

J. Rob Jones

Owe IRS Money

Fearful: Unfiled Returns

Owe IRS money, what do I do? Glad you asked; first thing you should do is never lose hope. Are you one of millions of Americans who have unfiled tax returns, unable to pay taxes and fear have set in?

Your worse fears may range from wage garnishment, tax levy/lien on property, up to you saying to yourself; I'm going to jail. Statistically, the likelihood of you going to jail is slim to none; unless you are a drug dealer, crime boss, politician or some white collar corporate fat cat.

Next to outright tax fraud or deliberate evasion, failure to file a tax return is considered by the IRS to be the most unforgivable form of non-compliance. Yet, millions of American Citizens fall in this category, thus; adding to the millions of those who owe back taxes they cannot pay.

In a statement by a former IRS commissioner; "Many taxpayers may want to comply, but cannot because they don't have the money to pay the tax due. When this happens, they often decide not to file a return. They may eventually drop out of the system altogether. A good part of what we call noncompliance with the laws is caused by taxpayers, lack of understanding of what is required in the first place."

Perhaps you can personally identify or know someone who can identify with this predicament. Solution: Tax Amnesty is to the rescue. What is Tax Amnesty? It goes without saying; this is another good question to ask. According to Webster; Amnesty is the act of an authority (as a government) by which pardon is granted to a large group of individuals. In other words amnesty could mean just old fashion plain forgiveness for past tax debt, from some of it to all of it.

Over the years, I have worked with countless numbers of tax clients from form preparation to problem resolution, offer in compromise, etc. Though it's commonly known that you can file IRS Form 4868 to extend the time (often up to 90 days) in which you can file return past tax filing deadline. IRS makes it very clear that this form; if approved, only grants extra time to file not to pay. And, for many taxpayers who have the foreseeable potential to pay; extra time can be helpful. On the other hand, many taxpayers not having the foreseeable potential to pay; extension to file don't help at all.

It's important to note here that there are 2 general reasons why taxpayers failed to timely file and pay their taxes (1) is financial in nature: including a sluggish economy, job loss, loss of a love one, medical bills, etc., (2) is record keeping problems: often as a result of ignorance, lack of organization, lost of records due to fire, flood, civil disorder or some other catastrophe.

As previously stated, it's commonly known that taxpayer can file for extension to file but not to pay. The fact is that taxpayers can indeed file little known Form 1127 Application for Extension of Time to Pay Tax. Like filing for extension to file; filing for extension to pay must be filed before tax filing deadline.

Taxpayers could be granted up to 6 months to pay liability. In addition, the interest and penalties for failure to timely file and pay are avoided. Can you just imagine the countless millions of dollars that could be saved by taxpayers as a whole if they only use this mitigating strategy?

What the average taxpayer is unaware of is IRS process; once a return is filed, tax liability is assessed. Collection begins with a series of notices and demands. If the tax is not paid after receiving notice, they may enforce collection. Now the taxpayer is on IRS Radar even though they may have gone years without filing a return and never heard from them.

So, if you have not filed for years and are currently under IRS Radar; plan carefully and arm yourself with protective measures or strategies before filing. Know this, they are coming once you file and tax assessment is done. Here, its essential here that you seek professional help to you minimize the onslaught of IRS collection tactics.

An Offer in Compromise is another protective measure, if you owe more in unpaid taxes than you could ever realistically pay back. Offer in Compromise or OIC, allows taxpayer to settle their tax debt for less than the full amount you owe. It may be a legitimate option if you can't pay full tax liability, or doing so creates a financial hardship. An evaluation of taxpayers unique set of facts and circumstances has to be performed for qualifying.

As a protective measure, there is a common misconception that income taxes are never dischargeable in bankruptcy. In fact you can discharge some back federal, state and local income taxes in Chapter 7, Chapter 11 and Chapter 13 bankruptcy. Furthermore, the penalties and interest attached to these taxes are dischargeable as well. Determining which back taxes are dischargeable can be a complex process. Nevertheless, it is possible to discharge significant income tax debt in bankruptcy, if your tax debt fits within certain rules. Here again is where it is recommended that you seek professional help.

It goes without saying; dealing with the IRS can be a taxing and humiliating experience. Don't go into battle with them without preparation and proper support. The last thing that you should do is the same as the first thing that you should do; never lose hope.

For more information on financial products and services, Contact:

2018 Spirit Financial/Contact Us 866-280-5995

<http://www.spiritfinancial.biz>