

# Card Payment Levies: What is a Levy and How to Respond

Presented by  
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**The information contained in this presentation is current as of the date it was presented. It should not be considered official guidance.**

# Objectives

- What a levy is?
- Circumstances when a levy is used.
- What funds are attached by a levy?
- How to respond to the receipt of a Notice of Levy.
- How to contact the IRS regarding a levy.

# What is an IRS Levy?

- An IRS levy is an administrative taking of taxpayer's property.
- An IRS levy attaches to property.
- IRS may levy cash, money, or credits a third party is obligated to pay the person named on the levy.
- The Form 668-A(ICS) is a *Notice of Levy*.

# Form 668-A(ICS), Notice of Levy

Form **668-A(ICS)** Department of the Treasury – Internal Revenue Service  
 (Rev. July, 2002) **Notice of Levy**

DATE: **04/06/2010**  
 REPLY TO: **Internal Revenue Service**  
**ROBERT WILEY**  
**PO BOX 1**  
**600 S. MAESTRI ST.**  
**NEW ORLEANS, LA 70030**

TELEPHONE NUMBER  
 OF IRS OFFICE: **(999)555-3177**

TO: **CARD PAYMENT PROCESSOR**  
**456 YALE BLVD**  
**ANYWHERE, MD 21201**

NAME AND ADDRESS OF TAXPAYER:  
**MORRIS CORPORATION**  
**345 PIONEER LANE**  
**WALKER, LA 70162**

IDENTIFYING NUMBER(S): **23-4567890**  
**MORR 123-45-6789**

THIS IS NOT A BILL FOR TAXES YOU OWE. THIS IS A NOTICE OF LEVY WE ARE USING TO COLLECT MONEY OWED BY THE TAXPAYER NAMED ABOVE.

Kind of Tax	Tax Period Ended	Unpaid Balance of Assessment	Statutory Additions	Total
941	06/30/2006	\$19,831.21	\$256.27	\$20,087.48
941	09/30/2006	\$11,420.44	\$221.03	\$11,641.47
THIS LEVY WON'T ATTACH FUNDS IN IRAs, SELF-EMPLOYED INDIVIDUALS' RETIREMENT PLANS, OR ANY OTHER RETIREMENT PLANS IN YOUR POSSESSION OR CONTROL, UNLESS IT IS SIGNED IN THE BLOCK TO THE RIGHT. =====>			<b>Total Amount Due</b>	<b>\$31,728.95</b>

We figured the interest and late payment penalty to **05/05/2010**

# When does the IRS Issue a Levy?

- The taxpayer has an unpaid federal tax debt and
- The taxpayer neglects or refuses to pay the federal tax debt and
- The IRS believes the taxpayer is due funds from a third-party.

# When does the IRS Issue a Merchant Account Levy?

- The taxpayer is due to receive card payment receipts per a merchant account agreement.
- IRS serves a levy to obtain receipts owed to the merchants/taxpayers.

# Levy Attaches Merchant Account Funds

- The acquirer or processor is obligated to pay the taxpayer for all validated card payment sales.
- The obligation arises at the time of sale.
- The levy requires the acquirer or processor to turn over obligated funds to the IRS.
  - Internal Revenue Code 6331(b)
- The levy also attaches to amounts held in a reserve or chargeback account.
  - Internal Revenue Code 6332(a)

# Timing of Levy on Merchant Account Funds

- Funds obligated to be paid daily are to be paid to the IRS upon receipt of a Notice of levy.
- Funds in reserve or chargeback accounts are to be paid to the IRS upon receipt of a Notice of Levy.
- The levy is not continuous.

# Merchant Account Statement

Statement is below:

Process Date	Transaction Date	Trans Type	Card Type	Account Number	Amount	Acquirer Reference Number	Mechant Number
10/25/2009	10/24/2009 14:34	SALE	VISA	474665XXXXXX5694	112.14	2444500XXXXXX597587636	4445XXXXX567
10/25/2009	10/24/2009 14:35	SALE	VISA	474665XXXXXX5695	113.14	2444500XXXXXX597587637	4445XXXXX568
10/25/2009	10/24/2009 14:36	SALE	VISA	474665XXXXXX5696	114.14	2444500XXXXXX597587638	4445XXXXX569
10/25/2009	10/24/2009 14:37	SALE	VISA	474665XXXXXX5697	115.14	2444500XXXXXX597587639	4445XXXXX570
10/25/2009	10/24/2009 14:38	SALE	VISA	474665XXXXXX5698	116.14	2444500XXXXXX597587640	4445XXXXX571
10/25/2009	10/24/2009 14:39	SALE	VISA	474665XXXXXX5699	117.14	2444500XXXXXX597587641	4445XXXXX572
10/25/2009	10/24/2009 14:40	SALE	VISA	474665XXXXXX5700	118.14	2444500XXXXXX597587642	4445XXXXX573
10/25/2009	10/24/2009 18:41	SALE	VISA	474665XXXXXX5701	119.14	2444500XXXXXX597587644	4445XXXXX575
10/25/2009	10/24/2009 19:42	SALE	VISA	474665XXXXXX5702	120.14	2444500XXXXXX597587645	4445XXXXX576
10/25/2009	10/24/2009 20:43	SALE	VISA	474665XXXXXX5703	121.14	2444500XXXXXX597587646	4445XXXXX577

# What To Do When a Levy is Received

- Note the time and date the levy is received
- Identify all property belonging to the person named on the levy
- Search your records using name, address and identifying number

# Calculating the Levy Payment

- Total the funds obligated to be paid to the merchant
- Do not offset any money the merchant owes the acquirer or processor.
- Do not subtract a levy processing fee from the amount remitted to IRS.

# How to Respond to a Levy With a Payment

- Make the check payable to United States Treasury.
- Write the taxpayer's identifying information on the payment.
- Return the completed back of Form 668-A (ICS), Part 3 with the payment.
- Keep Form 668-A(ICS), Part 1 for your records. Give the taxpayer Form 668-A(ICS), Part 2 within two days of receipt.

# How to Respond to a Levy When No Funds Are Due

- When no funds are due complete the back of Part 3 of the Form 668-A (ICS).

# Contacting the IRS

- Refer to the telephone number and name on the Notice of Levy.

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REPLY TO: <b>Internal Revenue Service ROBERT WILEY PO BOX 1 600 S. MAESTRI ST. NEW ORLEANS, LA 70030</b>	NAME AND ADDRESS OF TAXPAYER: <b>MORRIS CORPORATION 345 PIONEER LANE WALKER, LA 70162</b>
TO: <b>CARD PAYMENT PROCESSOR 456 YALE BLVD ANYWHERE, MD 21201</b>	

**Questions?**

**Toll Free (888) 674-0224**

**or**

**(201) 604-0502**

**(Long distance charges may apply.)**