

The Professional Edge

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THE TOP 10 THINGS TO KNOW WHEN YOU'RE CUTTING A DEAL WITH THE IRS

You owe back taxes and you want to cut a deal with the IRS. You've heard stories of negotiations and settlements reducing taxes owed, but the option that looks most appealing to you is the Offer in Compromise (OIC) program. After all, the IRS has settled for as little as 10 cents on the dollar haven't they?

Not everybody qualifies for this program, so here are a few tips to keep in mind when considering making an OIC:

1 Just like your 5th grade teacher, the IRS doesn't operate on sympathy. It will only consider a compromise when there is: Doubt as to whether liability actually exists; and/or Doubt as to whether the debt is collectable. If you have assets with equity, or the ability to make payments and pay off the debt in a reasonable amount of time, you won't qualify. Also, "The dog ate my return" doesn't count.

2 Once the IRS has accepted that there is "reasonable doubt" and is talking to you about an OIC, collection efforts will be called off during negotiations, and the statutory period for collection will be extended during negotiations.

3 Point 2, of course, doesn't apply if the IRS thinks you are using the Offer in Compromise as a delaying tactic, or if it doesn't think it will be able to collect even the reduced amount being offered.

4 Any monies you pay with the Offer as you negotiate with the IRS will be refunded if the offer is withdrawn or rejected - or - you can apply the amount to your tax liability. It goes without saying that the IRS does not pay any interest on these funds if and when they are returned to you. There is also a new \$150 Application Fee.

5 The other side of the coin (or should we say bill) is that the IRS will expect a larger Offer if you cannot pay your Offered amount within 90 days of acceptance.

6 Naturally, there will also be interest and late penalties accruing on your outstanding tax liability while your Offer is being considered.

7 Whatever you have paid toward your tax bill in advance of making the Offer in Compromise, and/or during negotiations, cannot be counted as part of your Offer.

8 Your Offer must include all of your tax liabilities owed as of the date of the Offer.

9 Once the IRS accepts your Offer, plan to be an honor student for the next five years - filing and paying your taxes regularly and on time.

10 As you can see, the OIC looks like the IRS is giving you a big break, but you will still be playing by their rules. *We recommend you hire a professional representative who can help you avoid the pitfalls of this process.*

Even if you have already started negotiations - *call Tax Help Associates* today for an assessment of your situation.

Don't think you qualify for an OIC? Don't lose hope. There are other ways to negotiate with the IRS, and as Tax Help Associates Insiders, we know them all.

While it might be true that "there's nothing certain but death and taxes," the taxes part can always be managed so you only pay your fair share. Getting behind in your taxes is a stressful situation, but it's not a desperate one. With a little professional help, you can get back on an even keel. One important factor is to have patience and keep a perspective on the situation.

Give us a call.

We're Tax Help Associates

It's what we do, it's *all* we do
- from the "inside" out!