Continue

The IRS can take money out of your bank account if you owe it money or if it thinks you owe it money. In IRS parlance, this is known as a bank levy.However, there is a process that the IRS has to go through in order to actually take the money out of your account, there is a hold period during which you can contest the bank levy, and there are steps you can take to prevent the IRS from levying your bank account again.And I have said this before and I will say it again: You cannot lie to the IRS, but unless theyve issued you a legal summons, you do not have to reveal your assets to them. You do not have to tell them about your new bank account even if they ask for it. You do not have to tell them anything apart from a legal summons. It is perfectly legal to not provide information to the IRS even if asked in an administrative capacity. Now, sometimes it is in your best interest to inform the IRS about certain assets you own, and through public records the IRS knows or can know about certain assets like real estate you own, but you certainly do not have to provide information about your financial situation even if asked, and sometimes taxpayers come to us because they tried to work with the IRS on their own and they spilled too many beans over the phone with the IRS and they showed their cards in a way that ended up not being in their best interest. And they cant take it back because otherwise they would have admitted to lying to the IRS, which is not a good look.So along those lines, there is nothing illegal about changing your bank account to an account the IRS doesnt know about. The IRS is not notified when a taxpayers opens a new bank account. Of course, if the account is interest-bearing, the IRS is going to get a copy of the 1099-INT that would tip them off. But if you just keep your money in a checking account the IRS doesnt know about, more power to you.Anyway, lets talk about IRS taking money out of your bank account. Can the IRS Take Money Out of Your Bank Account?Yes, the IRS can take money out of your bank account as well as similar accounts such as PayPal accounts.And the IRS can likewise levy a joint bank account, even if only one of the account owners owes the IRS.This is part of a broader process of the IRS seizing a taxpayers property to satisfy any debt that the IRS believes the taxpayer owes to it. And like I said, this seizing of a taxpayers property is generally referred to as a levy, not to be confused with a lien, which is simply the governments legal right to your assets.Now, one silver lining with bank levies is that Section 6332(c) of the Internal Revenue Code requires that banks wait 21 days and these are calendar days, not business days after the IRS serves it a bank levy before surrendering the depositor in questions funds to the IRS.Important: Dont assume that if you are hit with a state tax levy on your bank account that the rules are the same as for an IRS tax levy on your bank account. If youre hit with a California tax levy, for example, the freeze period is only 10 days!IRS Levy RulesAnd there are other rules the IRS must strictly follow before levying any of your income or assets, bank accounts or otherwise. For you tax code nerds out there, these rules are found in Internal Revenue Code Sections 6303, 6330 and 6331.That first code section, 6303, simply states that within 60 days of assessing a tax against you, the IRS must give you notice of the amount of the tax and in that notice demand payment of that tax. And the most common way the IRS accomplishes this requirement as far as individual taxpayers are concerned is by sending them a CP14 Notice.These other two code sections state that, no less than 30 days prior to when the IRS intends to levy you unless its a jeopardy assessment which is a topic for another time, you must be given sufficient notice of both the levy itself under 6331(a) and this notice is often accomplished by the IRS using the CP504 Notice as well as your right to a collection due process (CDP) hearing under 6330(a)(1) and this notice of your right to a hearing is often accomplished by the IRS using the LT11 if your account is in the IRS Automated Collection System (ACS), though you may get a CP90 or a Letter 1058 if its from a revenue officer.The tax code says that these notices have to either be delivered in person or to your home or sent by registered or certified mail to your last-known address, and obviously the IRS typically ops for the latter so if you receive certified mail from the IRS, its probably either the CP504 or the LT11. Previous notices like the CP14, the CP501, and the CP503 are not the notices referred to in 6330 and 6331 so those are generally not sent via certified mail.So can the IRS take money out of your bank account without notice? No, the IRS cannot take money out of your bank account without notice. Giving you proper notice is a legal requirement that the IRS must comply with before they take money out of your bank account.And, with some rare exceptions such as jeopardy assessments, this all goes for all tax levies. If the IRS doesnt give proper notice before levying, then under Internal Revenue Code 6343, they have to give what they took back because the levy was not in accordance with the [proper] administrative procedures under 6343(d)(2)(A).So theres a lot to say about these notices and CDP hearings and the rules surrounding levies and jeopardy assessments, so I dont want to get sidetracked there, but suffice it to say the IRS usually jumps through these hoops appropriately before actually levying your income or your assets, but sometimes they dont.But lets get back to bank levies and talking about how those work.How Does the IRS Take Money Out of Your Bank Account?So if youve received that Final Notice of Intent to Levy, the LT11, and within 30 days of that notice you do not either pay off the balance on the notice, reach some kind of resolution with the IRS, or request a CDP hearing, the IRS then has the legal right to levy you, and that includes levying your bank account. Now, there is kind of an exception here in that if you miss the 30-day CDP hearing deadline you can request whats called an equivalent hearing and while during the pendency of an equivalent hearing the IRS does have the right to levy you but they often dont. But assuming you havent done all this because most people dont in our experience at least on their own, once 30 days have passed, youre looking at IRS levies.Form 668-A(c)(DO)So what does that look like when it comes to a bank levy? That looks like the IRS sending your bank a Form 668-A(c)(DO), sometimes just referred to as a 668-A. And on this form it has your information at the top, including your Social Security number next to where it says identifying number. And then in the table on the form it will list out your balance by year and next to Total Amount Due it will indicate the total amount the IRS has assessed against you and is seeking to levy you for.And in the bottom half of this form the IRS gives instructions to your bank as to what to do. It says:This levy requires you to turn over to us this persons property and rights to property (such as money, credits, and bank deposits) that you have or which you are already obligated to pay this person. However, dont send us more than the Total Amount Due.'So the IRS is basically telling your bank that they have to give you whatever is in your bank account up to the total amount due indicated on the notice. Now, something that may not be obvious here is that the only amount that is actually being levied is the available amount in the taxpayers bank account when the levy hits the bank. If you deposit money the next day, that money is not subject to levy, and it does not get frozen. Now, if your case has a revenue officer assigned and hes really peeved at you, he could theoretically issue a levy against you every day, they generally dont, and if your case is in ACS you probably dont need to worry about that.Seven days after sending the Form 668-A to your bank, it will send you Form 8519 to make sure that you are aware of the levy.The 21-Day RuleSo back to the 668-A, then in big bold letters it talks about the 21-day hold that I mentioned earlier where it says:Money in banks, credit unions, savings and loans, and similar institutions must be held for 21 calendar days from the day you receive this levy before you send us the money.And this is important. Because its not like the bank gets the levy and immediately sends your money over to the IRS. 21 days have to pass first, and then on the next business day, the bank has to send the levied funds to the IRS. This 21-day window is crucial for you to get your levy released before your money goes to the IRS for good. So what does this look like? What should you do if you get hit with a bank levy?What to Do If the IRS Freezes Money in Your Bank AccountIf youve been hit with a bank levy, and youre still in that 21-day period, here is what you should do.Step 1: Figure out how much was actually levied.If when the levy hit your bank, you only had $7.50 in your account, you dont really have to freak out.You should deal with your tax issue as quickly as possible because the IRS could certainly levy you again, but if theres no continuous levy going on right now, the IRS is going to get that $7.50 after those 21 days, but theres not this sense of urgency in fixing this issue within the 21 days because if you dont reach a resolution with the IRS within the 21 days, all the levy would grab is just $7.50.Step 2: Get your banks fax number.Assuming that theres a material amount in your bank account on the date the bank was hit with the levy, you want to move quickly with getting the levy released.And before you actually interface with the IRS, I would recommend that you get the fax number of your bank if its a big bank, figure out what the appropriate department is in your bank that handles IRS levies and ideally a specific person at your bank who can be your point of contact here and get their phone number and their fax number.And the fax number is important because once you get the levy released by the IRS assuming you get it released I want you to be able to give the IRS the fax number of this individual so that instead of mailing the release, they can fax it directly to them.Step 3: Determine your plan of action.Now, figure out how youre going to get the levy released. Read on for how to do that.6 Ways to Get an IRS Bank Levy ReleasedHere are the six ways you can get an IRS bank levy released within the 21-day hold period:Pay off your balance.Request a little more time to pay off your balance. The IRS doesnt always grant informal requests like this, but if you come up with some kind of game plan for how you are going to pay off your balance in the near future, the IRS may buy it and release the levy.Set up an installment agreement and make sure the terms of the agreement dont permit a levy.Prove that the levy is creating an economic hardship for you. This doesnt just mean that the levy is inconvenient it means that the levy is preventing you from meeting your basic, non-luxury living expenses. This is commonly done by getting into CNC status, but you can also take a more informal approach based on a conversation with the IRS employee who issued the levy. If you are really about to lose your shirt due to the levy, and the IRS employee who issued the levy is being unreasonable, speak with that individuals manager. If the manager is being unreasonable, reach to the Taxpayer Advocate Service for help.Submit an offer in compromise. An offer in compromise is an agreement with the IRS to settle your tax debt for less than you owe. Although 21 days is a very short time period to prepare and submit an offer in compromise, this could work if your offer actually has a good chance of being accepted based on the offer in compromise formula and is not a frivolous attempt to delay collections activities.Prove that the levy was not administered according to proper procedures. This can be tough since usually the IRS does follow proper procedures before levying a taxpayers bank account.Realistically, with most of our clients, we either set up an installment agreement or plead hardship within the 21-day period to get the levy released.Then, after that bleeding has stopped or, rather, we prevented the bleeding with the metaphor here referring to the bank levy we consider a longer-term solution to the clients issue.Maybe its looking at the liability the IRS claims that they owe and digging into whether they really owe that much money.Or maybe its submitting an offer in compromise because like I said, that would be tough to do within a 21-day span. Logan Allec has been serving taxpayers as a CPA for over 14 years. After leaving his role at a "Big 4" firm, he started Choice Tax Relief to help everyday Americans who have found themselves behind on their taxes. He also educates thousands of people daily about tax relief on his YouTube channel. In addition to his CPA license, Logan also has a Master's Degree in Taxation from the University of Southern California (USC). He lives with his wife and children in the Los Angeles area. Learn more about Logan here. Key Takeaways Bank Levy - The IRS can seize the money in your bank account if you don't pay your taxes. 30-Day Warning -The IRS must give you a 30-day warning before levying your bank account. 21-Day Freeze - When the IRS notifies your bank, the bank will freeze the funds in your account for 21 days. Seizure of Your Funds- If you don't pay in full or prove an error, the bank sends the funds to the IRS at the end of the 21 days. Release for Hardship - The IRS will release the bank levy if you're experiencing immediate financial hardship. Return of Seized Funds - Once the funds are gone, they are nearly impossible to get back. Avoid a Bank Levy - Take steps to avoid a bank levy as soon as the IRS sends you the Final Notice of Intent to Levy What Is an IRS Bank Levy? A bank levy is when the IRS seizes the funds in your bank account to cover your unpaid tax bill. If you refuse to pay your tax bill and ignore the IRS's demands for payment, the agency may send your bank a levy notice. At that point, the bank will freeze all of the funds in your account up to the amount of your tax owed. Then, if you don't take action to remove the freeze, the bank will send the funds to the IRS in 21 days. IRS Bank Account Levy Timeline- WhenWill the IRS Seize the Funds in Your Bank Account? If you don't pay your tax bill, the IRS will not levy your bank account right away. The exact timeline varies, but generally, you won't experience a bank levy until your tax bill is at least six months late if not longer. When you have unpaid taxes, the IRS sends multiple notices.Typically, each letter gets a harsher tone, and eventually, you receive a Final Notice of Intent to Levy. This notice states that the IRS intends to levy your bank account, wages, or any other property, but it also tells you that you have the right to request a hearing within 30 days. If you request a hearing, you will avoid the levy, and you will get a chance to talk with the IRS about payment plans, settlements, or other arrangements. If you do not request a hearing or make suitable arrangements to take care of your tax debt, the IRS will move forward with levying your bank account or other assets. By law, the following conditions must be in place before the IRS can take your assets: The IRS assessed a tax liability and sent a notice to demand payment. The taxpayer ignored or declined to pay the tax due. The IRS sent a Final Notice of Intent to Levy With Your Right to a Hearing 30 days prior to the levy. The IRS sends these notices to your last known addressor gives them to you in person at home or work. Bank Levy Without 30-Day Notice In rare cases, the IRS can levy your bank account without providing a 30-day notice of your right to a hearing: The IRS feels the collection of tax is in jeopardy You were served a Disqualified Employment Tax Levy The IRS can also seize your state or federal tax refund without giving you 30 days' notice. However, with nearly any other asset including your wages and property, the agency must give you a 30-day notice and inform you about your right to a hearing. Bank Account Levy Process - What to Expect If you do not request a hearing or appeal the levy during the 30-day window, theIRS will send a Notice of Levy on Wages, Salary, and Other Income, generallyForm 668A(C)DO to your bank. Your bank must comply and freeze the funds up to the amount of your tax debt. At this point, you have an additional 21 days to resolve the situation, otherwise, the bank will remit the funds to the IRS on the 22nd day. Unless you convince the IRS to releasethe bank levyduring that time, the bank will send the funds in your account directly to the IRS.Banks always comply with levy demands because if they don't, the IRS can hold them personally liable for the taxes. How a Bank Freeze Works Your account does not get frozen during a bank levy. Rather, the funds in your account get frozen. This is a very important distinction because it means that you can continue to use your bank account during and after the freeze. However, you will not be able to access the frozen funds. To give you an example, imagine that you owe $20,000 to the IRS and you have $21,000 in your account. The freeze will only affect the funds in your account up to the amount of your tax debt plus interest and penalties. Thus, in this case, you would still be able to use the remaining $1,000 in your account. Now, say that your tax bill is more than the balance in your account and your bank places a freeze on all of the funds in your account. You will not be able to use that money, but you will be able to deposit other money and withdraw it. If you deposit new money in your account after the freeze is in place, the IRS cannot seize those funds unless it issues a new levy. If you have outstanding checks or automatic payments when the freeze goes into effect, you shouldmake a deposit to cover those impending withdrawals. Otherwise, your bank may return the payments and assess fees on you. Funds Exempt From Bank Levy The IRS can seize a lot of assets to recover unpaid taxes, but there are exceptions, some of which may apply to the funds in your bank account. In particular, the IRS cannot legally seize the following: Unemployment benefits Certain annuity and pension payments Workman's compensation Certain service-connected disability payments Certain public assistance payments Assistance under Job Training Partnership Act Judgments for support of minor children The IRS also cannot take funds that legally belong to another person. With bank accounts, this may happen if the taxpayer is listed as a joint accountholder on an account where they do not really own the funds - for example, an account owned by the taxpayer's disabled adult childthat is funded by the child's disability payments but the taxpayer is on the account to help their child. If the IRS has seized funds that should be exempt, contact the IRS immediately to remove the freeze, or reach out to a tax professional for help. Fees for Bank Levies By law, your bank can charge you a fee for processing the levy. The fee varies from bank to bank, but $100 is the industry standard. If your bank charges a fee and the IRS removes the levy because it was done in error, you can request a refund of the fee from the IRS by filing Form 8546 (Claim for Reimbursement of Bank Charges). You may also be able to get a refund for any overdraft or insufficient funds fees that you incurred due to an erroneous levy. However, you will not be able to get a refund of any fees related to a legitimate bank levy. How to Get the IRS to Release a Bank Levy Once the levy is in place and your funds are frozen, you can ask for a levy release. The IRS will release the levy if you pay in full, establish immediate financial hardship, or prove that the levy was issued in error. If the IRS refuses to release the levy, you can appeal even if the agency has already taken the funds from your account. Immediate financial hardship means that you cannot afford essentials, and you may need to show documentation such as an eviction notice or a utility shut-off warning. There are several different reasons you may be able to get a levy released due to an error, such as the following: You paid in full before the IRS issued the levy. The collection period expired before the IRS issued the levy. The IRS seized more than you owe. You may also be able to get the levy released if you set up an installment agreement that has terms that dictate the levy be released or if you prove that releasing the levy will help you pay your taxes in full. Does the IRS Need to Leave Money for Necessities? No, if the IRS levies the funds in your bank account, the agency doesn't have to leave you any money. However, if the freeze on your bank account leads to a situation where you cannot cover your essential living expenses, you can petition the IRS to release the levy based on financial hardship. Additionally, if you apply for currently not collectible status or another type of IRS relief program, the agency will look at your situation and ensure that they are not taking any money you need for essentials. To determine the amount you need, the IRS uses a set of financial standards. There are national standards that outline how much you should spend on groceries, clothing, car loan/lease payments, and out-of-pocket medical expenses. Then, there are local standards (set on the country level) that show how much the IRS thinks you should spend on housing and utilities. How to Avoid a Bank Levy Except in cases where the levy was issued in error or you're enduring significant financial hardship, it can be very challenging if not impossible to remove a bank levy. However, it's not that hard to avoid a bank levy. As soon as you know that you have a tax bill, reach out to the IRS to make arrangements. If you've been putting off the bill and ignoring notices, you should take action as soon as you receive the Final Notice of Intent to Levy. As long as you act by the deadline on the notice, you still have the ability to request an installment agreement, an offer in compromise, or whatever option works bestfor your situation. Help With an IRS Bank Levy & How TaxCure Works A qualified tax professional can help you successfully negotiate a payment plan, apply for a settlement, or get hardship relief. At TaxCure, we have a network of top tax professionals from around the country who can help with bank levies, and we have a unique algorithm that can find the best professionals based upon specific problems and solutions. Our goal is to increasetransparency in the tax resolution industry, help taxpayers who are looking for a tax professionals avoid scams, and make it much easier to find the best pro that meets your specific issues. You canfind a licensed tax professional that specifically has experience in resolving IRS bank levies here. You can message them after looking at their expertise, years of experience, background, reviews, and more. To learn more, check out this page of FAQs on bank levies or this guide to hiring tax professionals. Generally, the IRS cant issue a tax levy until it sends out several written noticesgenerally four. It can take up to six months or even longer from the due date of your payment, until the IRS can legally levy on your bank account. The last of the IRS notices is known as a Collection Due Process Notice. The notice will state that you have the right to request a hearing. Most of the time, this notice is sent on IRS Form Letter L-1058 or IRS Form Letter L11. The IRS is required to send this notice by certified mail to your last known address. If you respond in writing to the notice within 30 days of the mailing date on the L-1058 or L11 letter, then the IRS will not be legally able to serve a levy on your bank account until you have had a hearing before an IRS Settlement Officer.At the Collection Due Process or CDP hearing with the Settlement Officer, you will be able to request an installment payment agreement, an offer in compromise (OIC) or any other collection alternative. You can also raise an innocent spouse defense or request an abatement of interest. If you have not had a previous opportunity to dispute the amount of the liability, you can do that in the CDP hearing.If you cannot come to an agreement with the Settlement Officer at the CDP hearing, then he or she will issue a Notice of Determination. The CDP Notice of Determination gives the taxpayer an opportunity to file a Petition with the United States Tax Court. The Petition must be filed within 30 days of the mailing of the Notice of Determination. We recommend that the Petition be sent to Tax Court by certified mail, return receipt requested. Important. The Petition must be mailed to the Tax Court NOT the IRS Settlement Officer who heard your case.Once the Petition is received by the Tax Court, the case will be assigned to an attorney for the IRS. The Tax Court will calendar your case for a hearing, but if you have asked for a collection alternative, such as an installment payment agreement or an Offer in Compromise, the Tax Court cannot substitute its judgment for the judgment of the IRS Settlement Officer. Instead if it determines that the IRS has abused its discretion it will remand the case back to the IRS for further proceedings. While the entire process can be very time consuming, it can ultimately result in a much better outcome than if a taxpayer simply accepts the determination made by an IRS Revenue Officer or the IRS Automated Collection Service (ACS). While a case is pending before the Tax Court, the IRS is, generally, prohibited from levying, although there are some exceptions to this rule. First, to avoid levies:dont ignore IRS notices. They contain important information on how to prevent levy actions, and who to contact if you have questions. Call the number on the notice as soon as possible to avoid enforced collection. Also,keep your address up to date with the IRSso you receive all notices and other correspondence from the agency.If you believe you dont owe the tax to the IRSYou need to respond to the notice and tell the IRS why you think you dont owe the debt. Be prepared to provide information to support your position. Findany IRS examination reportsor IRSnoticesyou have that explained the tax so you can to discuss it.You can ask the IRS to delay enforcement of the levy to give you time to gather information to dispute the tax. You can also ask the IRS to help you understand why it assessed the tax.If you want to pay your tax debt in a different wayIf youd like to propose an alternative method for paying your tax debt, you may need to provide financial information about your income, expenses, value of assets, etc. to enter into aninstallment agreementor possibly qualify for anoffer in compromise.Getting a levy releasedThe IRS must release a levy if it determines that:You paid the amount you owe.The period for collection ended before it issued the levy.It will help you pay your taxes.You enter into an Installment Agreement and the terms of the agreement allow the levy to be released.The value of the property is more than the amount owed and releasing the levy wont hinder the IRSs abilityto collect the amount.The levy creates an economic hardship on you, meaning youre unable to meet basic, reasonable living expenses. If a levy is causing a hardship, contact the IRS at the number on the levy ornotice immediately.Note:The IRS hasCollection Financial Standardsthat help determine your ability to pay your taxes. Often, youll need to prepare a financial statement to establish economic hardship.If youre in bankruptcy, the IRS may not be able to levy your assets. Contact the IRS and provide information about your bankruptcy chapter, the filing date, the court where you filed, and the case number.Be prepared to propose analternative way to pay your taxesif youre asking the IRS to release a levy.If youre experiencing financial hardship and you havent been able to resolve the issue with the IRS, or if youve tried repeatedly to contact the IRS but no one has responded (or the IRS hasnt responded by the date promised),or you believe an IRS system or procedure isnt working as it should,contact the Taxpayer Advocate Service.Getting levy proceeds returnedIf the IRS issues a levy in violation of the law (for instance, if it issues the levy prior to providing you with Collection Due Process rights), the IRS will return the proceeds. If the levy wasnt in violation of the law, levy proceeds can be returned at the discretion of the Service if:The levy was premature or not in accordance with administrative procedures.You now have an installment agreement for the tax liability included on the levy, unless the agreement providesotherwise.Returning the payment will assist in other collection.With your or the National Taxpayer Advocates(NTA) consent, returning the payment is in your (as determined by the NTA) and the governments best interest.You must request return oflevy proceeds timely depending on when the levy started. Since levies on wages and Social Security benefits are ongoing, it is important to timelyask the IRS to return the proceeds.Paper wage levyYou have two years from the date your employer received the wage levy to request return payments from that wage levy. If, however, the wage levy was served on your employer on or before March 22, 2017, then you must have requested the return of the levy amount before December 23, 2017.Note: If you paid bank charges because of a mistake the IRS made when it levied your account, you may be entitled to a reimbursement. Use Form 8546, Claim for Reimbursement of Bank Charges.Federal Payment Levy Program (FPLP)The IRS may return FPLP proceeds that were collected up to two years prior to the date of your request.Appealing the levyGenerally, the first time before it levies property to collect a tax debt, the IRS will send you a Notice of Your Right to a Collection Due Process (CDP) Hearing. Youll have until the date shown on the notice to request a CDP hearing with the IRS Office of Appeals. See Publication 1660, Collection Appeal Rights, for a full explanation of the CDP process.At the CDP hearing, you can raise many issues, which includeproposing another way to pay your debt, and in some cases, to contest the debt itself. After your hearing, the Office of Appeals will issue a determination. If you disagree with the determination, you have 30 days after its made to seek a review in the U.S. Tax Court.If your request for a CDP hearing isnt timely, you can request an Equivalent Hearing within one year from the date of the CDP notice, but you cant go to court if you disagree with Appeals decision.If the IRS has already issued a CDP notice for that particular tax debt, then you can still request a hearing with the IRS Office of Appeals either before or after the IRS levies your property.You will need to request a conference through the Collection Appeals Program (CAP), but unlike a CDP hearing, you may not seek review of Appeals determination in the U.S. Tax Court.See IRS Publication 1660, Collection Appeal Rights, for a full explanation of the CAP.You can also informally ask an IRS manager to review your case you can ask the employee listed on your notice. IRS employees are required to give you their managers name and phone number.If you want professional representationIf you need a tax professional to represent you, you can hire an attorney, certified public accountant (CPA), or enrolled agent (EA). If you need a tax professional but cant afford one, you may be able to get help from aLow Income Tax Clinic(LITC).Some special situationsIf thetax being leviedis the result of an auditwhere you didnt know you were audited (never got a notice), you didnt participate, or you disagree with the findings, you may be able toask foraudit reconsideration.If the tax being levied stems from the filing of a joint return and you believe your current or former spouse should be solely responsible for an incorrect item or an underpayment of tax on the return, you may be eligible for relief as anInnocent Spouse. Federal tax debts dont go away. On the contrary, they grow bigger and bigger if you neglect them. The IRS will do everything in its power to collect the taxes you owe, including levying your bank account if you dont enter an installment agreement or explore other options to get tax debt relief. How often can the IRS levy your bank account? There are no restrictions regarding the number of levies the IRS can place on a single bank account, so theoretically, the agency can issue one levy after another until it collects the entire outstanding debt. However, this rarely happens due to the complexity of the process because the IRS must meet specific requirements for the levy to be valid. If youre concerned that the IRS may place more than one levy on your bank account, heres everything you need to know. Taxpayers who fail to file tax returns or pay their tax liabilities receive tax bills that usually include civil penalties from the IRS. Whether or not the IRS opts to levy a bank account depends on the balance due, the debts expiration date, and the taxpayers will to work with the IRS on repaying the debt. The moment you receive a tax bill marks the beginning of the collection process, during which youll have opportunities to settle the debt, appeal the due balance or enter into an installment agreement. Youll get Notice CP504 Final Notice of Intent to Levy and Notice of Your Right to a Hearing from the IRS if all other efforts to pay off the debt fail. According to the IRS, a levy is a legal seizure of your property to satisfy a tax debt. In other words, a levy means that the IRS intends to take funds from your bank account or other assets and use them to settle an outstanding debt. Besides seizing funds in your checking or savings account, the IRS might garnish your social security or wages. A bank levy allows the IRS to take funds in your saving or checking accounts up to the amount you owe. The agency wont initially go after all taxpayers bank accounts. Still, suppose the funds seized from one account dont satisfy the tax liability. In that case, the IRS might contact all banks where a taxpayer has accounts. However, the IRS must first send Notice CP501 Notice and Demand for Payment, followed by a Notice of Intent to Levy and the Final Notice of Intent to Levy that establish a basis for a levy. A taxpayer has thirty days to respond to the final notice and appeal the levy. The IRS will initiate an internal procedure after the one-month grace period expires if a taxpayer ignores these notices and levy their bank account two to three weeks after the deadline. The bank levy process starts when the IRS sends a notice to a bank and requests a seizure of funds held in a specific account. Besides savings or checking accounts, the IRS might levy merchant accounts, accounts receivable, or any other assets in the taxpayers possession without issuing multiple levies. The bank will freeze the taxpayers account after receiving Form 668-A(C)DO Notice of Levy on Wages, Salary, and Other Income from the IRS and hold the fundsfor three weeks. All funds from the account are transferred to the IRS after three weeks if the taxpayer ignores the levy. You wont be able to access the funds you had in a bank account after the levy is issued. The bank will freeze the funds for three weeks to give the IRS time to determine the ownership of the account. The money will be transferred to the IRS if no ownership issues are detected during this time and you dont attempt to stop the seizure of your assets. Nonetheless, you can still deposit new funds to that account and use them without restriction. The IRS must issue another levy to seize the funds you deposit after the original levy becomes effective. The IRS can continue to issue levies and seize your assets until they collect the amount you owe. In most cases, the IRS will only issue one levy that gives them the power to take funds from multiple bank accounts. The complexity of the procedural steps the IRS needs to take to issue a bank levy is the reason the agency rarely uses multiple levies to collect tax debts from a taxpayer. The IRS could issue a second levy in the following scenario. A levy is placed on a bank account, but the seized funds arent sufficient to cover the entire debt. A taxpayer deposits a significant amount that would satisfy the balance due to that account after the levy went into effect. Under these circumstances, the IRS might issue another bank levy to collect the additional funds to clear the existing federal tax debt. The IRS can continue to levy a bank account until the debt is paid in full or until a taxpayer has nothing left the IRS can collect. The agency might decide to garnish the taxpayers wages or use some other collection method instead of levying a bank account multiple times. The IRS uses bank account levies as the last resort after all other attempts to collect an outstanding debt fail. Taxpayers can contact the IRS and negotiate an installment plan or offer-in-compromise even after their bank accounts were levied. The worth of assets the IRS can seize cannot exceed a taxpayers outstanding debt, so if your account were levied, the bank would only transfer the amount required to cover the tax liability. Its also worth noting that the agency doesnt have to provide a 30-day to a taxpayer under these conditions: Disqualified Employment Tax Levy was issued previously. The ten-year debt collection period expires soon. The IRS considers a taxpayer a flight risk. Collection of a state refund. Banks must transfer the funds to the IRS on the 22nd day after the levy goes into effect. You can continue using the bank account normally as soon as the transaction is completed. If the IRS wants to levy the same bank account again, they must go through the process from the beginning. The following options are available to you after the IRS levies your bank account: You can stop the levy before your money goes to the IRS by requesting a payment extension that lets you pay off the debt within 120 days. You can negotiate a payment plan or apply for the currently non-collectible status. The IRS will lift a levy from a bank account if you reach out to them while your account is still frozen and explain that it will cause financial hardship. Once the bank takes the funds from your account and gives them to the IRS, you can apply for reimbursement only if the seized amount exceeds the balance due. Bank fees charged due to an erroneous levy are reimbursable. You should file Form 8546 if the bank charged you a fee for processing a levy even though you paid the tax debt and met all reimbursement requirements. How to Get My Funds Back After the IRS Seizes Them? Youll have 21 days to stop the IRS from seizing your funds, so youre unlikely to get your money back if you dont reach out to the IRS within this time. Can the IRS Levy My Bank Account Without Prior Notice? If the debt expires soon or you receive a state tax refund, the IRS can levy your bank account without notice. In all other cases, the levy is considered invalid if it was issued without prior notice. What to Do If the IRS Levies a Bank Account Im Managing? If youre a signatory on a bank account and not its holder, the IRS can levy it to collect a debt. The account holder or their legal representative can call the number on Form 668-A(C)DO and provide evidence that the funds in the account dont belong to you to stop the levy. Can The IRS Levy My Bank Account Every Month? A bank levy is a one-time seizure of funds in a bank account. If the first levy isnt sufficient to erase the tax debt, the IRS can levy a bank monthly until it collects the full amount. Filing tax returns and paying taxes on time is all you need to do to avoid tax debts. Neglecting your tax obligations and allowing your tax debt to run amok is the worst thing you can do if you find yourself in a situation where you cannot afford to fulfill your tax obligations. It would help if you didnt wait for the IRS to levy your bank account. Once the levy is in effect, youll have limited time to respond and prevent the IRS from seizing your funds. Your bank will hold the levied fundsfreezing the levied amountfor 21 days before remitting the monies to the IRS. The 21-day period is an opportunity to have the funds released.If the 21-day period has passed, you can still make a case that the funds were not legally levied. To do so, you should retain an experienced IRS tax professional to determine if the IRS levied properly. You received this notice because we haven't received payment of your unpaid balance. This notice is your Notice of Intent to Levy (Internal Revenue Code section 6331 (d)). If you don't pay the amount due immediately, the IRS can levy your income and bank accounts, as well as seize your property or your right to property including your state income tax refund to pay the amount you owe. What you need to do Read your notice carefully. It explains how much you owe and your payment options. Pay the amount you owe immediately. Make a payment plan if you can't pay the full amount you owe. Contact us if you disagree by calling the toll-free number shown on your notice. You may want to Frequently asked questions What is the notice telling me? This notice is your Notice of Intent to Levy as required by Internal Revenue Code section 6331 (d). It is your final reminder telling you that we intend to levy your wages, bank accounts, or your state tax refund because you still have an unpaid balance on one of your tax accounts. It is also telling you that we will begin searching for other assets on which to issue a levy. To avoid this, you must pay the amount you owe immediately. We can also file a Notice of Federal Tax Lien if we haven't already done so. A lien is a public notice to your creditors that the IRS has a right to your interests in your current assets and any assets you acquire after we file the lien; it can affect your ability to get credit. This notice also explains the denial or revocation of a United States passport. The Fixing Americas Surface Transportation (FAST) Act legislation, which generally prohibits the State Department from issuing or renewing a passport to a taxpayer with seriously delinquent tax debt. Additional information on passport certification is available at IRS.gov/passports. What do I have to do? Pay the amount shown on your notice immediately. You can pay your balance online or mail us your payment in the envelope we sent you. Please include the bottom part of the notice to make sure we correctly credit your account. If you can't pay the full amount, pay what you can now and contact us immediately at the toll-free number shown on your notice to see if you qualify for a payment plan (including installment agreements) to pay the remaining balance on your account over time. You can also apply for a payment plan online by using the Online payment agreement tool which is the fastest way to get an installment agreement approved. What happens if I don't pay or contact the IRS? If you don't pay the amount due immediately or make payment arrangements, we can file a Notice of Federal Tax Lien publicly establishing our priority with your creditors. If the tax lien is in place, you may find it difficult to sell or borrow against your property. The tax lien would affect your ability to get credit which may harm your credit rating. In addition, we can seize ("levy") any state tax refund to which you're entitled. If you still have an outstanding balance after we seize ("levy") your state tax refund, we may send you a notice giving you a right to a hearing before the IRSIndependent Office of Appeals, if you haven't already received such a notice. We can then seize ("levy") or take possession of your other property or your rights to property. Property includes: Wages, real estate commissions, and other income Bank accounts Business assets Personal assets (including your car and home) Social Security benefits Who should I contact? If you have any questions about the notice, call us at the toll-free number shown on your notice as soon as possible to speak to a customer service representative. What if I don't agree or have already taken corrective action? If you don't agree, contact us immediately to discuss your matter with a customer service representative. Well do our best to help you. If you have already paid this liability or arranged to pay it with an Installment Agreement, you should still call us at the toll-free number shown on your notice to make sure your account reflects this. By Gregory Segal, Wiztax Co-FounderAs a tax attorney, one of the most urgent calls I get is from individuals or small business owners who just received IRS Form 8519often after waking up to find their bank account frozen or their paycheck unexpectedly reduced. It is a jarring experience. Form 8519, officially titled Taxpayers Copy of Notice of Levy, is the IRSs way of notifying you that your bank account or wages are being seized to satisfy a tax debt.At Wiztax, we help taxpayers respond quickly and strategically to IRS forced collection actions. In this article, Ill explain what Form 8519 means, how its connected to IRS levy forms 668-A and 668-W, and what urgent steps you can take to stop or reduce a bank or wage levy.1. Why Did the IRS Send Me Form 8519?IRS Form 8519 is your copy of a levy notice the IRS sent to a third partytypically your bank (Form 668-A) or employer (Form 668-W). The IRS issues this notice when you have unpaid tax debt and have not responded to earlier collection efforts, including notices like the CP14 and the Final Notice of Intent to Levy (LT11 or Letter 1058).When you receive Form 8519, the levy has already been issued. It means:The IRS believes you owe tax debt.You have not made arrangements to pay or resolve the debt.The IRS has exercised its legal right to seize your property to collect payment.This is not a warningits a notice that the IRS has already taken action.2. What Are IRS Form 668-A and Form 668-W?These are the actual levy orders the IRS sends to banks and employers:Form 668-A (Notice of Levy): Sent to your bank or other income sources. This authorizes a one-time seizure of the funds in your bank account or other income source. The bank is required to freeze those funds for 21 days.Form 668-W (Notice of Levy on Wages, Salary, and Other Income): Sent to your employer. This creates a continuous levy on your paycheck until the IRS tells the employer to stop, the debt is paid, or a resolution is put in place.You receive Form 8519 as your official copy of either one.3. What Can I Do Within the 21-Day Holding Period for a Bank Levy (Form 668-A)?The 21-day window is critical. During this time, the IRS has told your bank to freeze the funds but not to send them yet. This gives you one last opportunity to resolve the debt before your money is transferred.Heres what you can do: 4. What If I Get a Continuous Wage Levy (Form 668-W)?Wage levies are more damaging because they repeat every paycheck and disrupt your income. Your employer is legally required to withhold a portion of your wages and send them to the IRS.What you can do:Calculate your exempt amount using IRS Publication 1494.Contact the IRS to negotiate a release or modification.Set up a payment plan, file an Offer in Compromise, or show economic hardship.File a Collection Appeal Request using Form 9423.5. How Can Wiztax or the IRS Help Me If a Bank or Wage Levy Causes Financial Hardship?If a levy makes it impossible to pay for essentials like housing, food, or utilities, the IRS is required to consider a releasethis is called an economic hardship release.Steps to take:Call the IRS at the number on your Form 8519.Submit financial documentation using Form 433-F or Form 433-A.Request Currently Not Collectible (CNC) status.Wiztax can help prepare your financials and speak to the IRS on your behalf.6. Can I Contest a Levy When I Receive IRS Form 8519?Yes, but timing is key. If you have already received IRS Form 8519, the levy has been issuedbut that does not mean it is too late to act.How to contest or appeal: Need Help Responding to IRS Form 8519?At Wiztax, we specialize in stopping IRS levies and negotiating fast tax relief. If youve received Form 8519 and are unsure of your next step, dont wait. Whether youre dealing with a one-time bank levy or a paycheck being garnished, we can start helping to resolve itoften the same day.Schedule a Free ConsultationCall: 866-568-4593Visit: www.wiztax.com An IRS levy permits the legal seizure of your property to satisfy a tax debt. It can garnish wages, take money in your bank or other financial account, seize and sell your vehicle(s), real estate and other personal property. If you receive an IRS bill titled Final Notice of Intent to Levy and Notice of Your Right to A Hearing, contact us right away. If you receive an IRS notice of levy against your employee, vendor, customer or other third party, it is important that you comply with the levy. The links below will help you understand more about IRS levies and provide answers to many levy questions. What is a levy? Basic information about IRS levies. How do I avoid a levy? Learn the steps to take to avoid an IRS levy. How do I get a levy released? If an IRS levy has been issued to your employer, bank or other party, learn the steps to take to get the levy released. What if a levy is causing a hardship? An IRS levy may be released if it is causing an immediate economic hardship, or, it has been issued in error. What if I get a levy against one of my employees, vendors, customers or other third parties? Employers, financial institutions, and others may receive an IRS levy. This page has information to help you comply with the levy. Information about wage levies Wage levies are continuous and a portion of your wages is exempt from levy. Learn more about wage levies here. Information about bank levies If the IRS levies your bank, funds in the account are held and after 21 days sent to the IRS. Learn more about bank