

## 21 Ways to Get Help for Your IRS Tax Problem and Get Your IRS Debt Resolved, Reduced, or Forgiven

Are you behind on filing your federal income tax return or paying your federal IRS taxes in the last year or more? If so, you're not alone. More than 22 million taxpayers in the U.S. have either failed to file a tax return or are behind in paying their IRS taxes due, and that was before the pandemic hit.

If things have been tight financially, it can be easy to ignore the task of filing and paying your federal taxes to the IRS. You might think that you can get caught up "next year" when things get better. Only, unfortunately, they don't get better. You skip tax filing again. And maybe again.

Initially, you might think you've gotten away with not paying the IRS. But in a year or two, they will catch up with you. While you procrastinate, the penalties and interest will build up to a dollar amount that is way more than what you would have owed if you had filed and paid on time.

Letters from the IRS will come eventually. If you let it go too long, they can take away your assets. By then, the penalties and interest will be so high that it will feel like an impossible situation to get out of. Here are just a few of the powers that the IRS has to collect your debt:

- The IRS can freeze your bank account and clean out your cash.
- They can garnish your wages, meaning they can take away your paycheck, plus they notify your boss of your IRS debt which can be very embarrassing.
- IRS officers can take away your car, house, boat, and other big assets.
- They can take your retirement fund and garnish part of your social security payment.
- The IRS can restrict your travel by seizing your passport.
- They can take away your jewelry, including family heirlooms.
- The IRS can take away things like furs, art, and gun collections.
- If you're self-employed, the IRS can notify your business's vendors of your debt which can be professionally embarrassing.

Worse, if you're driven to bankruptcy, there's a chance it might not end there. The rules are complicated, but some of your IRS debt may not be forgiven if you declare bankruptcy.

Just the anxiety alone is not worth getting this far behind on your taxes. You may even be losing sleep over all of these IRS debt problems. Especially now, everyone needs to keep their stress level low and their immune system in tip-top shape to fight the virus. For some people in high risk health categories, this added stress could cause a more severe illness. And that's the last thing you need because in a worst-case scenario, that can lead to lost wages and hospital bills on top of your IRS debt.

Owing the IRS debt can cause serious problems in your marriage too. There have been plenty of divorces when the two partners disagree on money issues. When IRS debt and your bad credit are added to the conflict, your marriage can be in real jeopardy.

### Taking the First Steps

You owe it to yourself and your loved ones to begin the journey of coming clean with the IRS. A huge burden will be lifted from your shoulders and you will feel enormous relief when you take the first step toward getting your IRS issues resolved.

So, let's see if we can begin to relieve some of that anxiety and help you solve your IRS problems. Let's take a look at all of the steps and options that you have when you get behind in filing or paying your federal income taxes to the IRS.

#### Learning the Facts about IRS Debt Resolution

Here are some facts about resolving your debt with the IRS.

##### 1. The IRS wants to work with taxpayers.

The IRS is actually on your side, in a way. The agency is typically eager and happy to collect old debts. It truly wants to work with taxpayers, but there are many, many rules you need to know about and a process to follow if you want a positive result.

## 2. Only 3 types of professionals can represent you in front of the IRS.

While you can represent yourself in front of the IRS. It might not be the best idea, especially if your debt is very high or you've ignored the situation for a long time.

There are only three types of professionals that can represent your case at the IRS:

- 1) CPAs, Certified Public Accountants. But be careful: not all CPAs are experienced in IRS tax resolution
- 2) EAs, Enrolled Agents. Again, make sure the EA has experience with IRS tax representation, representing taxpayers to the IRS.
- 3) Attorneys. Same story as above. Not all attorneys are tax attorneys, and even not all tax attorneys have a bustling tax controversy practice.

A great question to ask anyone you hire is "What is your offer-in-compromise acceptance rate?"

## 3. You'll probably need to get your bookkeeping caught up.

If you're behind on your taxes, it can often follow that you are behind on your bookkeeping as well. Anyone you hire is going to need good numbers in order to work with you, so a good first step is to catch up on your bookkeeping. If you don't have your records, a professional can help you re-construct them.

Often, tax resolution professionals provide bookkeeping catch-up services or services to re-construct your records. They'll do the minimum you need in order to get you or your business in compliance.

## 4. You'll probably need to organize all of your IRS mail.

Yep, we know you. It's sitting in a stack somewhere in your home. If you haven't opened the mail, start opening it up. It's helpful for tax professionals to know what type of notice you received. In most cases, tax resolution specialists will know the letter by form number, and that will give them an idea of where to start with your case.

If you're too anxious, we totally understand. For some people, it can simply be too overwhelming to open a letter from the IRS. In that case, when you hire a tax representation professional, you can bring them into the office and that will be the first thing that they can take care of for you.

The Internal Revenue Service, state tax agencies, and local entities will send a letter if one of the following happens:

- You miss a payment deadline for payroll taxes due.
- You miss a deadline for filing payroll tax reports.
- You miss a deadline for filing your personal or corporate income tax returns.
- You miss a deadline for paying tax due from your personal or corporate income tax returns.
- You miss a deadline for filing and/or paying corporate franchise tax due.
- An amount paid is short or over what the IRS or another tax agency calculates as due.
- The agency notices a discrepancy on any of your tax returns and needs an explanation.
- You have been selected for an audit.
- You fail to respond to previous correspondence.

*Please note: The IRS will never send you an email about any of the above situations. They always send physical letters. If you get an email, it's a scam.*

# Getting into Compliance with the IRS

You can't ask to have any debt forgiven until you get into "compliance" with the IRS. So, the next step is to get into compliance. Here is what you need to do to get that done.

## 5. You should almost always file your past due tax returns, but there are some exceptions and filing needs to be done carefully so additional debt is not triggered.

Before any debt can be forgiven, the taxpayer needs to get into compliance. This means all past due returns must be filed. You don't have to pay off all your debt at this time; we'll talk about what you need to pay in the next item.

However, there are a couple of really big "if's" when it comes to this step. In rare situations, filing can trigger more debt. Also, filing a particular way can also trigger more debt.

That's why it just makes sense to get a tax resolution professional involved in every step of this process, so they can keep you out of more trouble than you're already in.

## 6. Pay your current taxes.

While you don't have to pay all of your old IRS debt, you do have to be paying in your current taxes. This is part of getting into compliance. You need to be able to show IRS that you can pay your taxes that are current. This means that if you have a job as an employee, withholding is being withheld from your current paychecks. Or, if you're an entrepreneur taking draws, that you are currently making your estimated tax payments.

## Paying Off Your IRS Debt: Options

Here are the options you have for paying off your IRS debt. This is where it gets extremely complicated. Selecting the correct IRS tax resolution option from the ones listed below can be the difference between many thousands of dollars, not to mention success and failure.

If you still haven't hired a tax resolution professional, we recommend you do so at this time. You'll save hours and hours of time spent trying to learn about all of the rules and forms and processes involved. Plus, you'll feel the relief knowing your issue is in good hands with a professional.

### **7. Pay off the entire amount, including penalties and interest.**

If you can afford to, just pay it off. You'll save on legal fees, but if you're a first-time offender, you may be paying penalties and interest that you might have gotten out of if you hired someone.

If the IRS calculated your taxes, they may be overstated. And what if the IRS made a mistake? Or what if you could have gotten the interest waived? These are choices you'll need to make for yourself.

### **8. If the IRS has made an error, begin the process of getting the error corrected.**

If you don't feel you owe the taxes that the IRS is saying you do, there may be a mistake on the IRS's part. If it's a recent error, it can be fairly easy to fix. But if the date of the error is a long time ago, you may need to go through a complex process to prove you don't owe the amount they say you do.

For this type of IRS problem, it's best to hire a tax representation professional. Especially if it's related to payroll taxes, the IRS can be extremely aggressive about going after innocent people.

A professional tax representation can get into the IRS files and find out what they have on you. They can also review your filed tax returns and check to see what errors they can spot.

It can be scary to talk to an IRS officer directly. That's when a tax professional can be extremely helpful. They love helping taxpayers. They know where to go if the IRS officer is pulling any kind of power play on you (it happens). They can do their best to get you a good resolution to your IRS problems.

### **9. Get some relief if you can claim that you are an "innocent" spouse.**

Did your partner get you into this IRS problem in the first place? Is it really their problem and you just got dragged into it? You may have a situation with your spouse if they promised to file and didn't or they don't file correctly or they don't pay.

If that's the case, you might be able to get some relief, depending on your circumstances. In some cases, you can claim that you were the "innocent spouse" and get your account corrected. A tax representation professional can help you determine the process you need to follow to sort out the debts owed by your spouse versus the debts owed by you.

### **10. Ask for a first-time penalty abatement.**

Some taxpayers might be eligible to get some of their penalties waived so they don't have to pay them. In some cases, you don't need a reason, and in other cases, you might need a reason to ask for this debt reduction. Some of the reasons include you being a victim of a fire, natural disaster, illness, or other qualifying calamities.

### **11. Get accepted for an IRS installment payment plan.**

Some taxpayers can submit an application to request IRS approval to make installment payments for a period of time. The IRS requires a detailed application form to be filled out along with documentation related to every aspect of your financial life: assets you have, debt you owe to others, how much you make, and how much you spend, to start with.

### **12. Qualify for a streamlined installment payment plan.**

If you owe a relatively small amount of money and meet a number of criteria, you may be lucky enough to be able to get a streamlined installment agreement. In this case, less documentation is required for submission, and the approval is automatic. But not everyone qualifies.

### **13. Apply for a partial-payment installment agreement.**

The Partial Payment Installment Agreement (PPIA) is similar to a regular installment agreement where you make monthly payments to the IRS for taxes owed. However, you are only paying back part of the taxes you owe over time. The IRS agrees to a lower payment when it sees you can't make the full payments.

To apply, you must submit a full financial disclosure. That includes details about your income, assets, debts, and expenses. PPIAs are harder to get than other types of installment plans. However, they are easier to obtain than an offer-in-compromise, which is described a little later in this document.

#### **14. Buy yourself some time with achieving the status of “currently non-collectible.”**

If your financial situation is currently dire, the IRS might stamp your file with a status called currently uncollectable. This happens when the IRS determines that you are unable to make current tax payments. This is simply a way to buy time. The debt is still due.

When a taxpayer is deemed uncollectable, the IRS may still file a Notice of Federal Tax Lien to secure its position in the taxpayer's assets. But it will not otherwise take enforcement action to seize (or levy) the taxpayer's assets or income streams.

A currently uncollectible status can be reviewed and changed every year or two.

#### **15. Understand RCP: reasonable collection potential.**

One of the key concepts in getting IRS debt forgiven is reasonable collection potential, or RCP. It's the basis of a set of financial spreadsheets and calculations for making an offer to the IRS as to what you can pay.

RCP is a complicated formula based on the assets and income you currently have along with the debt and expenses. A tax representation professional can work with you to create a personal budget that can be used to present an offer to the IRS.

There are many different kinds of IRS offers, some of which are listed below. When good, hard work is performed to create the budget, the taxpayer's chances of getting their offer accepted by the IRS improves.

#### **16. Apply for offer in compromise.**

An offer-in-compromise is an offer that a taxpayer or their representative can make to ask the IRS to relieve some of the debt owed. A negotiated amount of IRS debt is agreed upon, and the taxpayer makes payments until the debt is paid off. The taxpayer also has to continue to file and pay their current taxes on time for five years.

Less than half of all offers that are made are accepted by the IRS. There is a stringent process to follow, and not everyone gets it right. The offer acceptance rate is higher for experienced tax professionals and lower for inexperienced applicants. In 2017 only 40% of offers-in-compromise were accepted.

#### **17. Claim doubt as to liability.**

Doubt as to liability is a form of an offer in compromise. It can be used in special circumstances when there is evidence that the tax assessed is not accurate. Just because the taxpayer disagrees with the tax is not a good enough reason to use this type of offer.

This type of offer can be used if a taxpayer was not able to be present at an audit, if a taxpayer has been incorrectly assigned responsibility for past due payroll taxes of a company they worked for, and if the taxpayer has waited too long to correct the tax using other IRS channels.

#### **18. Qualify for doubt as to collectability.**

Doubt as to collectability is another form of offer in compromise. It means that the taxpayer owes the money but cannot afford to pay due to their financial situation. It's the most common type of offer.

When an offer is received, the IRS will scrutinize every financial record they can get their hands on: bank account records, house values, credit card history, utility bills, and more. They'll want to make sure you're not hiding any income or assets before they reduce your debt.

#### **19. Try for the rare condition of effective tax administration.**

In cases where the taxpayer does owe the money and technically can pay it back, but it's not a good outcome for anyone, the category of effective tax administration can be used. This status is extremely rare and is only approved in special situations where both the IRS and the taxpayer are considered to be worse off if the tax is collected.

#### **20. Do nothing.**

Doing nothing is an option; however, it won't solve your IRS troubles. In fact, it will make them worse in most cases. The penalties and interest will continue to mount so that you owe even more than you do now.

You might have a lot of excuses for justifying doing nothing, but they are not really true. For example, you might have lost your paperwork and have made that as an excuse. Paperwork can be reconstructed, so it's not a valid reason to delay action.

Not having money to pay a professional can also be an excuse to do nothing. However, a good tax professional can often help you find the money to pay. They will also know how to get you help that you can afford.

## **21. Hire a local tax representation professional to make the best choice for you.**

With so many requirements, forms, processes, deadlines, qualifications, and exceptions, it just makes good sense to take all of this worry off of your shoulders and leave it to a tax professional experienced in representing taxpayers in front of the IRS.

The difference between choosing the wrong option and the best option can be thousands of dollars and months and years of additional worry. If you want the most expedient solution, hire a tax resolution expert that can provide a shield between you and the IRS officers that you would otherwise have to deal with.

You can find an IRS tax resolution professional that is local to you in your city or state. Most taxpayers prefer to work with someone locally that knows their region rather than a chain store service where you have to call a national number and get someone different each time.

Personal service and attention are essential, and you are more likely to get that with a local business than you are a national chain. Your privacy and confidentiality are also extremely important, and a local tax professional that works in a smaller tax firm has fewer employees, meaning fewer people will see your personal information.

## **Tackling Your IRS Problem and Working with a Tax Representation Professional**

It can be very exciting and a huge relief to take action on an IRS problem that has plagued you for years. We are here for you when you are ready to get caught up, and the sooner, the better. We can help you relieve that huge psychological burden so you feel lighter and free from all that stress.

It's serious business to owe the IRS money. They do not fool around. It's a great idea to get a tax professional like us working for you.

Our trained and certified tax professionals work diligently to find the best outcome we can on your tax issues. Your situation is handled with the utmost confidentiality and privacy. Please feel free to call or email us at no obligation to confidentially discuss your tax problem and how we can help.

If you or someone you know has an issue with paying their federal taxes and needs help to end their IRS nightmare, please feel free to pass our information on to them.