



# Michigan State Enforcement: What It Means and What Happens Next

## Introduction

State enforcement occurs when the Michigan Department of Treasury takes formal action to collect unpaid taxes after initial collection attempts have been unsuccessful. This typically happens for unpaid income tax, sales tax, use tax, or other state tax liabilities under Michigan law. Enforcement actions can include wage garnishment, bank levies affecting your bank accounts, property liens, or license suspension. Understanding what state enforcement means and knowing what steps typically follow helps reduce stress and keeps you informed about your options during the debt collection process.

## What This Issue Means

State enforcement is a formal collection action taken by Michigan when unpaid tax debt remains unresolved. The state has moved beyond standard billing notices and is now using legal collection tools authorized under Michigan law to recover the money owed. This represents a significant stage in the debt collection process, in which the state is actively pursuing collection through authorized statutory methods. It does not mean you have been criminally charged, as it is an administrative collection procedure.

## Why the State Issued This or Requires This

Michigan uses enforcement actions to collect unpaid tax debts that remain outstanding after standard collection efforts. The state typically moves to enforcement when previous notices have been issued, payment deadlines have passed, and the taxpayer has not responded or made payment arrangements. According to Michigan Department of Treasury procedures, enforcement is an authorized debt collection tool designed to recover tax debt and ensure compliance. The specific trigger for enforcement varies by case.

## What Happens If This Is Ignored

Continuing to ignore state enforcement typically results in escalation of collection activity by the collection agency or state bureau. The state may pursue additional collection methods, such as property liens, license suspensions, or the interception of tax refunds. Wage garnishment or bank levies may be expanded or increased, directly affecting your bank accounts and wages. Additional penalties and interest continue to accrue on the unpaid balance under the statute of limitations for collection.



## What This Does Not Mean

State enforcement does not mean you have been criminally prosecuted, as it is an administrative collection action and not a criminal proceeding under Michigan law. Enforcement also does not automatically imply your property will be seized or sold, as actual seizure follows specific legal procedures. State enforcement does not mean all debt resolution options have been exhausted, and the state may still work with you on payment plans or settlement arrangements. You have not lost all rights or options simply because enforcement action has started.

## Understanding Your Rights Under Michigan Law

Michigan law provides specific protections and procedures that govern state tax collection enforcement actions. The Michigan Collection Practices Act establishes standards for how debt collection agencies and state collection bureaus may pursue unpaid debts, similar to protections that apply to credit card debt and personal loans. Understanding these protections helps you identify which collection actions are authorized and your rights during the enforcement process. The statute of limitations for tax collection in Michigan is six years for enforcement actions and seven years for tax liens.

## Checklist: What to Do After Receiving a State Enforcement Notice

Follow these steps to address state enforcement effectively and explore your available debt resolution options.

### Step 1: Locate and Read the Enforcement Notice Completely

Find the official notice from the Michigan Department of Treasury and read the entire notice, including all dates, amounts, and required actions. Note the specific enforcement type, such as wage garnishment, bank levy, lien, or license suspension.

### Step 2: Verify the Debt Is Accurate

Review the tax years and amounts listed on the notice and check your own records for filed returns and payments made during those years. Confirm the balance claimed by the state matches what you believe is owed.

### Step 3: Contact the Michigan Department of Treasury

Call the Collection Services Bureau at 517-636-5265 and explain that you have received an enforcement notice and want to discuss your account. Do not ignore the notice or assume it will resolve on its own.



## **Step 4: Ask About Payment Options and Arrangement Possibilities**

Inquire whether a payment plan is available even after enforcement has begun, and ask about installment agreement options if you cannot pay the full amount immediately—request information about settlement or offer-in-compromise programs.

## **Step 5: Obtain a Written Account Statement from the State**

Request a formal written statement showing the current balance, penalties, and interest, with an itemized breakdown of what years and what types of taxes are owed. Ask for dates and amounts of any payments previously received.

## **Step 6: Gather All Personal Financial Documents**

Collect recent pay stubs if wage garnishment is in effect or being considered, and locate recent bank statements if a bank levy is a possibility. Gather documentation of income from all sources for the past 12 months.

## **Step 7: Protect Your Bank Accounts and Financial Resources**

Monitor your bank accounts regularly for any levy activity and notify your financial institution that you are working to resolve a state tax enforcement matter. Maintain minimum balances to cover essential expenses such as housing and utilities.

## **Step 8: Review Impact on Credit Reports and Credit Score**

Understand that state tax liens may appear on credit reports and can negatively affect your credit score, similar to how credit card debt and personal loans impact your credit. Request copies of your credit reports to verify accuracy.

## **Step 9: Document Hardship Circumstances If Applicable**

Gather medical records or bills if medical debt or illness is involved, and collect documentation of job loss, reduced income, unemployment, or Social Security income if applicable. Organize all hardship documentation, clearly noting dates.

## **Step 10: Prepare a Response to the Enforcement Notice**

Check the notice for specific instructions about how to respond and determine the deadline for any required response. Draft a written response if needed, including account information, current address, and phone number.

## **Step 11: Submit Your Response According to Instructions**



Follow the mailing address or submission method specified in the enforcement notice and send materials by certified mail with a return receipt if mailing is required. Keep a copy of everything you submit.

## Step 12: Document All Communication with the State

Keep a record of every phone call, including date, time, representative name, and what was discussed with the collection agency or state bureau. Save copies of all notices and letters received from the Michigan Department of Treasury.

## How State Tax Enforcement Differs from Other Debt Collection

State tax enforcement differs from typical debt-collection practices for credit cards, personal loans, auto loans, or student loans in several important ways. The Michigan Department of Treasury has broader legal authority than private collection agencies and can use administrative levies without first obtaining a court judgment under Michigan law. Unlike credit card debt or personal loans, state tax debt cannot be discharged in Chapter 7 bankruptcy in most circumstances. However, Chapter 13 bankruptcy may allow you to include tax debt in a Chapter 13 debt consolidation plan under specific conditions.

## Common Mistakes to Avoid

- **Ignoring the enforcement notice:** Failing to respond or contact the state typically results in continued or escalated enforcement action, as the notice contains important information and specific requirements that need attention.
- **Missing deadlines specified in the notice:** If the notice includes a response deadline, missing it can prevent you from being heard or may trigger additional penalties, so mark deadlines clearly and track them carefully.
- **Providing incomplete or inaccurate information:** If the state requests specific information, giving incomplete answers or incorrect details can delay debt resolution or create additional problems, so take time to provide accurate and complete responses.
- **Not keeping copies of what you submit:** Without copies, you cannot prove what you sent or verify whether the state received it, so always keep duplicates of submitted documents for your records.
- **Sending original documents instead of copies:** Original documents can be lost in the mail or within state processing, so always send copies and keep originals in your possession for protection and reference.
- **Confusing the statute of limitations:** Misunderstanding the six-year collection period or the seven-year lien period under Michigan law can lead to poor decisions about debt resolution strategies and missed opportunities to address the debt effectively.



- **Failing to protect bank accounts from levies:** Not monitoring bank accounts or failing to separate protected income, such as Social Security, can result in unexpected account freezes that create additional financial hardship during the debt collection process.

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## Received a State Tax Notice?

If you've received a state tax notice and aren't sure how to respond, we can help you review your options and next steps.

### We offer:

- State tax notice review and response
- Penalty and interest reduction options
- Payroll and trust fund tax assistance
- Payment plan and relief eligibility review
- Representation with state tax agencies

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