



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
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MEMORANDUM FOR PENNSYLVANIA DISTRICT COUNSEL

FROM: Alan C. Levine
Chief, Branch 1 (General Litigation) CC:EL:GL:Br1

SUBJECT: Definition of "Personal Belongings" Under RRA § 1203(b)(1)

This responds to your memorandum requesting advice on the above-cited subject. This document is not to be cited as precedent.

ISSUE:

How are "personal belongings" defined for purposes of section 1203(b)(1) of the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98)? Does this definition include cars, bank accounts, retirement accounts and household goods?

CONCLUSION:

The term "personal belongings" may be commonly understood to include tangible personal property, such as cars and household goods. It does not include intangible property, such as bank accounts and retirement accounts.

FACTS:

This issue arose in connection with a document entitled "IRS Restructuring and Reform Act of 1998 (RRA '98) Conduct Provisions; Employee's Guide September 1998" (Document 10848). On page 30 of this document, question 10 provides as follows:

10. How are "personal belongings" defined under 1203(b)(1)? Does this include cars, bank accounts, retirement accounts, and household goods?
 - A. Generally, yes. Seizure of any taxpayer assets would fall under one of the three categories (a taxpayer's home, personal belongings, or business assets) identified in 1203(b)(1).

LAW AND ANALYSIS:

The question refers to an interpretation of RRA § 1203, Termination of Employment for Misconduct. Section 1203 generally provides for potential termination of an Internal Revenue Service (“Service”) employee upon a final determination that such employee committed one of ten enumerated acts or omissions. Specifically, section 1203(b)(1) lists as one of these acts or omissions the “willful failure to obtain the required approval signatures on documents authorizing the seizure of a taxpayer’s home, personal belongings, or business assets.” “Personal belongings” is not defined within this provision, or in the legislative history.

Without further guidance on the specific intent of Congress in drafting this provision, we conclude that the term “personal belongings” must be defined in a manner consistent with its common meaning and usage. We think “personal belongings” are generally understood to include tangible items of personal property rather than intangible property rights such as bank accounts, accounts receivable, and retirement accounts.

This definition is also consistent with the concept of a “seizure”. As discussed, section 1203(b)(1) refers to “seizures” of certain assets. The Service makes distinctions between property which is “seized” and property which is reached by levy. Generally, only tangible property may be seized and subsequently sold, pursuant to I.R.C. § 6335. Thus, this provision could be read not to apply to intangible assets because intangible assets cannot be “seized.”

Under the broad construction of section 1203(b)(1) described in the response to question 10 above, a Service employee could be terminated for the unauthorized seizure of “any taxpayer assets.” Under general principles of statutory construction, a statute should be construed to give meaning to each word. Under this proposed construction, however, there would be no reason to make specific reference to a taxpayer’s home, personal belongings, and business assets. Rather, section 1203(b)(1) should just refer to seizures of all taxpayer assets or property.

Accordingly, in response to question 10 above, we would respond that the term “personal belongings” includes tangible personal property, such as household goods and cars, but does not include intangible personal property, such as bank accounts or retirement accounts. The response to question 10 will be revised accordingly. While Service employees would not be subject to termination for unauthorized seizures of property outside of the scope of section 1203(b)(1), Service employees should, of course, comply with all authorization requirements for seizures and other collection actions to avoid the possibility of any disciplinary action or any challenges to the applicability of section 1203(b)(1).

If you have any further questions please call 202-622-3610.