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If you owe a big tax bill, your passport could be on the line

- If you owe the Internal Revenue Service more than \$51,000 in overdue taxes, you may not be able to get a new passport or renew your existing one.
- As many as 362,000 Americans will fall into this category by the end of this calendar year, according to the IRS.

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Greg Blomberg | EyeEm | Getty Images

If you're applying for a new passport or planning to renew the one you have, be prepared to get rejected if you owe the IRS more than \$51,000 in overdue taxes.

The tax collector and the State Department have begun the enforcement of an existing law that enables them to deny passport applications or revoke existing passports due to outstanding claims.

The enforcement, which began in February, has so far included applications for new or renewed passports.

The State Department denies passport applications based on the information on outstanding debts it receives from the IRS.

As many as 362,000 Americans could be affected by these rules by the end of this calendar year, according to the IRS.

The agency received \$11.5 million as of the end of June from 220 individuals who have paid their debts in full, according to the IRS. About 1,400 more people have entered into payment agreements.

The \$51,000 tally in tax debt must qualify as legally enforceable federal tax debt, including interest and penalties, [according to the IRS](#).

Who's exempt

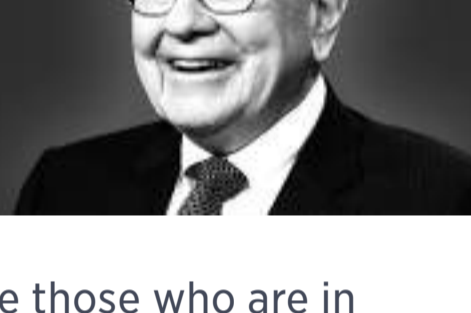
Not all tax debts are covered by the action.

Not included are those who are paying their debt through an IRS installment agreement, offers in compromise with the IRS or a settlement with the Justice Department; have requested a collection due process hearing about a levy; or have had the collection of the debt suspended because they requested innocent spouse relief.

Warren Buffett Archive

"You do not want to give Jeff Bezos a seven-year head start."

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Other taxpayers who will not be affected include those who are in bankruptcy, are victims of tax-related identity theft, have hardships that have led the IRS to deem the debt currently not collectable, reside in a federal disaster area, have put in a request to the IRS for an installment agreement, are in the process of negotiating with the IRS to pay a lesser amount than what is owed and who have had the IRS accept the adjustment they offered.

If you are affected by the enforcement, you will be notified in writing.

"My first piece of advice would be, OK, you got the letter. Now make sure it's accurate," said David McKeegan, co-founder of Greenback Expat Tax Services. "If it's not accurate, get on the phone with the IRS and explain why."

If you already have a U.S. passport, you can use it to travel unless you receive notice from the State Department, according to the IRS.

If you are an American citizen living overseas, travel to the U.S. will not be affected.

Still, these enforcements could have a "very negative impact for expats," McKeegan said.

"Most American citizens don't have a passport, but all expats do. So it could be impacting expats disproportionately," McKeegan said.



Expatriates who are working overseas likely have a visa or work permit in their passports. Those visas or work permits will likely continue to be valid even if a passport does not, McKeegan said.

"You'll have to get this resolved, but it's unlikely you'll be thrown out of the country you're in if you're an expat," McKeegan said.

Mail delays

Another big problem for Americans living overseas who are impacted by this will be actually receiving the notices, according to McKeegan. The IRS typically mails these notices out to the last known address.

For expats, that could be an address in the U.S. And there could be delays in receiving mail overseas.

The good news for Americans living overseas, according to McKeegan, is that penalties associated with the Report of Foreign Bank and Financial Accounts are not included in this enforcement.

"Otherwise, all the expats that haven't been filing their taxes would automatically be included in this," McKeegan said.

The State Department will hold passport applications for 90 days. In that time, you can clear up any certification issues that are wrong, pay your tax debt in full or enter into a payment arrangement with the IRS.

To have your certification of seriously delinquent tax debt reversed, you need to prove one of three things: that the debt is fully paid or legally unenforceable, that the debt is no longer seriously delinquent or that the certification was incorrect.

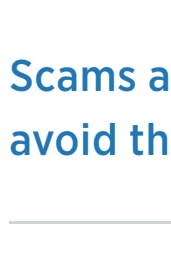
The IRS will change that status within 30 days and notify the State Department.

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