



Revocation or Denial of Passport in Case of Certain Unpaid Taxes

Alert



The IRS began sending certifications of unpaid tax debt to the State Department in February 2018. The content presented here is for informational purposes only.

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If you have seriously delinquent tax debt, IRC § 7345 authorizes the IRS to certify that debt to the State Department for action. The State Department generally will not issue a passport to you after receiving certification from the IRS.

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Upon receiving certification, the State Department shall deny your passport application and/or may revoke your current passport. If your passport application is denied or your passport revoked and you are overseas, the State Department may issue you a limited validity passport good only for direct return to the United States.

Certification of Individuals With Seriously Delinquent Tax Debt

Seriously delinquent tax debt is an individual's unpaid, legally enforceable federal tax debt totaling more than [\\$51,000](#) (including interest and penalties) for which a:

- Notice of federal tax lien has been filed and all administrative remedies under IRC § 6320 have lapsed or been exhausted or
- Levy has been issued

Seriously delinquent tax debt is limited to liabilities incurred under Title 26 of the United States Code and does not include debts collected by the IRS such as the FBAR Penalty and Child Support.

Some tax debt is not included in determining seriously delinquent tax debt even if it meets the above criteria. It includes tax debt:

- Being paid timely with an IRS-approved installment agreement
- Being paid timely with an offer in compromise accepted by the IRS, or a settlement agreement entered with the Justice Department
- For which a collection due process hearing is timely requested regarding a levy to collect the debt
- For which collection has been suspended because a request for innocent spouse relief under IRC § 6015 has been made

Additionally, a passport won't be at risk under this program for any taxpayer:

- Who is in bankruptcy
- Who is identified by the IRS as a victim of tax-related identity theft
- Whose account the IRS has determined is currently not collectible due to hardship
- Who is located within a federally declared disaster area
- Who has a request pending with the IRS for an installment agreement
- Who has a pending offer in compromise with the IRS
- Who has an IRS accepted adjustment that will satisfy the debt in full

Certification will be postponed while an individual is serving in a designated combat zone or participating in a contingency operation.

Before denying a passport, the State Department will hold your application for 90 days to allow you to:

- Resolve any erroneous certification issues
- Make full payment of the tax debt
- Enter a satisfactory payment arrangement with the IRS

Annual Adjustment for Inflation

The \$51,000 threshold is indexed yearly for inflation

Under **new Code Section 7345(f)**, in the case of a calendar year beginning after 2016, the dollar amount in new Code Section 7345 shall be increased by an amount equal to (1) such dollar amount, multiplied by (2) the cost-of-living adjustment determined under Code Section 1(f)(3) for the calendar year, determined by substituting "calendar year 2015" for "calendar year 1992" in Code Section 1(f)(3) (B). If any amount as adjusted under the preceding sentence is not a multiple of \$1,000, such amount shall be rounded to the nearest multiple of \$1,000.

Taxpayer Notification - Notice CP 508C

The IRS is required to notify you in writing at the time the IRS certifies seriously delinquent tax debt to the State Department. The IRS is also required to notify you in writing at the time it reverses certification. The IRS will send written notice by regular mail to your last known address.

Note: Your Power of attorney (POA) will not receive a copy of your CP508C.

Reversal of Certification - Notice CP 508R

The IRS will reverse a certification when:

- The tax debt is fully satisfied or becomes legally unenforceable.
- The tax debt is no longer seriously delinquent.
- The certification is erroneous.

The IRS will make this reversal within 30 days and provide notification to the State Department as soon as practicable.

A previously certified debt is no longer seriously delinquent when:

- You and the IRS enter into an installment agreement allowing you to pay the debt over time.
- The IRS accepts an offer in compromise to satisfy the debt.
- The Justice Department enters into a settlement agreement to satisfy the debt.
- Collection is suspended because you request innocent spouse relief under IRC § 6015.
- You make a timely request for a collection due process hearing regarding a levy to collect the debt.

The IRS will not reverse certification where a taxpayer requests a collection due process hearing or innocent spouse relief on a debt that is not the basis of the certification. Also, the IRS will not reverse the certification because the taxpayer pays the debt below \$50,000.

Judicial Review of Certification

The State Department is held harmless in these matters and cannot be sued for any erroneous notification or failed decertification under IRC § 7345.

If the IRS certified your debt to the State Department, you can file suit in the U.S. Tax Court or a U.S. District Court to have the court determine whether the certification is erroneous or the IRS failed to reverse the certification when it was required to do so. If the court determines the certification is erroneous or should be reversed, it can order the IRS to notify the State Department that the certification was in error.

IRC § 7345 does not provide the court authority to release a lien or levy or award money damages in a suit to determine whether a certification is erroneous. You are not required to file an administrative claim or otherwise contact the IRS to resolve the erroneous certification issue before filing suit in the U.S. Tax Court or a U.S. District Court.

Payment of Taxes

If you can't pay the full amount you owe, you can make alternative payment arrangements such as an installment agreement or an offer in compromise to have your certification reversed.

If you disagree with the tax amount or the certification was made in error, you should contact the phone number listed on Notice CP 508C: 1-855-519-4965 (International callers: 1-267-941-1004). If you've already paid the tax debt, please send proof of that payment to the address on the Notice CP 508C.

If you recently filed your tax return for the current year and expect a refund, the IRS will apply the refund to the debt and if the refund is sufficient to satisfy your seriously delinquent tax debt, the account is considered fully paid.

Passport Status

If your U.S. passport application is denied or your U.S. passport is revoked, the State Department will notify you in writing.

If you need your U.S. passport to keep your job, once your seriously delinquent tax debt is certified, you must fully pay the balance, or make an alternative payment arrangement to have your certification reversed.

Once you've resolved your tax problem with the IRS, the IRS will reverse the certification within 30 days of resolution of the issue and provide notification to the State Department as soon as practicable.

Travel

If you're leaving in a few days for international travel, need to resolve passport issues and have a pending application for a U.S. passport, you should call the phone number listed on Notice CP 508C - If you already have a U.S. passport, you can use your passport until you're notified by the State Department that it has been revoked.

If your passport is cancelled or revoked, after you're certified, you must resolve the tax debt by paying the debt in full, making alternative payment arrangements or showing that the certification is erroneous.

The IRS will reverse your certification within 30 days of the date the tax debt is resolved and provide notification to the State Department as soon as practicable.

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