

IRS Unveils New People First Initiative; COVID-19 Effort Temporarily Adjusts, Suspends Key Compliance Programs

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On March 25, 2020, the [Internal Revenue Service \(IRS\) announced](#) the People First Initiative, which limits enforcement actions and postpones payments due under existing Installment Payment Agreements and Offers in Compromise for a defined period of time. The People First Initiative is effective between April 1, 2020, and July 15, 2020, and is aimed at addressing challenges taxpayers may face due to COVID-19.

Installment Agreements and Offers in Compromise

Installment Payment Agreements and Offers in Compromise are tools to enable taxpayers to pay taxes when they are unable to pay the full amount of their liability. The IRS may enter into an Installment Payment Agreement with a taxpayer to spread the payments due over time, subject to interest charges and late payment penalties. If the IRS is seeking to collect a tax due from a taxpayer that is beyond the taxpayer's ability to pay in full or in installments, or if IRS collection actions would create economic hardship for the taxpayer, the IRS may be willing to settle the tax liability for less than the full amount due pursuant to an Offer in Compromise. The taxpayer seeking an Offer in Compromise is charged with initiating the process as instructed on the IRS's website at irs.gov.

The People First Initiative suspends payments due between April 1 and July 15, 2020, under existing Installment Payment Agreements. The IRS also announced it will not default any Installment Payment Agreements during this period although interest will continue to accrue on any unpaid balances.

Similarly, the People First Initiative suspends payments due under existing Offers in Compromise and allows taxpayers until July 15, 2020, to provide any requested information to support a pending Offer in Compromise. The IRS also announced it will not default an Offer in Compromise if a taxpayer is delinquent in filing a 2018 tax return although the taxpayer should file the delinquent 2018 and the current 2019 returns on or before July 15, 2020.

The IRS also encouraged taxpayers who are unable to fully pay their federal taxes to enter into new monthly Installment Payment Agreements or, if their tax liabilities exceed their net worth, to pursue an

Offer in Compromise. On March 12, 2020, the IRS [waived](#) the application fee for Offers in Compromise.

Enforcement Actions Limited

Collection Enforcement

The IRS announced that it will largely roll back enforcement actions during this period. Liens and levies (including seizures of a personal residence) initiated by field officers will generally be suspended. Moreover, the IRS will not forward new delinquent accounts to private collection agencies or to the Department of State to prevent passport receipt or renewal.

Examinations

The IRS generally will not start new field, office or correspondence examinations during the Initiative period. Existing examinations may continue remotely and taxpayers are encouraged to respond to outstanding requests for information if they are able to do so during this period.

Although IRS personnel are permitted to take actions to preserve relevant statutes of limitations they generally will only seek extensions of the statute of limitations where the statute is set to expire during 2020.

The IRS [previously announced](#) that it was scaling back some of its operations to focus on “mission-critical activities” and has closed many IRS offices in areas hardest hit by COVID-19. The reduction of services and workforce may lead to significant wait times when dealing with the IRS.

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