



IRS Representation / Resolving Tax Debts

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

Not filing your taxes or paying what you owe can be really stressful. Around 22 million taxpayers are in the same boat. It's easy to put taxes off, thinking you'll take care of it later. But that usually just makes the problem worse over time.

Ignoring the IRS won't make your taxes go away. Penalties and interest will keep piling up, so you end up owing way more than originally. Eventually, the IRS catches on and starts sending letters. If you don't respond, they can freeze your bank accounts, take your paychecks, seize cars or homes – even take your passport!

That kind of stress is bad for your health and finances. It can ruin your credit and bankruptcy may not even get rid of all your IRS debt. So it's best to face this head on before things spiral out of control. The first step is finding help. You'll feel relieved once you start fixing the problem.

Luckily, there are options to resolve IRS issues. Let's look at some of the main things you can do.

- 1. *The IRS wants to help resolve your debt.*** The IRS offers various programs and options to help taxpayers resolve their tax debt. However, it's important to understand the rules and procedures involved, as well as the potential implications of each option.
- 2. *Consider seeking professional representation.*** While you have the option to represent yourself in front of the IRS, it may not be the best idea, especially if you have a high tax debt or have been ignoring the situation for a long time. Certified Public Accountants (CPAs), Enrolled Agents (EAs), and tax attorneys are professionals who can represent you. Most of these professionals lack experience in IRS representation.
- 3. *Get your bookkeeping in order.*** If you're behind on your tax filings, it's likely that your books are not up to date. Many tax resolution professionals offer bookkeeping catch-up services or record reconstruction services to help you get in compliance with the IRS.
- 4. *Open and respond to IRS correspondence.*** It's crucial to open and read any mail you receive from the IRS. They may send letters for various reasons, such as missed payment or filing deadlines, discrepancies on tax returns, or audits. If you're feeling anxious about opening the letter, a tax representation professional can assist you. It's essential to address any issues with the IRS promptly to prevent them from escalating.

It's important to note that the IRS will never send you an email regarding any of these situations. If you receive an email, it's likely a scam.

- 5. *File your past due tax returns.*** You don't have to pay off all your debt at this time. However, before the IRS can consider forgiving your tax debt, you need to file all past due tax returns. Getting into compliance is an essential step in resolving your tax issues. Involving a tax resolution professional can help ensure that your returns are filed correctly and keep you out of further trouble.

6. **Stay current with your taxes.** Getting into compliance with the IRS also means ensuring that you're paying your current taxes. If you're an employee, taxes should be withheld from your paychecks. If you're self-employed, you should be making estimated tax payments. This demonstrates to the IRS that you're taking responsibility for your taxes and making an effort to stay current.
7. **If possible, pay off your entire IRS debt.** If you have the financial means, you can choose to pay off your entire IRS debt, including penalties and interest. Paying off the debt in full can save you on additional fees and interest charges. However, it's important to carefully consider your financial situation and seek guidance from a tax resolution professional to understand the best decision for your specific circumstances.
8. **Address IRS errors.** If you believe there is an error on the part of the IRS, such as an incorrect tax assessment, a tax resolution professional can help review your tax returns, access your IRS file, and communicate with the IRS officer on your behalf. They can work toward resolving any errors and achieving a fair resolution to your IRS problems.

If the IRS error pertains to payroll taxes, it's advisable to hire a tax representative professional, as the IRS can be aggressive in pursuing innocent individuals in such cases.

9. **Claim "innocent spouse" relief.** If your partner caused the IRS problem, such as by not filing taxes correctly or paying taxes owed, you may be able to claim innocent spouse relief. This allows you to ask the IRS to separate your debts from your spouse's and correct your account.
10. **Request a first-time penalty abatement.** If you're a first-time offender and have penalties assessed on your tax debt, you may be qualify for a first-time penalty abatement. This means the IRS will waive some or all of your penalties, relieving you from paying them. A tax representation professional can help you determine if you're eligible for a first-time penalty abatement and assist you in requesting it from the IRS.
11. **Get accepted for an IRS installment payment plan.** If you can't afford to pay your entire tax debt at once, you can apply for an IRS installment payment plan. This allows you to make monthly payments over time until your debt is fully paid. You'll need to detailed financial information about your assets, debts, income, and expenses. A Tax representation professional can help you prepare your application and ensure that you're providing all the necessary information to the IRS.
12. **Qualify for a streamlined installment payment plan.** If you owe a relatively small amount of money to the IRS and meet certain criteria, you may be eligible for a streamlined installment plan. This plan requires less documentation than a regular installment payment plan, and the approval is often automatic. However, not everyone qualifies for a streamlined installment payment plan. A tax representation professional can help you determine if you're eligible and assist you in applying for this type of plan.
13. **Apply for a partial-payment installment agreement.** If you can't afford to pay off your entire tax debt, you may be able to apply for a Partial Payment Installment Agreement (PPIA). With a PPIA, you make monthly payments to the IRS for a portion of the taxes owed. To apply, you'll need to submit a full financial disclosure, including information about your income, assets, debts, and expenses. PPIAs are more difficult to obtain than other types of installment plans, but they're easier to obtain than an offer-in-compromise. A tax representation professional can help you determine if you're eligible for a PPIA and assist you in applying for this type of plan.

- 14. Request a status of “currently non-collectible.”** If you’re in a dire financial situation and can’t make your current tax payments, the IRS may label your file as currently non-collectible. While this status means you don’t have to make payments immediately, the debt is still due, and interest and penalties will continue to accrue. The IRS may still file a Notice of Federal Tax Lien to secure its position in your assets. However, they won’t take enforcement action to seize your assets or income streams. A tax representation professional can help you determine if you’re eligible for this status and assist you in requesting it from the IRS.
- 15. Understand reasonable collection potential (RCP).** Reasonable collection potential (RCP) is a concept used by the IRS to determine if your tax debt can be forgiven. It involves evaluating your current assets, income, debt, and expenses. A tax representation professional can help you understand the this concept and create a budget to present a strong offer to the IRS.
- 16. Apply for offer in compromise.** An offer in compromise is a negotiation between you and the IRS to settle your tax debt for less than the full amount owed. If accepted, you’ll make payments until the agreed-upon amount is paid off, and you’ll need to continue filing and paying your current taxes on time for the next five years. The process is stringent, and the acceptance rate is low, but an experienced tax representation professional can increase your chances. In 2022, only 37% of offers in compromise were accepted.
- 17. Claim doubt as to liability.** Doubt as to liability is an offer in compromise used when you have evidence that the IRS’s tax assessment is inaccurate. Simply disagreeing with the tax is not enough, and you’ll need strong evidence to support your claim.
- 18. Qualify for doubt as to collectability.** Doubt as to collectability is another type of offer in compromise. If you owe the IRS money but can’t afford to pay due to your financial situation, you may be eligible for this type of offer. It’s the most common type of offer. The IRS will closely examine your financial records, such as bank account statements, house values, credit card history, and utility bills to ensure that you’re not hiding any income or assets before they agree to reduce your debt.
- 19. Try for effective tax administration.** Effective tax administration is a rate status approved in exceptional cases when paying the tax debt would result in an unfair or unreasonable outcome. Strong evidence and arguments are required to support this claim.
- 20. Do nothing.** Ignoring the problem won’t make it go away and will likely make it worse. Penalties and interest will likely make it worse. Penalties and interest will continue to accrue, and you’ll end up owing more. It’s important to take action as soon as possible.
- 21. Hire a local tax representation professional to make the best choice for you.** Dealing with the IRS can be overwhelming, so hiring a tax representation professional who is experienced in representing taxpayers in front of the IRS can help you navigate the process and make the best choice for your situation.

Remember, taking action and seeking help is crucial. Ignoring the problem will only make it more difficult to resolve. Hiring a tax resolution professional can provide the guidance you need to untangle your situation and find the best solution. Don’t face the stress alone – get outside help to resolve your IRS issues and move forward financially.