

Citizens Abroad Among Thousands Facing Passport Loss Over Tax Debt

by William Hoffman

Hundreds of thousands of U.S. citizens could lose their passports over delinquent tax debt, with those living abroad at particular risk of having their lives upended.

The IRS confirmed to Tax Analysts July 5 that more than 362,000 U.S. citizens who owe at least \$51,000 in overdue taxes may be denied a passport or passport renewal under the policy mandated by the Consolidated Appropriations Act, 2016 (P.L. 114-113). The loss of a passport can be far more challenging for citizens residing abroad than for domestic citizens because it could make them unemployable if their profession requires them to cross any borders, Marylouise Serrato of American Citizens Abroad told Tax Analysts.

For some of these citizens, their passport is their only legal identification, Serrato said. The number of Americans at risk of losing their passports was first reported by *The Wall Street Journal* July 5.

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National Taxpayer Advocate Nina Olson in her 2017 annual report to Congress criticized the IRS's handling of the passport program. She censured the IRS for failing to inform tax debtors of their rights and expressed concern about the agency's failure to consistently provide tax debt notices to taxpayers. The Taxpayer Advocate Service complained that the IRS refused to exclude from the passport program taxpayers pursuing administrative remedies for their debt, or to allow sufficient time for 90-day IRS tax debt certifications to the State Department to be reversed.

Olson's "thinking mirrors a lot of what we're thinking," Serrato said. She agreed that tax debt should be repaid, but argued that troubles the IRS

has delivering mail abroad, combined with the agency's continued refusal of electronic communications and ongoing controversies about the legitimacy of the tax debts imputed, mean more oversight is needed by TAS and Congress.

No one is sure how many U.S. taxpayers abroad will be affected by the passport program in the coming months, said Charles Bruce, legal counsel for American Citizens Abroad. But there could be a significant number of Americans living abroad who have just never dealt with the U.S. tax system, he said. ■