



COMMISSIONER

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

January 12, 2018

The Honorable Elizabeth Warren  
United States Senate  
Washington, DC 20510

Dear Senator Warren:

Thank you for your letter dated October 25, 2017, asking that we consider applying the low-income filter to military retiree payments subject to the Federal Payment Levy Program (FPLP). I apologize for the delay in responding, but we took some additional time to re-analyze our data and position on this matter. I am writing to share with you that we will change the FPLP program in line with your request.

Like all taxpayers, federal employees and retirees are obligated to file and pay their taxes timely and to resolve any balances due. The FPLP is an automated levy process that the IRS uses only after a taxpayer neglects or refuses to pay a balance after receiving a series of notices requesting payment and offering options for resolving the balance due, such as an installment agreement. A taxpayer generally has approximately 30 weeks from the initial notice of a liability to arrange payment before the debt becomes subject to collection through the FPLP.

Currently, we exclude all Medal of Honor military retirees and those with disability payments from FPLP levies. We also apply the low-income filter to exclude any taxpayer (including military retirees) receiving Social Security Administration and Railroad Retirement Board payments. If appropriate, we can still use traditional levies to collect tax debts.

Based on a re-analysis of our data, the number of military retirees who would qualify to be excluded from the FPLP based on the low-income filter is high enough that we will move to apply the low-income filter to all military retiree payments as soon as we can make the necessary changes to our information technology systems and procedures. Because of our limited technology resources presented by our budget situation, we estimate being able to implement this change in early Fall 2018. In the interim, if a levy creates a hardship, the IRS will work with the taxpayer to make that determination and release the levy.

I hope this information is helpful. If you have questions, please contact me, or a member of your staff can contact Leonard Oursler, Director, Legislative Affairs, at 202-317-6985.

Sincerely,

A handwritten signature in cursive script, appearing to read "David J. Kautter".

David J. Kautter  
Acting Commissioner