

IRS Tax Relief Help

If you owe taxes, but can't pay the IRS in full, consider submitting an Installment Agreement Request (Form 9465) with your return. In certain situations, the IRS can't deny a request for an installment agreement if you owe less than \$10,000. That said, you should still pay as much as you can with the return.

You will be charged interest and possibly a late payment penalty on any tax not paid by its due date, even if your request for an installment agreement is approved. You can avoid IRS collection notices and actions, like a Notice of Federal Tax Lien or an IRS levy, by establishing an installment agreement upfront and making your installment payments.

If you owe back taxes, there are several [IRS tax relief](#) programs to help, including the agency's [Fresh Start](#) initiative:

- An **Installment Agreement** is generally available to people who can't pay their tax debt in full at one time. The program allows people to make smaller monthly payments until the entire debt is satisfied.

Under its Fresh Start initiative, the IRS raised the threshold for streamlined installment agreements from \$25,000 to \$50,000 in tax debt, and the maximum repayment term from five to six years. Taxpayers who owe less than \$50,000 may [apply online](#) with the IRS and don't have to complete an IRS Collection Information Statement (Form [433-A](#), [433-B](#) or [Form 433-F](#)).

- An [Offer in Compromise](#) (OIC) lets taxpayers permanently settle their tax debt for less than the amount they owe. The OIC is an important tool to help people in limited circumstances; taxpayers are eligible only after other payment options have been exhausted.
- Under its Fresh Start initiative, the IRS expanded the OIC program to cover a larger group of struggling taxpayers. However, the IRS will not accept an offer if it believes the liability can be paid in full as a lump sum or through an installment agreement. The IRS offers guidance on choosing a tax professional for an OIC on its website.

In very limited circumstances, the IRS may offer penalty abatement to people who haven't paid their taxes because of a special hardship. If the taxpayer meets very narrow criteria, the IRS may agree to forgive the penalties. Interest abatement is even more limited and rarely provided. While these programs may eliminate penalties or interest, you still owe the taxes. If a tax relief company promises it can eliminate interest and/or penalties for you, be wary: there is limited relief available, no matter who represents you before IRS Collections.

Their services should include a face-to-face meeting with you where they explain your options and their fee structure.

According to the IRS, you can apply for an Installment Agreement, OIC, or penalty or interest abatement *without the help of a third party*. If you prefer third-party assistance in negotiating with the IRS, only certain tax professionals — Enrolled Agents (federally-authorized tax practitioners who can represent taxpayers before all administrative levels of the IRS), Certified Public Accountants (CPAs), and [tax attorney](#) at Defense Tax Group — have the authority to represent you . Their services should involve a face to face meeting where they explain your options and their fee structure.

If you are asked to make an upfront payment for representation in a tax collection matter, carefully review the refund policy before signing any agreement. Also check to see if a default billing rate — a flat rate applied to the work of all employees at a firm, not only the tax professionals — will apply if you cancel the company's services. A high default billing rate may quickly use up a large portion of your upfront payment, even early in the representation.

Contact the Taxpayer Advocate Service, an independent organization within the IRS, for free help if you are having tax problems that you haven't been able to resolve yourself, if your problems are causing financial difficulties for you or your business, or you face an immediate threat of adverse collection action by the IRS.

Tax Relief Programs

The process for tax settlements with the states is very similar to the process with the IRS, although it varies from state to state. In some states, for instance, a taxpayer's penalties can be waived, but interest can't. In other states, interest can be waived, but penalties can't. And in some states, legitimate tax debt can't be reduced at all. For more information, contact your state comptroller. For a state-by-state listing, visit the [National Association of State Auditors, Comptrollers and Treasurers](#) (NASACT)

Taxpayer Tips

If you [owe back taxes and having trouble in negotiating taxes](#):

- read your notices from the IRS or your state comptroller. Ask those agencies about collection alternatives.
- save yourself some aggravation by ignoring promises from businesses that say you "qualify" for a tax relief program to resolve your tax debt. Only the IRS or your state comptroller can make that determination. Read the [IRS Offer in Compromise Booklet, Form 656-B](#), and use this [IRS online tool](#) to see if you may be eligible for an offer in compromise.

- think twice if the entire fee for services is requested upfront with no explanation of how services will be billed or whether a refund of unearned fees will be made.

If you [owe the IRS](#) money, there are some important factors to keep in mind.

The first thing to note is that the IRS is like any other "lender" – they are interested in collecting what they can, when they can. This means they are always open to what is known as an "Offer in Compromise" (explained below).

The second thing to remember is that it's essential to make sure you are well represented when dealing with the IRS and as such, you should choose that representative carefully. There are many reputable firms who are very experienced in how to best present your situation to the IRS.

Additionally, it is important to understand the benefit of paying the IRS what you can afford to pay – even if it's a small amount. Ignoring your tax debt will impel the IRS to use tough tactics against you, such as preventing you from getting future tax refunds until your outstanding debt is addressed.

Obviously, it's always in your best interest to pay what you owe on time. But unfortunately, these are challenging economic times and it is often difficult for many people to do. That is why a number of struggling taxpayers seek out a tax debt relief firm that's knowledgeable in dealing with the government and navigating IRS channels. A reputable company can provide you essential [tax debt help](#) as well as a reduction in the amount of tax you owe.

What Is an Offer in Compromise?

An "Offer in Compromise" is essentially an agreement made between the IRS and a taxpayer that allows the taxpayer to pay less than the full amount they actually owe. With this type of agreement, the taxpayer can usually choose to make a lump sum tax payment or set up an installment plan. While it might not be for everyone, the Offer in Compromise program has enabled many taxpayers to settle their IRS tax debts.

The IRS will consider an Offer in Compromise under certain circumstances. A taxpayer may be approved for this program if the IRS concludes that the original amount due is otherwise uncollectable. Or, you may get an Offer in Compromise if you have legitimate doubt that you actually owe that amount of tax debt – called "doubt as to liability." Finally, in some situations the IRS will accept a lesser amount than what's owed if payment would cause undue hardship to the taxpayer or their family. (For example: a family owes the IRS but needs the money to pay for their sick child's medical care, and paying their full tax bill would come at the expense of that care.)

Setting up an IRS Payment Plan

As stated before, it is never advisable to ignore or hide from the IRS when you're unable to pay. In fact, the IRS may be more willing to work with you than you think. If you're unable to pay your tax liability in full, your best option may be to request an installment agreement.

Also known as an IRS Payment Plan, this arrangement allows you to pay your tax debt over a period of time (up to five years in some cases), depending on the type of tax debt and how much you owe. If you've received a notice from the IRS, your first step should be to respond by following the instructions included with the notice. Usually the IRS will instruct you to contact them by phone or mail. You will then receive further instructions and have the opportunity to request an installment agreement.

Tax Debt Relief Services

The IRS wants what it's owed – and it's experienced and clever. You can be clever too. If you owe more money than you can pay, you can hire a tax debt specialist to help you find a way out of the tax hole. If you are dealing with IRS debt, then you may feel lost and unsure of how to proceed. Tax debt relief services give you access to people who know tax law and can help. Tax debt companies can work with the IRS on your behalf, relieving you of that stress.

When you contact one of these companies, you can expect to tell them your whole story. This allows the company to assess your situation. The tax professionals can then step in to help you. In some cases, these companies can help negotiate a reasonable payment plan or work to remove penalties and interest. The [tax debt relief](#) company will guide you through the process.

What Is the IRS Fresh Start Program?

Back in the bad old days, the image of the IRS was one of intimidation. Whether deliberately cultivated or not, the IRS did little to dispel this perception. In recent years, the IRS has sought to reboot the way it interacts with taxpayers, with agents receiving training and instruction in how to assist taxpayers who are in arrears rather than torment them. **The IRS Fresh Start program** combines penalty relief, installment payments; lien releases and a program known as Offer in Compromise that allows some taxpayers to settle their federal tax debts for less than what they actually owe.

How the IRS Fresh Start Program help waive Tax penalties

Originally, when paying and filing your taxes, missing the April deadline meant immediate interest charges and penalties. But with the Fresh Start Initiative, qualifying unemployed taxpayers can apply to have Failure-to-Pay penalties waived for six months. This means that individuals have until October 15th, 2013 to pay their 2012 taxes.

The six-month extension is available to individuals who were unemployed for at least 30 consecutive days during 2012, or prior to tax day in April 2013. For self-employed taxpayers to qualify, they must show that they had a 25 percent decrease in business income during 2012.

Couples earning more than \$200,000 annually, or individuals earning more than \$100,000 annually do not qualify for the extension. If a person's tax balance was greater than \$50,000 at the end of 2012, they are also disqualified.

The IRS Fresh Start Tax Relief program was launched in 2012 to help taxpayers who were struggling from the effects of the ongoing financial crisis. The first aspect of the program provided some unemployed taxpayers with exemption from the failure-to-pay penalty. Under this initial slice of the Fresh Start Initiative, taxpayers received a six-month reprieve from penalties on taxes owed for their 2011 federal tax returns. Although interest was still applied to any unpaid taxes, penalties were suspended from April 17 to October 15, 2012.

To qualify for this aspect of the initiative, wage earners must have been unemployed for at least 30 consecutive days during 2011 or in 2012 on or before April 17. Self-employed taxpayers must have experienced at least a 25 percent reduction in income during 2011 due to adverse economic conditions. The IRS also set maximum income limits of \$200,000 for married taxpayers filing jointly and \$100,000 for taxpayers filing returns as single, head of household, qualifying widow(er) and married filing separately. Taxpayers were required to file Form 1127A along with their federal income tax returns.

Easy Installment Agreements

The IRS Fresh Start Program also raised the maximum tax owed for taxpayers from \$25,000 to \$50,000 to qualify for streamlined repayment plans. Under the streamlined installment payment agreement program, taxpayers may establish payment plans online through the Online Payment Agreement page located on the IRS website. Taxpayers who owe more than \$50,000 may still establish installment agreements, but must either file a Collection Information Statement (Form 433-A or Form 433-F) or make sufficient payments against their past-due tax balance to bring the total tax owed below the \$50,000 threshold.

IRS Fresh Start Program Help

While none of these alternatives represents an easy solution, each of them does provide a viable avenue for tax relief. If you have been struggling to pay your federal income tax burden, investigating possible assistance under the IRS Fresh Start Tax Relief program is definitely worth your while, either on your own or with the assistance of a tax professional. You may find that your overall tax burden is significantly reduced.

[4 Common Property Tax Relief Questions – Answered](#)

The Bottom Line

Owing the IRS can be stressful and overwhelming, but always remember that you have options. The IRS is in the business of collecting money and thus provides several ways for taxpayers to settle their debts. It is possible to put your tax debt behind you once-and-for-all, but you have to be proactive about [resolving tax issues](#) – doing nothing will only make matters worse.

If necessary, you may seek the assistance of an "enrolled agent" who is trained to represent taxpayers before the IRS. These tax professionals are experienced at setting up Offers in Compromise as well as IRS Payment Plans, and they will often work with you on a "success basis" (meaning you won't be charged unless they're successful). As you can see, there are a variety of options available for those who cannot afford to pay their full tax liability.

Wondering if you're eligible? Give us a call.

If you're struggling with paying your taxes, don't know how to fill out an Offer in Compromise or don't know which forms to file, contact us today. We'll help you take advantage of the Fresh Start Initiative, and deal with the IRS so you don't have to.

Get helpful tips, advice and [help with debt](#) or any kind of irs help on setting up payment plans, requesting affordable installment agreements, reducing your tax debts through an Offer in Compromise, or discharging your tax debts through bankruptcy.-



ACCREDITATION AND AWARDS

