmers and fishermen are subject to special rules requiring them to make only one installment payment due on January 15 of the year following the taxable year. I.R.C. § 6654(i)(1)(D) states that qualifying farmers and fishermen who did not make the required estimated tax installment payment by January 15, 2019, are not subject to an addition to tax for failing to pay estimated income tax if they file their returns and pay the full amount of tax reported on the return as payable by March 1, 2019. Under I.R.C. § 6654(e)(3)(A), the Secretary is authorized to waive the I.R.C. § 6654 addition to tax for an underpayment of estimated tax in unusual circumstances to the extent its imposition would be against equity and good conscience. The IRS has determined that, due to certain changes in the rules that affect farmers and fishermen, farmers and fishermen may have difficulty accurately determining and paying their tax liability for the 2018 taxable year by March 1, 2019. The IRS is providing relief to individual taxpayers who are farmers or fishermen by waiving certain penalties if the following requirements are satisfied: (1) the qualifying farmer or fisherman files a 2018 income tax return and pays in full any tax due by April 15, 2019 (by April 17, 2019, for those taxpayers who live in Maine or Massachusetts); (2) the farmers and fishermen requesting this waiver of the addition to tax must attach Form 2210-F, *Underpayment of Estimated Tax by Farmers and Fishermen*, to their 2018 tax return, either electronically or on paper; (3) the taxpayer's name and identifying number are entered at the top of the form, and the waiver box (Part I, Box A) is checked; and the rest of the form is left blank. **Notice 2019-17, I.R.B. 2019-12**.

EXPIRING TAX PROVISIONS. On the February 1, 2019 issue of the Agirc. L. Dig., we reported that the Congressional Joint Committee on Taxation has published online its annual list of tax provisions set to expire in 2017 through 2027. Some of the notable provisions include—

(1) Expiring December 31, 2017: exclusion from gross income of discharge of indebtedness on principal residence (I.R.C. § 108(a)(1)(E)); treatment of premiums for certain qualified mortgage insurance as qualified residence interest (I.R.C. § 163(h)(3)(E)(iv)); the three-year recovery period for race horses two years old or younger (I.R.C. § 168(e)(3)(A)); accelerated depreciation for business property on an Indian reservation (I.R.C. § 168(j)(9)); deduction for qualified tuition and related expenses (I.R.C. § 222(e)).

(2) expiring December 31, 2018: medical expense deduction: adjusted gross income floor of 7.5 percent (I.R.C. § 213(f)).

(3) expiring December 31, 2019: credit for health insurance costs of eligible individuals (I.R.C. § 35(b)(1)(B)); employer credit for paid family and medical leave (I.R.C. § 45S(i)); work opportunity credit (I.R.C. § 51(c)(4)); provisions modifying the rates of taxation of beer, wine, and distilled spirits, and certain other rules (I.R.C. §§ 263A(f)(4), 5001, 5041, 5051, 5212, and 5414). See *https://www.jct.gov/publications.html?func=startdown&id=5157* Commerce Clearing House (CCH) has reported that the House Ways and Means Select Revenue Measures Subcommittee has announced that it will hold hearings on retroactively extending many of these expired provisions. In addition, CCH reported that the Senate Finance Committee Chairman and ranking member have introduced a bill to retroactively for 2018 and for 2019 extend many of these expired provisions. Of course, retroactive legislation may require early-filing taxpayers to file amended returns for 2018 in order to claim any of these deductions and credits. **Federal Tax Day - Current, C.1 (March 6, 2019)**.

HEALTH INSURANCE. The taxpayers, husband and wife, purchased health insurance in 2014 through their California health benefit exchange and elected to have a portion of their premiums paid by the advance premium tax credit (APTC). The taxpayer filed their 2014 return and did not include Form 8962, Premium Tax Credit, nor did they reconcile the receipt of the APTC with their reported household income. The IRS filed a notice of deficiency claiming that the taxpayers' income exceeded the amount allowing the premium tax credit and assessing the taxpayers for the APTC received. I.R.C. § 36B(c)(1)(A) provides a refundable credit for taxpayers who are insured by a qualified health plan and have household income of no more than 400% above the Federal poverty line (FPL). The FPL is determined by guidelines in effect on the first day of the exchange's regular enrollment period for the relevant year. See I.R.C. § 36B(d)(3)

(B); Treas. Reg. § 1.36B-1(h). On the date that the taxpayers began their insurance, the FPL for a two-person household in California was $15,510. Multiplying that figure by 400% yields an income limit of $62,040. Under I.R.C. § 36B "household income" equals the sum of the taxpayer's modified adjusted gross income (MAGI) and the MAGI of certain other persons for whom the taxpayer is allowed dependency exemptions. See I.R.C. § 36B(d)(2)(A). MAGI equals AGI plus specified items of income normally excluded from AGI. No specified items of income are involved here, so the taxpayers' MAGI equaled their AGI. At the election of the taxpayers, the taxpayers' monthly premiums are reduced by the U.S. Treasury remitting APTC payments to the issuer of the taxpayer's qualified health plan. See 42 U.S.C. § 18082. Under I.R.C. § 36B(f), after the close of the year, participating taxpayers must reconcile their receipt of the advance payments with their calculated eligibility for the credit. If the advance payments exceed the taxpayers' APTC eligibility, the taxpayers must report the difference as additional income tax. For 2014, the taxpayers reported AGI of $97,061, and because their MAGI equaled their AGI and they filed jointly and claimed no other personal exemptions, their household income equaled their AGI. The excess of their house-hold income over $62,040 (400% of the FPL for a two-person household in California for 2014) was $35,021. Because petitioners' household income substantially exceeded the income limit for I.R.C. § 36B credit eligibility, they were ineligible for any APTC in 2014 and the APTC received in 2014 had to be added to their tax liability for 2014. The taxpayers argued that their insurer's alleged malfeasance "nullifies" any tax liability arising from the APTC payments that the Treasury made on their behalf. The court noted that I.R.C. § 36B(f)(2)(A) explicitly provides that, "[i]f the advance payments to a taxpayer . . . exceed the credit allowed by this section . . ., the tax imposed by this chapter for the taxable year shall be increased by the amount of such excess." The court held that the statutory mandate does not admit of equitable exceptions, and it cannot be nullified or offset by claims the taxpayers may have against other parties under state law. **Kerns v. Comm'r, T.C. Memo. 2019-14**.

IRA. The IRS has published information about required distributions from retirement accounts. In most cases, Monday, April 1, 2019, is the date by which persons who turned age 70½ during 2018 must begin receiving payments from IRAs and workplace retirement plans. *Two payments in the same year*. The payments, called required minimum distributions (RMDs), are normally made by the end of the year. Those persons who reached age 70½ during 2018 are covered by a special rule, however, that allows first-year recipients of these payments to wait until as late as April 1, 2019, to get the first of their RMDs. The April 1 RMD deadline only applies to the required distribution for the first year. For all following years, including the year in which recipients were paid the first RMD by April 1, the RMD must be made by Dec. 31. A taxpayer who turned 70½ in 2018 (born July 1, 1947, to June 30, 1948) and receives the first required distribution (for 2018) on April 1, 2019, for example, must still receive the second RMD by Dec. 31, 2019. To avoid having both amounts included in their income for the same year, the taxpayer can make their first withdrawal by Dec. 31 of the year they turn 70½ instead of waiting until April 1 of the following year. *Types of retirement plans requiring RMDs*. The required distribution rules apply to owners of traditional, Simplified Employee Pension (SEP) and Savings Incentive Match Plans for Employees (SIMPLE) IRAs but not Roth IRAs while the original owner is alive. They also apply to participants in various workplace retirement plans, including I.R.C. §§ 401(k), 403(b) and 457(b) plans. An IRA trustee must either report the amount of the RMD to the IRA owner or offer to calculate it for the owner. Often, the trustee shows the RMD amount on Form 5498 in Box 12b. For a 2018 RMD, this amount is on the 2017 Form 5498 normally issued to the owner during January 2018. *Some can delay RMDs*. Although the April 1 deadline is mandatory for all owners of traditional IRAs and most participants in workplace retirement plans, some people with workplace plans can wait longer to receive their RMD. Employees who are still working usually can, if their plan allows, wait until April 1 of the year after they retire to start receiving these distributions. See Tax on Excess Accumulation in Publication 575. Employees of public schools and certain tax-exempt organizations with I.R.C. § 403(b) plan accruals before 1987 should check with their employer, plan administrator or provider to see how to treat these accruals. *IRS online tools and publications can help*. Many answers to questions about RMDs can be found in a special frequently asked questions section at IRS.gov. Most taxpayers use Table III (Uniform Lifetime) to figure their RMD. For a taxpayer who reached age 70½ in 2018 and turned 71 before the end of the year, for example, the first required distribution would be based on a distribution period of 26.5 years. A separate table, Table II, applies to a taxpayer married to a spouse who is more than 10 years younger and is the taxpayer's only beneficiary. Both tables can be found in the appendices to Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*. **IR-2019-29**.

MEDICAL MARIJUANA. The following case has been appealed to the U.S. Supreme Court. The taxpayers operated a legal medical marijuana dispensary in Colorado. The taxpayers filed returns claiming business expense deductions for the store which were denied by the IRS under I.R.C. § 280E because the business involved the "trafficking in controlled substances." The taxpayers argued that the IRS enforcement of I.R.C. § 280E was improper because it required the IRS to conduct a criminal investigation beyond the IRS authority. The court rejected this argument, ruling that no criminal investigation or charges were needed to enforce I.R.C. § 280E as to proper business expense deductions. The appellate court affirmed. **Alpenglow Botanicals, LLC v. United States, 2018-2 U.S. Tax Cas. (CCH) ¶ 50,311 (10th Cir. 2018), *aff'g*, 2017-1 U.S. Tax Cas. (CCH) ¶ 50,127 (D. Colo. 2017)**.

NAME CHANGES. The IRS has published information about the tax consequences and procedures for when taxpayers legally change their name. People change their names for several reasons: taking their spouse's last name after a marriage; hyphenating their last name with their spouse's after getting married; going back to their former name after a divorce; and giving an adopted child the last name of the new family. *Reporting change to SSA*. Taxpayers should notify the Social Security Administration of a name change immediately. When a taxpayer files a tax return, the IRS checks SSA records to ensure names and social security numbers on the forms match. *Failing to report a name change*. If a name on a taxpayer's tax return does not match SSA records, it can delay the IRS processing of that return. In that case, if the taxpayer is due a refund, it will take longer to get the refund. *Name Change Due to Adoption*. In the case of an adoption, if the child has a Social Security number, the taxpayer should be sure to inform the SSA of a name change. If the child does not have a Social Security number, the taxpayer may use a temporary Adoption Taxpayer Identification Number on their tax return. Taxpayers can apply for an ATIN by filing Form W-7A, *Application for Taxpayer Identification Number for Pending U.S. Adoptions*, with the IRS. *Getting a New SS Card*. After a name change, a taxpayer should file Form SS-5, *Application for a Social Security Card*. The form is available on SSA.gov or by calling 800-772-1213. **Tax Tip 2019-18**.

PARTNERSHIPS

RETURNS. Item L of Schedule K-1 to Form 1065 requires reporting of a partner's capital account. Generally, a partnership may report partner capital to a partner using tax basis, Generally Accepted Accounting Principles, I.R.C. § 704(b) book, or some other method. The 2018 Instructions for Form 1065 and Partner's Instructions for Schedule K-1 (Form 1065) to Item L now require a partnership that does not report tax basis capital accounts to its partners to report, on line 20 of Schedule K-1 using code AH, the amount of such partner's tax basis capital both at the beginning of the year and at the end of the year if either amount is negative. The IRS has issued a Notice under which the IRS will waive penalties under I.R.C. § 6722 (failing to furnish a partner a Schedule K-1) and under I.R.C. § 6698 (failing to file a Schedule K-1 with a partnership return) against a partnership which fails to report negative tax basis capital account information if both the following conditions are met: (1) the partner Schedules K-1 are timely filed, including extensions, with the IRS and to the partners and contain all other required information, and (2) the partnership files with the IRS no later than 180 days after the six-month extended due date for the partnership's Form 1065 or, for a calendar year partnership, no later than March 15, 2020, a schedule setting forth, for each partner for whom the partnership is required to furnish negative tax basis capital account information, the partner's name, address, taxpayer identification number, and the amount of the partner's tax basis capital account at the beginning and end of the tax year at issue in accordance with instructions and additional guidance posted by the IRS on IRS.gov. Whether or not a partnership files a Form 7004, *Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns*, it can use the six-month extended due date in calculating the due date for filing the required schedule described in this paragraph. The schedule should be sent to the following address:

1973 North Rulon White Blvd.
Ogden, UT 84404-7843
MS 4700
Attn: Ogden PTE.

This penalty relief applies only for a partnership's taxable year beginning after December 31, 2017, but before January 1, 2019. To receive a waiver of the penalty, a partnership is not required to furnish amended Schedules K-1 to its partners or to file an administrative adjustment request under I.R.C. § 6227, and partnerships should not delay issuing partner Schedules K-1 on account of this Notice. **Notice 2019-20, I.R.B. 2019-13**.

QUARTERLY INTEREST RATES. The IRS has announced that, for the period April 1, 2019 through June 30, 2019, the interest rate paid on tax overpayments remained at 6 percent (5 percent in the case of a corporation) and for underpayments remained at 6 percent. The interest rate for underpayments by large corporations remained at 8 percent. The overpayment rate for the portion of a corporate overpayment exceeding $10,000 remained at 3.5 percent. **Rev. Rul. 2019-5, I.R.B. 2019-11.**

TAX DEFICIENCIES. The IRS has published information concerning the procedures affecting individuals with "seriously delinquent tax debts" who attempt to obtain a new or renewed passport. The procedures implement provisions of the Fixing America's Surface Transportation (FAST) Act of 2015. The FAST Act requires the IRS to notify the State Department of taxpayers the IRS has certified as owing a seriously delinquent tax debt. The FAST Act also requires the State Department to deny their passport application or deny renewal of their passport. In some cases, the State Department may revoke their passport. Taxpayers affected by this law are those with a seriously delinquent tax debt, generally someone who owes the IRS $52,000 or more in back taxes, penalties and interest for which the IRS has filed a Notice of Federal Tax Lien and the period to challenge the lien has expired or the IRS has issued a levy. There are several ways taxpayers can avoid having the IRS notify the State Department of their seriously delinquent tax debt:

• paying the tax debt in full;
• paying the tax debt timely under an approved installment agreement;
• paying the tax debt timely under an accepted offer in compromise;
• paying the tax debt timely under the terms of a settlement agreement with the Department of Justice;
• having requested or have a pending collection due process appeal with a levy; or
• having collection suspended because a taxpayer has made an innocent spouse election or requested innocent spouse relief.

A passport will not be at risk under this program for any taxpayer:

• who is in bankruptcy;
• who is identified by the IRS as a victim of tax-related identity theft;
• whose account the IRS has determined is currently not collectible due to hardship;
• who is located within a federally declared disaster area;
• who has a request pending with the IRS for an installment agreement;
• who has a pending offer in compromise with the IRS; or
• who has an IRS accepted adjustment that will satisfy the debt in full.

For taxpayers serving in a combat zone who owe a seriously delinquent tax debt, the IRS will postpone notifying the State Department, and the individual's passport application will not be subject to denial. **IR-2019-23**

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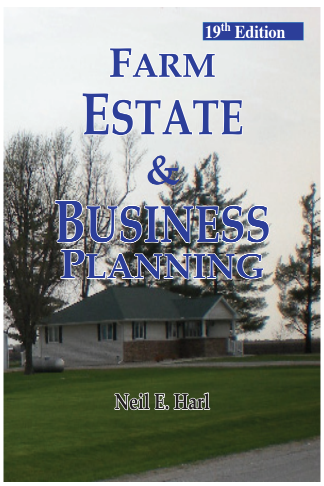

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