



Wood LLP

Tax Alert



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Owe IRS Taxes, Lose Your Passport

This is only a proposed law and only for those owing more than \$50,000 to the IRS. Another proposal is to make the Thrift Savings Fund accounts federal employees have—currently exempt from IRS levies—fair game. Both proposals are from Sen. Orrin Hatch (R-Utah). See Hatch's [Memo to Reporters and Editors](#).



Image via [floridalawfirm.com](#)

The latter suggests people find it especially galling when federal employees owe back taxes. More than 279,000 [federal workers and retirees](#) owe more than \$3.4 billion in back income taxes. Senator Hatch is not the only one upset because tax delinquents are being paid with federal tax dollars. And the size of the problem seems to be growing.

The 279,000 and \$3.4 billion figures are from 2010. They are up from \$3.3 billion in 2009, \$3 billion in 2008, and \$2.7 billion in 2007. Some of the demographics are interesting. The departments and agencies with the largest percentages of employee/retiree tax problems are:

1. U.S. Office of Government Ethics: 6.49%
2. Federal Reserve Board: 4.86%
3. U.S. House of Representatives: 4.24%

4. Housing & Urban Development: 3.89%
5. Education: 3.88%
6. Army: 3.83%
7. Veterans Affairs: 3.78%
8. Commerce: 3.54%
9. Health & Human Services: 3.51%
10. Defense: 3.19%
11. Air Force: 3.11%
12. U.S. Senate: 3.08%
13. Navy: 3.05%
14. State: 2.94%
15. SEC: 2.50%
16. U.S. Tax Court: 2.25%

For a complete list, see [Time To Pay Your Taxes](#). Who ranks with the lowest delinquency rate (at least among cabinet departments)? The U.S. Treasury Department, with only 0.96%.

Rep. Jason Chaffetz (R-Utah) and Sen. Tom Coburn (R-Okla.) have [authored bills to force federal agencies, the U.S. Postal Service and congressional offices to fire employees](#) who purposely avoid paying taxes. Exceptions would be made for employees suffering from family turmoil or working to correct significant financial hardship. Chaffetz's bill was approved by a committee [last spring](#), but Coburn's still awaits consideration by a Senate panel. See [Federal Employees Owe \\$1.03 billion In Unpaid Taxes](#).

For more, see:

[Fire Them? Federal Employees, Retirees Owe \\$3.4 Billion In Taxes](#)

[Tax Liens Means IRS Thinks You Owe](#)

[Got A Tax Notice? Here's What To Do](#)

[Ten Things To Know About Fighting An IRS Bill](#)

[Ten Ways To Audit-Proof Your Tax Return](#)

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