

Can the IRS actually empty your bank account?

Yes. Unfortunately, I've seen it happen.

And one of the biggest problems isn't always the taxpayer's own bank account. It can be an account they **didn't even realize could be affected**.

Will the IRS warn you first?

Yes—but “warning” is a little complicated.

Before the IRS levies a bank account, there is generally a series of IRS notices giving the taxpayer an opportunity to resolve the tax debt. If the IRS ultimately issues a bank levy, the bank freezes the funds in the account.

The bank generally holds the money for **21 days** before sending it to the IRS.

And there's another important point: the IRS can levy **multiple bank accounts at the same time**, potentially collecting up to the amount of the tax debt from EACH account.

If more money is frozen than is actually owed, it is considered an overpayment and will eventually be refunded.

But here is where I've seen things get really ugly.

Joint accounts and accounts where you are only an authorized signer.

I've seen taxpayers added to their parents' bank accounts years ago as a precaution. They completely forgot they were on the account.

Years later, they receive IRS notices, assume they don't have any significant bank accounts, and ignore the notices.

Then the IRS issues a levy.

The parent's account gets frozen.

I've also seen situations involving people who were authorized signers on accounts belonging to a **church, children's sports team, or other organizations**.

The IRS may not ultimately be entitled to take that money simply because your Social Security number is associated with the account. But the bank may freeze the account while ownership of the funds is sorted out. Let's face it.

By then, the damage has already been done.

Bills don't get paid. Payroll can be affected. Other people can suddenly find themselves asking why their bank account has been frozen.

And explaining to a bank, church, parent, or sports organization that **the IRS froze their account because your name was attached to it** can be an extremely embarrassing situation.

The lesson?

If you owe the IRS, don't assume a bank levy can't happen because:

- You don't have much money in your own account.
- You don't think you have any bank accounts.
- You're only an authorized signer.
- The account belongs to your parents.
- The account is joint.
- The money in the account isn't really yours.

Know what accounts your name and Social Security number are connected to—and don't ignore IRS notices.

An IRS bank levy is much easier to deal with **before the money is frozen** than after the bank has already placed the hold.

You still have time to work out a plan with the IRS if you act now.

If you're dealing with IRS tax debt, a bank levy, or IRS collection notices, get professional help before the situation reaches that point.

Elizabeth Wright, EA
Tax Resolution & Tax Advisory