

Private Debt Collection Program Provides Resources To Strengthen the Effectiveness of the IRS

For the past decade, the Internal Revenue Service (IRS) has been understaffed and under resourced due to budget cuts. During this time, the rate of tax audits plummeted and hundreds of thousands of uncontested tax underpayment accounts sat untouched while the statute of limitations expired. The ongoing lack of staffing directly caused the federal government to lose billions each year in much-needed tax revenue.

In 2015, the bipartisan Fixing America's Surface Transportation Act created the Private Debt Collection (PDC) Program to leverage the expertise of private debt collection companies to expand the customer service capacity of the IRS by conducting outreach and providing manageable payment plan options to help taxpayers with uncontested tax underpayments pay their lingering tax debt.



Key Facts About the Special Compliance Personnel Program Fund

- To date, the PDC Program has generated \$94 million for the SCPP Fund.
- As of September 10, 2020, the revenue collected by the PDC Program has funded the hiring and retention of 383 new IRS SCPP collections employees.

Of the tax revenue collected by the PDC program:

50%

goes to the US Treasury

25%

percent goes to pay PDC Program partners

25%

is directed into a special fund to help the IRS hire and train new permanent internal collections staff, as well as cover IRS's oversight costs.

The Special Compliance Personnel Program (SCPP) Fund allows the IRS to expand internal staffing and build a unique, stand-alone tax collection program that, like the PDC Program, is fully self-funded. The IRS uses SCPP funds to hire and train internal Special Compliance Personnel to collect taxes using the automated collection system. It's important to note, SCPP staff work for the IRS and not a part of the Private Debt Collection Program.

SCPP employees are full-time IRS staff working to collect tax on randomly selected accounts in collection status. IRS systems flag selected accounts as SCPP accounts. SCPP personnel receive calls from a new toll-free number and assist taxpayers in resolving their outstanding tax debt. Because they are internal IRS employees, SCPP staff can utilize IRS administrative enforcement tools, like liens and levies.

The statute that created the SCPP Fund determined that the resources be considered permanent appropriations covering salaries, benefits, training, overhead, infrastructure and even technology – which will allow the SCPP to continue functioning, even during budget battles in Congress.

Funds generated for the SCPP Fund has already allowed the IRS to hire and train 383 SCPP employees to work automated collection system cases.

The **IRS Private Debt Collection (PDC) Program** is a successful public-private partnership that returns vital funding to the U.S. Treasury, ensures fairness in the tax system and offers collaborative solutions that help Americans achieve a zero tax balance.