

FOCUS: BUSINESS, TAX,  
ACCOUNTING

Karen Tenenbaum LL.M. (Tax), CPA and Jacob Schuster

In conjunction with the Department of Motor Vehicles (the “DMV”), the New York State Department of Taxation and Finance (the “DTF”) has established a program to aid in the collection of outstanding tax liabilities owed to New York State (the “State”).<sup>1</sup> This program authorizes the DMV to suspend the driver’s license of any taxpayer who has a tax liability, including interest and penalties, of at least \$10,000 and does not have any collection resolution in place.<sup>2</sup>

Since its inception, the DTF has had incredible success and is responsible for the collection of an enormous amount of money owed to the State. It is important to note that a taxpayer whose driver’s license has been suspended as a result of this program will remain subject to all other enforcement and

## New York State Suspended Your Driver’s License: What This Means and What You Can Do

collection actions from the State. But what does it mean to have a suspended license?

Once a taxpayer’s license is suspended, he/she is not allowed to operate his/her vehicle. If a taxpayer with a suspended license is caught driving, he/she will likely receive a citation, a fine, possibly have his vehicle impounded, and may even face potential jail time. The taxpayer may, however, be able to receive a restricted license for limited (necessary) driving.<sup>3</sup>

Once the DTF identifies a taxpayer as having a past-due tax debt of \$10,000 or more, it will put that taxpayer on notice of the possible license suspension.<sup>4</sup> Correspondence is sent to the taxpayer detailing the tax debt, including information as to how the taxpayer can resolve the tax debt or request further information.<sup>5</sup> This mailing will also include a consolidated statement of the tax liabilities owed by the taxpayer to the State.

Once this notice is received, the clock starts ticking and the taxpayer has 60 days to respond. If the taxpayer fails to timely respond to this letter, the DTF will notify the DMV that it is authorized to process the suspension of the taxpayer’s license within 15 days. The

taxpayer’s response must include one of the following to avoid the suspension of his license:

1. Payment in full of the past-due tax debt
2. A request to enter into a payment arrangement, such as an Installment Payment Agreement (IPA)<sup>6</sup> or
3. Proof of one of the following exceptions to the program:
  - the individual in receipt of the notice is not the taxpayer with the past-due tax liability
  - the past-due tax liability has been satisfied
  - that the taxpayer’s wages are being garnished by the DTF for payment of the past-due tax liabilities
  - that the taxpayer’s wages are being garnished for the payment of child support or child/spousal support
  - that the taxpayer’s license is a commercial driver’s license (CDL)<sup>7</sup>
  - that the taxpayer is in the process of seeking Innocent Spouse Relief<sup>8</sup>
  - the taxpayer has filed a petition to stay the past-due tax liabilities under the US Bankruptcy Code<sup>9</sup>
  - the taxpayer is receiving a form of public assistance<sup>10</sup>
  - the taxpayer is receiving Supplemental Security Income (SSI) or
  - the taxpayer would realize undue economic hardship as a result of the suspension of his driver’s license.<sup>11</sup>

The taxpayer has no appeal rights with the DMV regarding the suspension, and the suspension will remain in effect until the taxpayer either pays the past-due tax liability in full or enters into a payment arrangement with the State. If the taxpayer does not currently hold a valid driver’s license, the suspension will still apply and prevent the taxpayer from obtaining a New York State driver’s license.

The suspension of a taxpayer’s license may impact the taxpayer beyond his ability to drive within New York State, as provided by the Driver License Compact (the “DLC”).<sup>12</sup> The DLC is an agreement among most states which facilitates the exchange of information between states regarding license

suspensions and other traffic violations.

In short, if your driver’s license is suspended in New York for an outstanding tax-debt, that suspension will apply in most other states as well. The only states that are not members of the DLC are Georgia, Maine, Michigan, Tennessee, and Wisconsin.

If a taxpayer receives notice that his license is subject to suspension, or if his license has already been suspended, he should immediately consult experienced tax attorneys for guidance and assistance in lifting the suspension of his license and resolving his outstanding tax liability efficiently and effectively.

1. <https://on.ny.gov/3HFalvt>

2. *Id.*

3. Necessary driving may include transport to and from work, shopping for necessities, doctor visits, etc.

4. <https://on.ny.gov/3HFalvt>

5. *Id.*

6. If the taxpayer requests an Installment Payment Agreement and it is granted, the taxpayer must remain compliant with the terms of that agreement. If the taxpayer defaults on this agreement more than once within a one year period, the license suspension may take effect immediately.

7. As defined in Vehicle and Traffic Law § 501-a.

8. Tax Law § 654.

9. Title 11 of the United States Code.

10. Public assistance includes programs that have been identified by the Office of Temporary & Disability Assistance. These programs provide monetary and other in-kind assistance to individuals and families in need of such. The taxpayer must provide proof of their receipt of such assistance.

11. This exception requires the taxpayer to file forms DTF-5 and DTF-5.1 to show that the suspension would lead to the taxpayer’s inability to pay basic, reasonable living expenses.

12. Vehicle and Traffic Chapter 71, Title 5, Art. 20 § 516.



Karen Tenenbaum, LL.M. (Tax), CPA is Founder and Managing Partner of Tenenbaum Law, P.C. ([www.litaxattorney.com](http://www.litaxattorney.com)), a tax law firm in Melville, N.Y., which focuses its practice on the resolution of IRS and New York State tax controversies. Karen can be reached at [ktenenbaum@litaxattorney.com](mailto:ktenenbaum@litaxattorney.com) and at (631) 465-5000.



Jacob Schuster is a Law Clerk at Tenenbaum Law, P.C., concentrating in the resolution of federal and New York State tax controversies, including offers in compromise, installment agreements, liens, levies, and warrants. Jacob can be reached at [jschuster@litaxattorney.com](mailto:jschuster@litaxattorney.com) and at (631) 465-5000.

### FREE CONFIDENTIAL\* HELP IS AVAILABLE

The NCBA Lawyer Assistance Program offers professional and peer support to lawyers, judges, law students, and their immediate family members who are struggling with:

**Alcohol • Drugs • Gambling • Mental Health Problems**

**YOU ARE NOT ALONE**



**(888) 408-6222**  
**LAP@NASSAUBAR.ORG**

The NCBA Lawyer Assistance Program is directed by Beth Eckhardt, PhD, and the Lawyer Assistance Committee is chaired by Jacqueline A. Cara, Esq. This program is supported by grants from the WE CARE Fund, a part of the Nassau Bar Foundation, the charitable arm of the Nassau County Bar Association, and NYS Office of Court Administration.

\*Strict confidentiality protected by § 499 of the Judiciary Law.



Nassau County Bar Association  
Lawyer Assistance Program



[ncba\\_lawyersassistance](https://www.instagram.com/ncba_lawyersassistance)

**NASSAUBAR-LAP.ORG**

Subscribe today @

**libn.com**

LONG ISLAND  
**BUSINESSNEWS**

