

Phone: (818) 243-1977

Fax (213) 984-2653

email nbsandco@aol.com

210 N Central Ave. #100

Glendale, Ca 91203

Web www.8182431977.com

Haven't paid your taxes? The government may take your passport

Under a new law, the taxman may cometh for your passport if you've failed to pay Uncle Sam

What the new law means for you

A provision in pending legislation before Congress would allow the State Department to revoke or deny passports to Americans for tax delinquency in excess of \$50,000. Such a level of debt is defined as "seriously delinquent," and it is subject to increase, rounded to the nearest \$1,000, based on inflation each year. Both the U.S. House of Representatives and Senate have approved a bill containing the language, and the provision is expected to be passed into law before the end of this year. It would take effect Jan. 1, of next year.

Exceptions

There are exceptions to the rule. A taxpayer in debt repayment and complying in a "timely manner" would be excused, as would someone appealing the collection. There is also an exception for "emergency circumstances or for humanitarian reasons."

Advocates for Americans living abroad have criticized the provision as "draconian" and pointed to the unique difficulties of expatriates complying with U.S. tax law.

"[The provision] puts disproportionate pressure on the taxpayer and risks mistakes and unforeseeable consequences, which would be life-changing for the individual," Marylouise Serrato, Executive Director of American Citizens Abroad, wrote to House Speaker Paul Ryan and leaders of the congressional tax committees this month.

Some of the concerns are with the IRS' ability to communicate with taxpayers. The agency closed the last of its overseas taxpayer-assistance centers earlier this year, removing a key conduit for those with questions about tax compliance. The IRS said the decision was a result of budget constraints. And according to a U.S. Treasury report issued this year, "the IRS generally does not know if international taxpayers receive the tax correspondence sent to them." The IRS sent 855,000 notices and letters to taxpayers living abroad last year.

"If this bill becomes law, it will be imperative for Americans traveling abroad or living abroad to pay attention to IRS notices -- assuming they receive them," one tax lawyer told *The Wall Street Journal*.

Although the provision has been singled out for its effects on those outside the country, it applies to passport-holders regardless of residence.

The U.S. Congress' Joint Committee on Taxation analyzed the provision as part of separate legislation, estimating that it would raise \$398 million over 10 years.