

6 Things You Can Do If You Owe The IRS



HTML Page of this Report:

[Click Here to go to ChicagoTaxTeam.com](http://chicagotaxteam.com/six-things-you-can-do-if-you-owe-the-irs/)

<http://chicagotaxteam.com/six-things-you-can-do-if-you-owe-the-irs/>

Video:

[Click Here to go to YouTube.com:](https://youtu.be/kwTx7xrAQjs) <https://youtu.be/kwTx7xrAQjs>

Audio:

[Click Here to go to Soundcloud:](https://soundcloud.com/irs-radio-hour/irs-radio-hour-march-15-2015#t=10:58)

<https://soundcloud.com/irs-radio-hour/irs-radio-hour-march-15-2015#t=10:58>

Audio/Video Transcript:

[Click Here to move to Transcript text within this PDF](#)

Blog Article:

[Click Here to read the blog post at ChicagoTaxTeam.com:](http://chicagotaxteam.com/irs-tax-resolution-blog/6-things-owe-the-irs/)

<http://chicagotaxteam.com/irs-tax-resolution-blog/6-things-owe-the-irs/>

Or

[Click Here to move to Blog Post text within this PDF](#)

6 Things You Can Do If You Owe The IRS

By Steven A. Leahy

My office helps businesses and families fix their IRS problems fast. What you need to know is there are only Six Things you can do if you owe the IRS.

The first thing you can do is – pay the IRS. Generally, I recommend that taxpayers pay the IRS any way they can. Borrow from family and friends, even credit cards, better to owe anyone else but the IRS. You can still apply to abate any penalties after you pay. But, it is best to resolve your IRS problem as quickly as you can.

The second thing you can do if you owe the IRS money is to enter into an installment agreement. There are several different kinds of installment agreement: Guaranteed Installment, Streamlined Installments; Partial Pay Installments and Full pay installments. Determining what your monthly payment should be is more an art than a science. If you enter into an installment agreement and default, you will find yourself right back where you started. So, be careful! Don't let the IRS force you into an agreement you can't afford.

The next thing you can do if you owe the IRS is an Offer-in-Compromise. An Offer-in-Compromise is a reduced amount the IRS will agree to accept "in compromise." The recent IRS Fresh Start Initiative changed some of the parameters of this program, making it easier for taxpayers to qualify. Historically only about 18% of applications were approved. So all of those commercials you hear about "paying the IRS pennies on the dollars" actually very rarely occurred. It may take a year or longer before you find if your offer is approved or denied – once the offer is denied you may find yourself right back where you started.

The fourth thing you can do is have the IRS declare you Currently Not Collectible. If you can prove to the IRS that you don't have enough money at the end of each month to pay your reasonable and necessary expenses and pay the IRS. The IRS will agree to leave you alone for a time – not forever. But they will give you time to recover, without worrying about the IRS garnishing your wages or levying your bank accounts. If your income increases, the IRS may ask you to re-establish your currently not collectible status, or work out an installment agreement. Often, this is a good alternative. People often panic because they know they owe the IRS and know they can't pay them – so they bury their head in the sand. Instead, address the problem and prove you can't pay.

You can also file bankruptcy if you owe the IRS – that's the fifth thing you can do. Taxes in bankruptcy can be very complicated, and not all taxes are dischargeable in bankruptcy. But many taxes are dischargeable, and we have helped many taxpayers walk away from their tax obligations. Because taxes in bankruptcy are complicated, make sure you find an attorney who understands tax issues and not just bankruptcy. Not all bankruptcy attorneys do.

The final thing you can do if you owe the IRS money, and this is what many of my clients do before they hire us to help them, is nothing. You can stick your head in the sand, pretend the IRS will forget about you and worry day and night about freezing bank accounts, garnishing wages and taking away your assets.

While there are only six things you can do if you owe the IRS, there are unlimited ways to mix these options to achieve the best results for you. So, if you have IRS problems, you should work with a local law firm. Better, you should give me a call – Opem Tax Resolutions & The Law Office of Steven A. Leahy, PC (312) 664-6649. I want to help! Call NOW to set up your FREE Consultation.

Audio/Video Transcript – **6 Things You Can Do If You Owe The IRS**

Pursuant to Internal Revenue Service guidance be advised that any federal tax advice contained in this program is not intended to be used and cannot be used by any person or entity for the purpose of avoiding any tax penalties that may be imposed by the Internal Revenue Service or any other US Federal taxing authority or agency or promoting marketing or recommending to another party any transaction or matter addressed in the show the opinions expressed by the host and the guests are their own and may not be used as authoritative advice any use of this material without the written consent of the host is strictly prohibited

Steve:

Welcome Back! I am your host Attorney Steven Leahy and this is the IRS Radio Hour on AM 560 The Answer.

Jimmy:

Man, we sound so much alike.

Steve:

That's good.

Jimmy:

Next time I am going to bring like a Transformer's like...Talk like OptimasPrime

Steve:

I don't know who that is.

Jimmy:

Really?

Steve:

I have heard of it. But I never watched the Transformers.

Jimmy:

What are you thinking of right now.

Jimmy & Steve:

He Man!

Jimmy:

I always think of He Man.

Steve:

Me too.

Jimmy:

So we are going to get into this segment Ladies and Gentlemen after our little side tangent. It is the Blog that we do weekly, and Attorney Leahy, Uncle Steve, Steve, what else should we call you? I think your alias

Steve:

Mr. Leahy

Jimmy:

Yeah, Mr. Leahy. What do you have this week on your blog segment.

Steve:

Well on the Blog this week we are going to talk about the 6 things you can do if you owe the IRS money. Now we have talked about that on this show before.

Jimmy:

Oh, Goodie.

Steve:

But because it is - Remember now this is The IRS Radio Hour.

Jimmy:

I know. I'm happy.

Steve:

So I have to tell people what's going on here. This is a very important part of it. I want to review what are those 6 things.

Now, how you put those things together, that's the key difference. The first thing you can do is:

Pay the IRS

They tell you how much you owe and you right them a check. It has to be a good check, and then you pay them and they will leave you alone. I always recommend that people borrow money or do what ever you can to get the IRS off your back. Sometimes you can go back and abate the penalties and interest. Because the penalties and interest is what's going to hurt you.

So, you can go back and abate the penalties and interest. We will have to talk about that at a different time, what abate is and how that works.

The second thing you can do you can come up with an installment agreement. An Installment agreement is an agreement between you and the IRS to pay what you can per month. There are a couple different types of installment agreements.

One is what they call the automatic installment agreement. If I owe less than \$10,000.00. Now, we are coming up to April 15th and some people are going to have to file their tax return and some people will not be able to pay.

Jimmy:

Does that mean McDonald's has .49/.39 cent cheeseburgers like they usually do every year?

Steve:

I think they do. Don't they do that on...

Jimmy;

Yes!

Steve:

So they automatic is if I owe...it coming up on April 15th and if I am going to owe the IRS money and I don't have it... A lot of times what people do, is they just don't file their returns.

Don't do that. File your return. It's important that you file your return. But, you can also file a form with the IRS that asks for an Installment Agreement. If I owed less than \$10,000.00 I just send this form and say "Hey, I am going to pay you over a period of time."

If I have been current on all my taxes, and I don't owe for any other years, they will give it to me. They will let me pay over a period of time. So, don't be afraid if you owe money to the IRS and you can't pay them, put in this form and ask for an automatic payment.

Jimmy:

There are plenty of people just like you out there and that is why we come to you Attorney Leahy.

Steve:

The second thing..second type of installment agreement, is what they call a full pay. if I owe less than \$50,000.00 I can come up with...What I do is look at how much you owe and divide it by 72 and maybe the IRS will agree to that.

Jimmy:

Why 72?

Steve:

Because that is the - under the Fresh Start Initiative, the IRS moved it. It used to be 60 months they would agree to, but now they will agree to a 72

Jimmy:

72 months. That is interesting. I thought you just pulled a number. Divided by 2 times 7.

Steve:

Yeah, so you can pay if you owe less than \$50,000.00. If you owe more than \$50,000.00 then they are going to go through an analysis and they are going to figure out how much you are going to pay every month. They will not automatically allow you to divide by 72 and pay them. If you make a lot of money, they are going to want their money sooner.

Now, the good one is the next one. What they call a partial pay. And a partial pay is when I pay them what I can. Maybe I can't pay them everything I owe them. Maybe I can only pay them \$100.00 per month. Well if I can prove that to the IRS, even if I owe them \$100,000.00, even if I owe them \$200,000.00, if I can show the IRS that I can only pay \$100.00, that is what they will take. They will agree to \$100.00.

This is important because, I think when people see this big money number that they owe, they get frightened that they just don't file and they don't do anything about it and then all the collections efforts happens. It doesn't have to go that way.

Jimmy:

So, what number was that?

Steve:

That was the second thing. The third thing you can do is what they call an Offer-in-Compromise. This is what you hear a lot on...pay pennies on the dollar. We are going to be able to pay less to the IRS in a lump sum.

Again, this also goes back to the Fresh Start Initiative, we talked about that before and we will talk about that again in the future. But they changed a lot of the parameters. The made this offer in compromise much easier to obtain.

Now, you don't go the IRS and say "Hey can I... will you take \$5000?" and they say no. "Will you take \$6000?" And they say no. What happens is, there is a calculation. They look at how much... it goes back to your disposable income. If I can prove what my disposable income is a month, and then I multiple that by a multiplier that the IRS has. Again, the number used to be 60, so if I had \$100 per month and they multiplied that by 60, that was \$6000 I had to pay, right?

Now, that number is only 12. So, now I only have to pay \$1200. So, it makes it much more likely that I can come up with that number, and make that work.

Jimmy:
This is number 3.

Steve:
That's right that's number 3.

Jimmy:
What's number 4?

Steve:
Number 4 is Currently Not Collectible status. And this is a very important part. What people don't understand is - "Hey I can't pay the IRS. So, I'm going to bury my head under the sand, and I am going to hope they will leave me alone." But you have to prove...They will leave you alone.

Jimmy:
I got my toes in the water, hands in the sand.

Steve:
Very good adaptation. I like that.

Jim:
Do you like that? That's actually a song.

Steve:
I know. But it is not "hands in the sand."

Jimmy:
Oh? Is it another thing? That's ok, I did this for radio.

Steve:
My show is PG, it's not R.

Jimmy:
I thought we had a G rated show. I think hands might be a little too much.

Steve:
OK. So, currently not collectible goes to...If I can prove to the IRS - "Hey IRS, once I pay all my bills every month, I don't have any money to pay you."

If I can prove that to the IRS, then the IRS will say, "OK, we are going to put you in this status, it's called Currently not collectible, and we are not going to bother

you. We are not going to call you, we are not going to freeze your bank account, we are not going to garnish any of your wages. We are still going to send you lots of notices, and your interest in everything keeps piling up, but you don't have to make any payments." So, they leave you alone.

And that is important. Again, the big thing people are afraid of is what the IRS can do to me. They can freeze my bank account, they can garnish my wages, they can start taking away my assets, they can show up at my door. They can show up at my job, and try to harass me.

Jimmy:
(knock knock) Mr. Leahy we know you're there. Go away.

Steve:
No one's home. That's right.

Jimmy:
Well I guess no one is at home.

Steve:
Remember, if they do knock on your door, you can always tell them "I'm going to call Mr. Leahy, my attorney."

Jimmy:
That's what I

Steve:
So, leave me alone. Call Mr. Leahy.

Jimmy:
Alright. Let me write that down.

Steve:
So, currently not collectible is a very powerful tool. Now, sometimes they can come back to you in a year or two years and ask you "Can you pay us now? Are you making more money now?"

And, if nothing has changed. You can continue in the currently not collectible status. If something changed, now you can start paying them, they are going to ask you to start paying them.

Jimmy:
Can I pay them through gift cards?

Steve:

I don't think so. I don't think there is an IRS gift card.

Jimmy:

I have a Best Buy gift card for \$500.

Steve:

Well, that's an asset and they can take it away from you.

Jimmy:

I think Lois Lerner would take it.

Steve:

Oh, yes she would.

Jimmy:

She would take it in a second.

Steve:

Especially if she heard the IRS Saga here on the IRS Radio Hour.

Jimmy:

She tunes out. She actually listens to the show, but she tunes out right when we talk about the IRS saga.

So, what's the next thing.

Steve:

Because it is the IRS and she is a big IRS fan.

Jimmy:

I know. What's the next thing? So, what are we on 5?

Steve:

The next thing is the 5th thing, bankruptcy. You can use bankruptcy. Now, not all taxes are dischargeable in bankruptcy. And bankruptcy is a complicated area of the law. Taxes in bankruptcy - complicated area of the law.

Jimmy:

It's kind of tongue tying.

Steve:

So, make sure you get somebody who understands this. If you have tax problems.

Jimmy:

Don't hire me.

Steve:

I think that's good advice Jim. If you have tax problems and you are thinking of filing bankruptcy, get a lawyer who understands bankruptcy and IRS problems. There is not a lot of them out there. So, make sure that is who you get.

Of course, I understand both and that what makes me a little bit different than everybody else.

Jimmy:

Awesome.

Steve:

And we will talk about that at a different time. So, there are different chapters, Chapter 7, Chapter 11, Chapter 13 and that's why it gets very complicated. And you have to get into your specific situation to find out what one you want to use. Sometimes it is a variation of these things.

You can use currently not collectible and an Installment agreement and the offer in compromise. So, you have to put it all together.

Jimmy:

That's all nice and everything. But what is the 6th and final thing I can do.

Steve:

The 6th thing you can do, and this is what most people do before they come to see me. Is you can do Nothing.

Jimmy:

Yes! I knew it. Pay up.

Steve:

And if you do nothing, then you will eventually get liens, and levies, and they will start taking things away from you. And they will show up at your door, and they will go to your job. And they will try to collect from you.

OK. So these are the 6 things. Again, you have to try to put them all in order, and which one will work for you. And that is why you have to find someone who understands this stuff, and that's what we do here at Opem Tax Resolution and The Law Office of Steven A. Leahy, PC. Give them a call at 312-664-6649, visit them on the web at ChiagoTaxTeam.com.

Jimmy:

For all you listeners out there, the wonderful, amazing IRS scandal is coming at you right after the commercial break. Thanks for listening and stay tuned.

