

**TITLE 26 - INTERNAL REVENUE CODE****Subtitle F - Procedure and Administration****CHAPTER 64 - COLLECTION****Subchapter D - Seizure of Property for Collection of Taxes****PART II - LEVY****§ 6342. Application of proceeds of levy****(a) Collection of liability**

Any money realized by proceedings under this subchapter (whether by seizure, by surrender under section 6332 (except pursuant to subsection (c)(2)<sup>1</sup> thereof), or by sale of seized property) or by sale of property redeemed by the United States (if the interest of the United States in such property was a lien arising under the provisions of this title) shall be applied as follows:

**(1) Expense of levy and sale**

First, against the expenses of the proceedings;

**(2) Specific tax liability on seized property**

If the property seized and sold is subject to a tax imposed by any internal revenue law which has not been paid, the amount remaining after applying paragraph (1) shall then be applied against such tax liability (and, if such tax was not previously assessed, it shall then be assessed);

**(3) Liability of delinquent taxpayer**

The amount, if any, remaining after applying paragraphs (1) and (2) shall then be applied against the liability in respect of which the levy was made or the sale was conducted.

**(b) Surplus proceeds**

Any surplus proceeds remaining after the application of subsection (a) shall, upon application and satisfactory proof in support thereof, be credited or refunded by the Secretary to the person or persons legally entitled thereto.

**Footnotes**

<sup>1</sup> See References in Text note below.

(Aug. 16, 1954, ch. 736, 68A Stat. 789; Pub. L. 89-719, title I, § 104(h), Nov. 2, 1966, 80 Stat. 1137; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

**References in Text**

Section 6332 (c), referred to in subsec. (a), was redesignated section 6332 (d) by Pub. L. 100-647, title VI, § 6236(e)(1), Nov. 10, 1988, 102 Stat. 3739.

The internal revenue law, referred to in subsec. (a)(2), is classified generally to this title.

**Amendments**

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary” wherever appearing.

1966—Subsec. (a). Pub. L. 89-719 inserted in introductory provisions, references to an exception in the case of surrender under section 6332 (c)(2) and to sale of property redeemed by the United States if the interest of the United States in such property was a lien arising under the provisions of this title, struck out “under this subchapter” after “proceedings” in par. (1), and inserted “or the sale was conducted” after “levy was made” in par. (3).

**Effective Date of 1966 Amendment**

Amendment by Pub. L. 89-719 applicable after Nov. 2, 1966, regardless of when title or lien of United States arose or when lien or interest of another person was acquired, with certain exceptions, see section 114 (a)-(c) of Pub. L. 89-719, set out as a note under section 6323 of this title.