

INTERNAL REVENUE SERVICE

Guidelines for Notices of Federal Tax Liens and Centralized Lien Processing

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Note: This document is current through the publication date. Since changes may have occurred after the publication date that would affect the accuracy of this document, no guarantees are made concerning the technical accuracy after the publication date.

This document is intended to provide information about the centralized IRS lien processes and procedures to ensure that federal tax liens are timely filed, properly recorded and promptly paid.



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IRS LIEN PROCESSING UNIT CONTACT INFORMATION

Please contact the Cincinnati IRS Campus Lien Processing Unit with any questions or concerns.

Use the following information to contact the Lien Processing Unit:

Mailing address: Internal Revenue Service
Lien Processing Unit
Stop 8420G
P.O. Box 145595
Cincinnati, OH 45250-5595

Toll free phone number for taxpayers: 1-800-913-6050

Toll free phone number for recording offices: 1-800-913-4170

The lien processing unit staff is authorized by the IRS to contact recording offices for the purpose of resolving problems concerning the filing of federal tax liens and related documents. As such, they are authorized access to all federal tax information contained in and related to such liens and related documents. Recording offices can disclose information contained in such liens and documents, to the extent necessary to resolve any problems, with and only with those employees.

BACKGROUND OF CENTRALIZED LIEN PROCESSING

In 2005, the IRS consolidated multiple lien operations, on a state-by-state basis throughout the United States into a nationwide centralized Lien Processing Unit at the Cincinnati IRS Campus. The Small Business/Self-Employed (SB/SE) Campus Compliance Services Operations (CCSO) Division is responsible for this work.

The centralization focused on the dual needs for experienced staffing and responsiveness to stakeholder needs. The revamping of this Compliance Support function enables the IRS to achieve greater efficiency and to improve its ability to enforce federal tax laws.

Employees in this department send out the *Notice of Federal Tax Lien* to local recording offices for filing. They also process requests for all federal tax liens and releases. Employees handle telephone inquiries and correspondence from taxpayers, their representatives and local recording offices. They also assist IRS field personnel with lien-related activity.

FEDERAL TAX LIEN PROCESS

Definition of a Federal Tax Lien

The federal tax lien gives the IRS a legal claim to the taxpayer's property for the amount of the tax debt. The lien can be enforced for the amount of the taxpayer's liability.

Filing a *Notice of Federal Tax Lien*

Filing the *Notice of Federal Tax Lien* is necessary to establish priority rights against certain other creditors. Usually the government is not the only creditor to whom the taxpayer owes money. Other creditors may also hold liens or secured rights against a taxpayer's assets in the amount of indebtedness.

By filing the *Notice of Federal Tax Lien*, other creditors are publicly notified that the United States government has a claim against all of the taxpayer's property and any property rights owned or acquired after the lien is filed. This notice is used by courts to establish priority in certain situations, such as bankruptcy proceedings or sales of real estate.

It is critical that local recording offices ensure that federal tax liens are timely filed and properly recorded. Failure to file and properly record the *Notice of Federal Tax Lien* in the local recording offices may jeopardize the United States government's priority right against other creditors. This is extremely important to the interests of the federal government, creditors, and taxpayers in general.

Releasing a Lien

The IRS issues a *Release of the Notice of Federal Tax Lien* within 30 days after the taxpayer satisfies the tax due (including interest and other additions) by paying the debt or by having it adjusted, or within 30 days after the IRS accepts a bond that the taxpayer submits, guaranteeing payment of the debt.

After a lien is filed, the IRS generally cannot issue a *Certificate of Release of Federal Tax Lien* until the taxes, penalties, interest and recording fees are paid in full. The taxpayer must pay all fees that a state or other jurisdiction charges to file and release the lien. These fees will be added to the amount owed.

Self-Releasing Liens

A lien usually releases automatically 10 years after a tax is assessed, if the statutory period for collection has not been extended and the IRS extended the effect of the lien by re-filing it. When a lien is self-released, the *Notice of Federal Tax Lien* itself is the release document.

The lien is considered self released if the:

- date for refiling has passed and
- IRS has not refiled the original *Notice of Federal Tax Lien*.

Taxpayers should check the column titled Last Day for Re-filing on the *Notice of Federal Tax Lien* to determine if the lien is self-released. The IRS recommends that recording offices provide the requestor with a copy of the lien and identify the self-releasing language. This information is contained directly under the name and address on the lien document.

Discharge

If the taxpayer is transferring ownership of property the taxpayer may apply for a *Certificate of Discharge*. Each approved application for a discharge of a tax lien releases the effects of the lien against one piece of property. When certain conditions exist, a third party may also request a *Certificate of Discharge*. See IRS Publication 783: *Instructions on How to Apply for a Certificate of Discharge of Property from the Federal Tax Lien*.

Subordination

Creditors may refuse to extend credit to the taxpayer unless their lien will be satisfied before the federal tax lien. Subordination is the process that can make a federal tax lien secondary to another lien. See IRS Publication 784: *How to Prepare Application for Certificate of Subordination of Federal Tax Lien*.

Certificate of Non Attachment

If a taxpayer thinks a federal tax lien has been filed against them in error the taxpayer can request a *Certificate of Nonattachment*. This typically occurs when the name of the taxpayer is similar or identical to another person. See IRS Publication 1024: *How to Prepare Application for Certificate of Nonattachment of Federal Tax Lien*.

Withdrawal of Notice of Federal Tax Lien

The IRS may withdraw a filed *Notice of Federal Tax Lien* if the:

- Notice was filed too soon or not according to IRS procedures
- Taxpayer entered into an installment agreement to pay the debt on the notice of lien unless the agreement provides otherwise
- Withdrawal will expedite collecting the tax
- Withdrawal would be in the taxpayer's best interest and the best interest of the government

The IRS will provide a copy of the withdrawal, and, if the taxpayer sends a written request, the IRS will send a copy to other institutions that the taxpayer indicates.

Social Security Number (SSN) Redaction for *Notice of Federal Tax Lien*

The increasing problem of identity theft poses significant privacy concerns for public documents that include SSN information. This information has been used for many years on the public *Notice of Federal Tax Lien*.

In 2004, legislation was introduced in the United States House of Representatives that would have mandated elimination of full SSN information from publicly available documents. Although the legislation did not become law, the IRS decided to go forward with a plan to redact SSN information on the publicly recorded notice in a manner that conforms to the proposed federal legislation.

Effective January 2006, the Automated Lien System which generates lien filings was modified to include redacted SSN information in the format XXX-XX-NNNN. Only the last four digits will appear on the *Notice of Federal Tax Lien*. The last four digits may not be changed by the recording offices.

E-Lien System Overview

The electronic lien process enables the Internal Revenue Service and the local recording office to electronically process the *Notice of Federal Tax Lien* and lien release data in a more cost effective and timely manner. The Internal Revenue Service is now expanding the process and will issue E-Lien System updates when available.

Procedures for a Federal Tax Lien Release and Request for Balance Due

The amount on the lien is the assessed amount at the time of filing the federal tax lien document and will remain a matter of public record until it is paid in full. An updated lien payoff or balance due amount may be requested from the Lien Processing Unit.

The IRS will issue a payoff letter to taxpayers, or to third parties such as taxpayer representatives, lenders, and escrow or title companies, requesting a balance due or payoff statement with the current amount that must be paid before the IRS releases the *Notice of Federal Lien*.

Third parties must submit this request in writing using a properly completed *Form 8821, Tax Information Authorization*, signed by the taxpayer. Without a *Form 8821*, the IRS cannot disclose taxpayer information to third parties. The *Form 8821* must be received by the IRS within 60 days after the taxpayer signs and dates it. When it is timely received, a properly completed form 8821 remains valid until it is revoked by the taxpayer.

Payoff requests can be sent by:

- Phone: 1-800-913-6050
- Fax: 1-859-669-3805
- Mail: Internal Revenue Service
Lien Processing Unit
P. O. Box 45595
Stop 8420G,
Cincinnati, OH 45250-5595

Payoff computations may take up to 14 calendar days to process. The successfully completed fax transmission, or mailing certification, serves as the acknowledgement of the request.

All requests are worked in the order in which they are received. The fax confirmation sheet is the proof that the item was received. Please allow 14 days before following up on requests.

Two copies of all payoff letters are mailed to the taxpayer or the taxpayer's authorized representative. Payoff letters cannot be faxed.

One copy of the payoff letter must be returned with the payment to ensure proper application and timely release of the lien. To ensure expedite processing the payment must be sent to the Lockbox address identified on the payoff letter.

Payments should be made payable to the United States Treasury.

INFORMATION FOR RECORDING OFFICES ABOUT THE NOTICE OF FEDERAL TAX LIEN

Lien Processing Unit toll free phone number for recording offices is 1-800-913-4170.

Recording offices should record all federal tax lien documents timely.

Recording offices sometimes return documents unrecorded or set them aside, causing the IRS to lose priority. Lien documents should not be returned to the IRS unrecorded.

Taxpayers may be harmed when recording offices do not record certificates of release, revocations, and withdrawals in a timely manner.

Recording offices should contact the Lien Processing Unit at the phone number above to resolve recording issues. Lien documents should not be returned to the IRS unrecorded.

Form and Content

Internal Revenue Code 6323(f), states in part..."the form and content of the tax lien will be determined by the Secretary or his designee...(s)uch notice shall be valid notwithstanding any other provision of law regarding the form or content of a notice of lien."

Therefore, federal law requires that recording officials must accept lien documents as presented and record them in a timely manner, even if they are not in a locally prescribed format or do not conform to local regulations.

Requiring changes to margins, paper size, blank spaces, label insertions, redactions of social security numbers, etc., made by state or local regulation are contrary to this provision.

Cover Sheet

IRC 6323(f) governs the form and content of federal tax lien documents. Recording officials cannot refuse to record federal tax lien documents because of local requirements for cover sheets if lien document margins do not conform to state regulation, or if additional space is needed for recording data.

State and local regulations cannot override this provision, and recording officials cannot refuse to record documents without cover sheets.

Original or Facsimile Signature

Neither the Internal Revenue Code nor the Treasury Regulations require affixing original or facsimile signatures to federal tax lien documents. State and local law requirements for signatures do not apply.

The IRS under provisions of IRC 6323(f) has the authority to make signatory determinations. Recording offices must ensure lien documents are recorded with or without original signatures.

Taxpayer Name Inconsistency

A recent court ruling affirmed that the lien is valid if it contains the taxpayer's name as it appears in IRS records and a reasonable inspection of the recording index would reveal the existence of the lien. The taxpayer's name as it appears on the *Notice of Federal Tax Lien* need not match the name as it appears in the Secretary of State record.

Second Copy of the *Notice of Federal Tax Lien*

The IRS provides recording officials with two copies of all lien documents. Copies are clearly designated as "Recording Office" and "IRS". One copy, the recording office copy, is for recordation, retention or disposal by the recording office. It is important that only one recording occur per set of documents sent.

Recording offices that do not require a second copy for their records should request that the Lien Processing Unit at 1-800-913-4170 remove the second copy.

Please return the copy designated "IRS" with the appropriate recording data, using the form in Appendix A, *Transmittal Sheet for Required IRS Action*, of this document to the address listed.

Illegible unrecorded documents

Recording offices are asked to use their best efforts to record all federal tax lien documents timely.

Use the *Transmittal Sheet for Required IRS Action*, Appendix A, to return illegible unrecorded documents to the listed IRS address.

Releases with incorrect *Notice of Federal Tax Lien* recording information

Prior to returning unrecorded Releases, recording offices should contact the lien processing unit using Appendix A for missing or incorrect liber/book and page number of the *Notice of Federal Tax Lien*.

The Lien Processing Unit may be able to resolve the issue by phone at 1-800-913-4170 or by fax at 1-859-669-4931.

INVOICE AND PAYMENT PROCEDURES

The Lien Processing Unit requests that local recording offices provide to the IRS the recording office contact name, street address, phone number, e-mail address, and the recording fee schedule. If this information changes, please forward updated information.

Please use Appendix A to provide or update information.

SUBMISSION OF INVOICES

Recording offices should submit monthly billing documents to the Lien Processing Unit. Recording offices may use a standardized recorder invoice, Appendix B in this document, or their own invoice, provided it contains the same information.

Mailing address:

Internal Revenue Service
Lien Processing Unit
Stop 8420G
P.O. Box 145595
Cincinnati, OH 45250-5595

Billing documents should contain an invoice number that the recording office can use to identify the payment. The IRS Finance Office will include this number on the Electronic Funds Transfer (EFT) or paper check remittance.

PROCESSING OF INVOICES

Upon receipt of the recorder invoice, the Lien Processing Unit will review and certify the document for payment on a monthly basis.

The Cincinnati IRS Campus sends the certified recorder invoices to the IRS Finance Center in Beckley, West Virginia who will process the payment through the Department of the Treasury.

When the Treasury Department receives the payment file from the IRS Finance Center, EFT payments can be expected in your financial institution within 2 to 3 business days. Paper check remittances issued by the Treasury Department will take one week or longer to be issued and reach your office.

ELECTRONIC TRANSFER OF FUNDS (EFT)

Payment by EFT is strongly encouraged. EFT payments are processed by the Treasury Department by electronic means to the recording office's financial institution.

ACH Vendor/Miscellaneous Payment Enrollment Form can be accessed on-line from the Beckley Finance Center using the Web site address <http://fms.treas.gov/pdf/3881.pdf>
Please ensure completed enrollment forms are faxed to (304) 256-6033.

Completed enrollment forms can also be mailed to:

Internal Revenue Service
Beckley Finance Center
P. O. Box 9002
Beckley, WV 25802

Send questions concerning the EFT process to the IRS Beckley Finance Center via e-mail at: BFC.Customer.Service@irs.gov. or call (304) 256-6000 for additional help.

Recording Office fee schedule changes

Contact the Cincinnati IRS Campus Lien Processing Unit with issues relating to problems or changes to recording fees.

Recording offices should forward federal tax lien recording fee changes 30 days prior to implementation. This helps the IRS to pay the proper fees in a timely manner.

Recording offices should notify the lien processing unit of fee changes prior to implementation.

Lien processing unit toll free phone number for recording offices is 1-800-913-4170.

If the IRS sends Notices of Federal Tax Lien for recording and inadvertently remits insufficient recording fees, please do not return the Notices of Federal Tax Lien without recording. Notify the IRS and upon invoice, IRS will remit the proper fees in a timely manner.

Appendix A

Recording Office Notification to the IRS

Purpose of the Transmittal Sheet

Recording offices should record all federal tax lien documents when received.

Contact the IRS immediately, using this transmittal, to resolve issues preventing the timely recording of federal tax lien documents. 1-800-913-4170

Recording offices can also use this transmittal to notify the IRS of any changes to the contact information or changes to recording fees on file.

Recording Office Information

Recording Office	
Contact Person	
Address	
City/State/Zip	
Phone Number	
Fax Number	
E-Mail Address	

Information can be submitted via fax or mail. Please use the information below.

- 1. Fax requests to: **(859)669-4931**, or
- 2. Mail requests to:
Internal Revenue Service
Cincinnati IRS Campus
Attn: Recorder Information Coordinator
P.O. Box 145595
Cincinnati, OH 45250-5595

Please check the appropriate box:

- Updated contact information (use section above).
- Recording fee changes (attach updated fee schedule).
- Remit additional recording fees in the amount of \$_____.
(Attach copy of Billing Support Voucher to ensure prompt payment.)
- Illegible document(s) returned to the IRS unrecorded.
- Unrecorded Lien release returned to the IRS for missing or incorrect liber/book and page number. Correction of liber/book and page number, if available: _____
- Other _____

Appendix B

Substitute Recorder Invoice

Purpose of the Substitute Recorder Invoice

Recording offices can use this form to request payment for recording federal tax lien documents.

Recording Office Information

Recording Office	
Contact Person	
Address	
City/State/Zip	
Phone Number	
Fax Number	
E-Mail Address	

Information can be submitted via fax or mail. Please use the information below.

3. Fax requests to: (859)669-4931, or

4. Mail requests to:

Internal Revenue Service
Cincinnati IRS Campus
Attn: Stop 8420-G Billing Team
P.O. Box 145595
Cincinnati, OH 45250-5595

IRS Billing Support Voucher (BSV)

For every federal tax lien document recorded, a copy of the BSV should be attached to the invoice to ensure prompt payment.

Invoice Number _____

Filed between _____ and _____

<u>Type of Document</u>	<u>Number of Documents</u>	<u>Cost Per Document</u>	<u>Total Amount</u>
Liens			
Releases			
Withdrawals			
Revocations			
Grand Total			

ADDITIONAL RESOURCES

Forms and publications are available on the IRS Web site at www.irs.gov, or by calling 800-TAX-FORM (800-829-3676).

File a Notice of Federal Tax Lien

www.irs.gov/businesses/small/article/0,,id=108339,00.html

Release of the Notice of Federal Tax Lien – Gulf Coast Hurricanes

www.irs.gov/businesses/small/article/0,,id=150441,00.html

Publication 594: The IRS Collection Process

www.irs.gov/pub/irs-pdf/p594.pdf

Publication 783: Instructions on How to Apply for a Certificate of Discharge of Property from the Federal Tax Lien

www.irs.gov/pub/irs-pdf/p783.pdf

Publication 784: How to Prepare Application for Certificate of Subordination of Federal Tax Lien

www.irs.gov/pub/irs-pdf/p784.pdf

Publication 1450: Request for Release of Federal Tax Lien

www.irs.gov/pub/irs-pdf/p1450.pdf

Publication 1024: How to Prepare Application for Certificate of Nonattachment of Federal Tax Lien

www.irs.gov/pub/irs-pdf/p1024.pdf

Publication 1075: Tax Information Security Guidelines for Federal, State, and Local Agencies

www.irs.gov/pub/irs-pdf/p1075.pdf

Publication 4235: Technical Services Group Addresses www.irs.gov/pub/irs-pdf/p4235.pdf

Form 8821: Tax Information Authorization

www.irs.gov/pub/irs-pdf/f8821.pdf

Form 12474-A: Revocation of Certificate of Release of Federal Tax Lien

www.irs.gov/pub/irs-pdf/f12474a.pdf

Internal Revenue Code 6323(f)

www.law.cornell.edu/uscode/search/display.html?terms=lien&url=/uscode/html/uscode26/usc_sec_26_00006323----000-.html

Contact the IRS Beckley Finance Center for enrollment forms at (304) 256-6000 or e-mail at BFC.Customer.Service@irs.gov. Please ensure completed enrollment forms are faxed to (304) 256-6033.