What You Need to Know About the IRS Private Debt Collection (PDC) Program During COVID-19

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The PDC Program is open exclusively to provide customer service support to participating taxpayers.
The PDC Program remains open during this difficult time with a singular focus – to be responsive to taxpayer needs. The Private Collection Agencies (PCAs) that support the PDC Program are available to take inbound calls, answer taxpayer questions and provide support to taxpayers managing a tax debt during this difficult time. During the COVID-19 Pandemic, PCAs are limited to responding to inbound calls to support the needs of taxpayers voluntarily participating in the PDC Program.

The PDC Program provides options to support financially vulnerable taxpayers impacted by the COVID-19 Pandemic.

The IRS has paused the transfer of new tax underpayment accounts into the PDC Program until further notice. During this national emergency, PCAs have been empowered with several options they can put in place to assist taxpayers already participating in the program. For example, taxpayers can reach out to their assigned PCA to adjust the amount of their monthly installment payment or ask for their account to be placed on hold until August 15, 2020.

The PDC Program will continue to screen out low income taxpayers after the COVID-19 Pandemic is over.

Tax underpayment accounts referred by the IRS into the PDC Program are made up of a cross section of all income groups within the U.S. economy. PCAs are blind to taxpayer income levels and do not receive any information about the taxpayer's level of income.

In response to concerns for low income taxpayers, Congress included two changes to the PDC Program within the recently passed Taxpayer First Act. The legislation:

- Created a filter to prevent the tax debt of taxpayers whose income is substantially derived from supplemental security income benefits or disability insurance benefit payments from entering the PDC Program. More than 100,000 SSDI tax debt cases have been screened out of existing account inventory and returned to the IRS.
- Determined that all taxpayers with an adjusted gross income of 200 percent of the applicable poverty level and below will be blocked from referral into the PDC program beginning at the end of this calendar year.

The PDC Program will continue to provide helpful solutions to taxpayers struggling to pay their taxes after COVID-19.

The COVID-19 Pandemic may leave some Americans experiencing financial hardships that may make it difficult for them to pay their fair share of taxes. The PDC Program is the right kind of program to help taxpayers through this difficult time. Because the program is very flexible – allowing taxpayers to determine a monthly payment amount and make payments over the course of up to seven years – and purely voluntary – free from the distress that IRS garnishment and penalties may cause – taxpayers will find relief from the stress of an ongoing tax debt within the PDC Program.

The PDC Program remains purely voluntary and without collection authority.

Under the Internal Revenue Code, PCAs are always limited to calling the taxpayer and working out voluntary payment arrangements to help settle tax underpayment accounts over time. PDC contractors have no enforcement authority, and rely solely on volun¬tary payment by the taxpayer. As a result, taxpayers with the means to do so are those likely to participate and taxpayers with financial hardships are referred back to the IRS. Only the IRS can seize property, garnish wages, freeze bank accounts or contact third parties if they deem it necessary. During the COVID-19 Pandemic, PCAs are limited to responding to inbound calls to support the needs of taxpayers already participating in the PDC Program.

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