

# Racial Disparity in Tax Collection



Presented in Tax Chat on Race and Administration by

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# Taxpayers in Collection

- More minority taxpayers in collection due to audit policies
- Automated impersonal audits on low dollar accounts lead to automated impersonal collection on low dollar accounts
- Reduction of walk in sites leaves low dollar accounts with few personal options for resolution



# Taxpayers in Collection

Less than 1% of taxpayers receiving a CDP notice of determination petition the Tax Court even though CDP offers chance for in person contact on collection

Liens and levies often imposed by Automated Collection Sites (ACS) with minimal or no actual contact



# Taxpayers in Collection

- Private debt collection further hounds low dollar taxpayers that IRS might have otherwise left alone
- Unrepresented taxpayers lack knowledge to move away from private debt collectors
- Private debt collectors fail to provide safeguards IRS personnel might provide



# Taxpayers in Collection

- Affordable living expense data is not necessarily pegged to household structures of many low income taxpayers
- Difficult to move IRS away from its living expense schedules
- Low income taxpayers move through collection process without representation



# Taxpayers in Collection

- Offer acceptance rate remains relatively low even with special provision for low income taxpayers
- Offer examiners often set time periods which challenge low income taxpayers and work on schedules that do not mesh with taxpayer's availability



# Taxpayers in Collection

- Financial disability provisions only apply to refund claims and not to collection periods that need extension for special circumstances
- Boechler and Organic Cannabis open up equitable tolling in certain circumstances but broader approach is needed



# Taxpayers in Collection

- While Tax Court has many provisions that assist unrepresented taxpayers, it still has a rigid approach to many situations
- Tax Court's speed disadvantages taxpayers causing many to drop out because of lost engagement





# Taxpayers in Collection

- Forms continue to challenge low income taxpayers
- CDP form and other make payment central rather than focus on available remedies
- Financial forms have improved but need further improvement



# Taxpayers in Collection

- Exam and Chief Counsel should take collection potential into consideration when deciding to pursue or settle cases
- Revenue Officers do this in TFRP cases and DOJ does it in settlements



# Access to Court

Questions?

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