

TAXES

Five Scary Things the IRS Can Do If You Owe Back Taxes

Traveling in 2025? The IRS can take your passport (and house) if you don't pay your tax bill.



The IRS can issue you a warning if you owe back taxes, but what's next? Fees, fines, and penalties? The short answer: Maybe. But the longer one may surprise you.

After the [IRS](#) has mailed you letters, issued [tax liens](#), and tried other remedies to settle your bill, the tax agency may have more options to get you to pay.

Read on for what the IRS can and cannot do to get you to pay your outstanding taxes.

1) The IRS can take away your passport

Can the IRS really revoke your passport and get you stuck overseas? Well, no. The tax agency [tells](#) the [U.S. Department of State](#) (DOS) to revoke your passport. If you're traveling, the DOS may issue a special passport to allow you to come home so you can pay your tax bill.

However, certain circumstances are required. For instance, the taxes owed must be:

- Unpaid federal tax debts (including penalties and interest), AND
- Worth more than \$64,000 (adjusted annually for inflation).

Also, the IRS must have tried all other remedies to collect your debt, including issuing a levy (more on levies below).

Suppose you've fallen under hardship, like a federally declared disaster, or been a victim of tax-related identity theft — would your passport still be revoked due to unpaid taxes? Generally, no, but you may have to prove those situations happened to keep your travel plans intact.

2) The IRS can take part of your paycheck

The IRS can also ask your employer to withhold your wages if you owe an outstanding tax debt. The portion withheld depends on the standard deduction for the year and how many dependents you are allowed.

Remitted funds are sent to the IRS to pay off your tax debt, and the [wage levy](#) does not stop until:

- The levy is released.
- You paid all your overdue taxes.
- You make another plan with the IRS to pay back your tax owed.

3) IRS: Bank account levy

The IRS can remove funds from your bank account for owed balances. The tax agency will send out [Letter 1058](#), Final Notice of Intent to Levy, before levying your bank account.

During an IRS [bank levy](#):

- Funds in the account are frozen, meaning they are inaccessible to you.
- Your bank may charge you a \$100 processing fee.

Any funds you deposit after the levy date are normally not frozen. However, you should contact the IRS for more information about your levy.

4) The IRS can take your house, car, boat, and other property

Though rare, the IRS can also take property to satisfy your tax obligations, including:

- Your home.
- Cars, trucks, boats, and other vehicles.
- Some types of land.

After the property is [seized](#), the IRS auctions off the goods to pay your tax debt. If your obligation isn't satisfied after the auction, you'll still owe the difference between the sale price and your unpaid bill.

You could [redeem](#) your property before the sale by working with the IRS. But if you want your real estate back after the purchase, you may need to:

- Pay the winning bidder the purchase price plus interest at 20% per year, compounded daily.
- File an appeal (which you can do before the seizure as well).

5) IRS interest rates and penalties for underpayment

The IRS can also charge you fees, fines, and penalties if you are behind on tax (on top of some combination of the above).

The [penalty for late filing](#) your return is 5% of your tax due for each full or partial month you are late, plus any interest compounded daily.

For this tax filing season, the late payment interest rate is:

- 8% for tax year 2024.
- 7% for the first quarter of 2025.

The penalty balance will continue to rise until you reach 25% of your taxes owed.

How to pay taxes owed and IRS scams

Don't wait to get started filing this tax season. You can reach the IRS for help via the [IRS Interactive Tax Assistant](#) or by calling the agency directly at 1-800-829-1040 with any tax questions.

You can also use your [IRS Online Account](#) to securely view your personal tax information and follow up on notices or balances due. If you think you'll need to request a [payment plan option](#), you may be able to do so online or by contacting the IRS. Also, don't be afraid to ask a tax professional for additional assistance.

Finally, be on the alert for tax scams. The IRS will never:

- Threaten you with the police, immigration officers, or other law enforcement.
- Revoke your driver's license, business license, or immigration status.
- Call and demand immediate payment via gift card, prepaid debit card, or wire transfer.

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Kate is a CPA with experience in audit and technology. As a Tax Writer at Kiplinger, Kate believes that tax and finance news should meet people where they are today, across cultural, educational, and disciplinary backgrounds.

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