

# Currently Not Collectible: What To Do If You Can't Pay Your IRS Debt



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## THIS ADVICE IS FOR YOU IF:

- You owe taxes to the IRS, but you can't afford to pay while still meeting your basic living expenses.
- You're not sure what to do next.

## "CURRENTLY NOT COLLECTIBLE" (CNC)

If you owe taxes to the IRS, but can't afford to pay, or can't pay without significant hardship, you may qualify for "currently not collectible" (CNC) status. Getting into CNC doesn't make your debt go away, but the IRS will stop trying to collect the money (except from refunds) for as long as you are unable to pay.

## WHO IS ELIGIBLE?

You might be eligible for CNC if:

- Your monthly expenses are more than your income; or
- Your income barely covers your expenses; or
- You have no income; or
- Your only income is Social Security, welfare, or unemployment

## HOW DO I GET CNC STATUS?

To request Currently Not Collectible status for your tax debt, call the IRS. If you recently got a notice about a tax debt, you can use the phone number on the notice. Otherwise, call 800-829-1040.

When you speak with an agent, explain your situation. Make sure to be clear that you cannot afford **any** payments (rather than just being unable to pay the full amount). The agent may try to offer you a monthly installment plan instead. But you should only agree to such a plan if you believe you can afford it without hardship.

Before putting your account in CNC, the IRS will request financial information from you, including information about your monthly income and expenses, as well as any savings, cars, or houses. You may also be asked to fill out a Collection Information Statement, or CIS, summarizing your financial situation (see right). →

The Philadelphia Low Income Taxpayer Clinic is part of **Philadelphia Legal Assistance**, which provides free civil legal services to low-income Philadelphia residents. To learn about the full range of services we offer, go to [philalegal.org](http://philalegal.org) or check us out on social media:



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## Collection Information Statement (CIS)

The CIS is a form published by the IRS that you can use to summarize your income, expenses, and assets.

The form and its instructions are available at:  
[www.irs.gov/pub/irs-pdf/f433f.pdf](http://www.irs.gov/pub/irs-pdf/f433f.pdf)

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## WHAT HAPPENS NEXT?

**The debt doesn't go away**—it's just that the IRS will not try to take any of your income or property to collect it. But they will take your future tax refunds and put them towards your debt until it is paid. Interest and penalties will also keep adding up. If you owe more than \$10,000, the IRS will generally also issue a Notice of Federal Tax Lien as a condition of putting you in CNC. A lien is a public notice of your debt and it may negatively affect your credit score.

Though CNC doesn't remove your debt, it will go away eventually.

**The IRS has a ten-year limit to collect on old tax debts.** →

## FREQUENTLY ASKED QUESTIONS

### How long can I stay in CNC?

You can remain in CNC status as long as you remain unable to pay your IRS debt.

### My account is in CNC, but I still got a letter from the IRS. Why?

The IRS will send yearly reminders of your debt while you are in CNC. Read the letter closely; if it just a reminder, it should say that you don't need to take any action in response to the letter.

### Can I stop the IRS from taking my tax refunds?

The IRS will take your tax refunds as long as you are in CNC. However, if you are experiencing severe financial hardship (for example, facing eviction or a utility shut off) you may be able to ask the **Taxpayer Advocate Service** to help you get your refund. But for this program to work you must contact them before filing your tax return to get further instructions about how to file (see right). →

## STILL NEED HELP?

The Low Income Taxpayer Clinic at Philadelphia Legal Assistance helps Philadelphia residents struggling with federal tax issues, including inability to pay. We are not part of the IRS. We also do not prepare taxes. Contact us through the main Philadelphia Legal Assistance intake line at 215-981-3800, Tuesday or Thursday 9:30 am- 12 pm, or come to our offices in person on Monday or Wednesday, 9:30 am - 12 pm, at 718 Arch St, Suite 300N.

### The Collections Statute of Limitations: A Ten-Year Clock

The IRS generally has ten years to collect a tax debt, starting from the time the debt is first "assessed" (made official). This could be when you file your tax return, or later if the debt came because of an audit.

**Note:** Some actions, like bankruptcy and certain IRS negotiations can "pause the clock," extending the deadline beyond ten years.

### The Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is the part of the IRS whose mission is to help taxpayers fix problems that they can't resolve on their own or that have led to emergency situations. TAS also provides information about taxpayer rights.

To learn more, go to <https://taxpayeradvocate.irs.gov/> or call the Philadelphia TAS office at 267-941-6624.