



How to Get the Levy on Your Bank Account Released

You've landed in Levy Lake, and Irsis (the Monster of Levy Lake) is inhaling your bank account. Form 668c, the Bank Levy, is effective for all funds in your account on the day the bank receives the levy. **IT DOES NOT AFFECT FUNDS YOU PUT IN THE ACCOUNT AFTER THE BANK RECEIVES IT.** Therefore, if you wish (and you have the money), you can put more money in the account to cover any checks that are outstanding.

The law requires the bank to hold the money for 21 days (counting all days, including weekends) after they receive the levy. This gives you time to try to get the levy released. There are three basic approaches you can use. Those are Bankruptcy, "compliance", and Form 911. As soon as you file either a Chapter 7 liquidation or a Chapter 13 reorganization, the Service will release your levy and any garnishment on wages. They cannot attempt any more collection as long as you are in the bankruptcy process.

Other than Bankruptcy, "compliance" is the most sure method of obtaining a release. Compliance consists of being sure that all returns are filed, providing the IRS with current, complete information about your finances and establishing a payment plan if necessary. Before you call, collect the information to complete Form 433A and calculate the amount of "disposable income" they think you have. If you complete Form 433A (and Form 433B if you run a business) before you call them, you will know when you call whether they will expect a payment plan, and how much it will be.

When you call, they will ask you for your address, phone numbers at home and work, employer name, and where you bank. Unless you hire someone else to talk to them for you, you must be prepared to answer those questions.

The most common problem with getting a levy released is unfiled tax returns. It is very common for taxpayers to believe they have filed all returns, and the IRS claims they have not. The garnishment will not be released as long as they think you have not filed. To be sure that all returns are filed, you may call 1-800 TAX 1040 (800 829 1040) and ask "Have I filed all my returns? If not, which ones do I need?" Then, also ask "Are there any other issues besides payment?" **WRITE DOWN EVERYTHING THEY SAY YOU NEED!** Get it for them. Once you have provided complete information and established uncollectible status or a payment plan, your garnishment should be released!

If it is simply impossible to provide the information, or you think you have done so and they refuse to release the garnishment, try a "911" with the Taxpayer Advocate's Office. If they agree with you that the collection people should not take the money from your account, they can get it released for you. If you are running a business, and the money was for payroll, make a list of the names, social security numbers, dependents of all employees, and the exact amount due to each employee, and you will almost certainly get that amount released.

Beyond payroll, however, you are unlikely to get a release unless you supply full information to the collection department, and losing the money in the account will cause great hardship. Get that information together, and get away from Levy Lake and Irsis!