

WHAT TO DO IMMEDIATELY IF YOU RECEIVE AN IRS COLLECTION NOTICE

A Strategic Guide for High-Income Individuals & Business Owners

Charles Frazier, JD, M.Tax, LLM | Former IRS Revenue Agent | Frazier Law

IRS collection enforcement does not begin without warning. The IRS is legally required to send a sequence of notices before taking action. Each notice carries specific rights and deadlines. The steps below are designed to help you respond strategically — not reactively.

1 Do Not Ignore the Notice

IRS notices follow a staged legal process. Deadlines matter — particularly for Collection Due Process (CDP) rights.

Unanswered notices do not make the matter disappear. They narrow your options.

2 Identify the Notice Type

Look for the notice code in the upper right corner:

- CP14 — Initial Balance Due
- CP501, CP503 — Reminders with increasing urgency
- CP504 — Notice of Intent to Levy (state refunds)
- LT11 / Letter 1058 — Final Notice of Intent to Levy (critical)
- CP90 / CP297 — Additional intent-to-levy notices
- Letter 3172 — Notice of Federal Tax Lien Filing

Different notices carry different rights and deadlines.

3 Calendar All Deadlines Immediately

30-day deadline — CDP hearing request after Final Notice of Intent to Levy

30-day deadline — CDP hearing request after Notice of Federal Tax Lien

Missing these deadlines can permanently reduce your appeal rights.

4 Confirm Filing Compliance

The IRS will not finalize a resolution without current filing compliance.

Verify: all required income tax returns filed, payroll tax filings current, estimated payments up to date.

Unfiled returns become leverage against you in any negotiation.

5 Review the Accuracy of the Assessment

Not all IRS assessments are correct. Verify:

- Reported income matches actual income
- No duplicate assessments
- No Substitute for Return (SFR) errors with inflated figures
- Credits properly applied

Errors can significantly inflate the stated balance.

6 Avoid Panic-Based Decisions

Be cautious of national firms promising to eliminate tax debt without reviewing your financials.

Watch for: high upfront fees before financial analysis, one-size-fits-all solutions, urgency-based pressure tactics.

Resolution strategy must match your actual financial reality — not a template.

7 Protect Business Operations

If you operate a business, evaluate exposure before negotiating:

- Assess vulnerability of operating accounts
- Review payroll funding continuity
- Separate tax reserves from operating cash now
- Consider payroll tax exposure for Trust Fund Recovery Penalty

Operational stability should be part of the resolution strategy.

8 Gather Financial Documentation

A structured financial review improves negotiation leverage. Prepare:

- Bank statements (3–12 months)
- Income documentation
- Expense summaries
- Asset information
- Business financials

Incomplete disclosure undermines resolution options.

9 Consider Professional Review Before Deadlines Expire

A timely professional review can:

- Preserve Collection Due Process appeal rights
- Prevent levy action
- Reduce risk of public lien filing
- Structure sustainable payment arrangements

Early action expands options. Delay narrows them.

10 Implement Preventative Controls After Resolution

The goal is durable resolution — not temporary relief. After resolution:

- Strengthen quarterly estimated tax systems
- Improve payroll tax oversight
- Conduct periodic compliance reviews
- Maintain proactive tax planning integrated with operations

Most collection cases originate from preventable structural gaps, not willful conduct.

Quick Reference: IRS Notice Sequence

Notice	What It Means	Action Required
CP14	Initial balance due assessment	Review accuracy; resolve early
CP501	First reminder; penalties accruing	Respond or establish payment plan
CP503	Second reminder; escalation near	Act before formal collection begins
CP504	Intent to levy state refunds	Treat as serious warning; consult counsel
LT11 / 1058	Final Notice of Intent to Levy	File Form 12153 within 30 days
Letter 3172	Federal Tax Lien filed	Request CDP hearing within 30 days

Ready for a Calm, Informed Review?

If you or your business is receiving IRS balance-due or intent-to-levy notices, an experienced review before escalation occurs can clarify what stage your account is in, what rights remain available, and what realistic resolution options exist.

FRAZIER LAW | Tax Resolution & Tax Planning

Tennessee · Michigan · Texas | cfrazierlaw.com