

Taxpayers owing a lot of money could have their passports revoked

 [cnbc.com/2019/08/13/taxpayers-owing-a-lot-of-money-could-have-their-passports-revoked.html](https://www.cnbc.com/2019/08/13/taxpayers-owing-a-lot-of-money-could-have-their-passports-revoked.html)

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- If you owe the IRS more than \$52,000 in overdue taxes, you may not be able to get a new passport or renew your existing one — or it might simply be revoked, whether you're home or abroad.
- The IRS has notified more than 400,000 taxpayers that their passports are at risk since the program began.

The IRS is finally ready to make good on threats to strip U.S. passports from Americans who owe more than \$52,000 in overdue taxes.

The tax collector and the State Department are escalating enforcement of the Fixing America's Surface Transportation (FAST) Act. This law enables them to deny passport applications or revoke existing passports due to outstanding debts.

The enforcement effort, which began in February 2018 for debts of \$51,000 and higher, has thus far covered applications for new or renewed passports. (The higher threshold of \$52,000 for 2019 reflects an annual adjustment for inflation, although the IRS could not confirm.)

Now, the IRS will actively begin referring unresolved cases to the State Department for potential revocation, IRS spokeswoman Cecilia Barreda told CNBC.

The State Department denies passport applications or revokes existing passports based on the information it receives from the IRS. The \$52,000 must qualify as legally enforceable federal tax debt, including interest and penalties, according to the IRS.

The agency issued a press release earlier this week reminding delinquent taxpayers of the law's provisions.

"Our goal was to remind people that this program has been in operation but additionally that it is our intention to begin referring cases to the U.S. Department of State for passport revocation," Barreda said.

The government agency has notified more than 400,000 taxpayers that their passports are at risk since the program began, according to Barreda.

As a result of these notices, the IRS has received \$11.5 million as of the end of June 2018 from 220 individuals. About 1,400 more people had entered into payment agreements as of

that date, according to a [July 13, 2018, report](#) by CNBC. More recent figures were not available from the IRS.

Taxpayers at risk of having their passport revoked will also receive a letter informing them of the impending referral to the State Department.

"They will receive [the letter] before the IRS refers a case for revocation," said Barreda. "If there's a message here, it's that taxpayers who have a tax debt are encouraged to contact the IRS promptly to resolve their tax debt and avoid the possible revocation of their passport."

Attorney Reaz Jafri, partner and global head of immigration at law firm Withers Worldwide in New York, said that's critical, especially given the 30-day window within which debtors must respond.

"Our biggest concern as an international firm is that a client who is overseas will get hit with one of these letters, never see it and have their passport canceled," he said. "It can easily happen that a client returning to the U.S. finds out at the border that their passport is canceled and the only way to get it back is to settle the debt.

"But that can take months, if not years," Jafri added. "Meanwhile, your family is overseas." Jafri said he expects the law to be challenged in court at some point.

David McKeegan, co-founder of Greenback Expat Tax Services, agreed in an interview with CNBC last year that these enforcements could have a "very negative impact for expats. "

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

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 is not, according to McKeegan.

"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.

Not included in the enforcement action are taxpayers 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.

My first piece of advice would be, 'OK, you got the letter. Now make sure it's accurate.' If it's not accurate, get on the phone with the IRS and explain why.

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 collectible, 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. Taxpayers serving in a military combat zone are also not affected.

If you receive a notice or letter from the IRS in the mail, be sure to check it for mistakes or fraud.

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

For his part, Jafri at Withers said that, while several clients have received legitimate notifications from the IRS, he has not yet seen evidence of fraud. "But I wouldn't be surprised if that happened, because you have a ripe audience for it."

This article was originally published July 13, 2018, and has been updated with additional reporting by CNBC Associate Editor [Kenneth Kiesnoski](#).