



# TIPS IN DEALING WITH THE IRS

By Jacob Ansel

**DEALING WITH THE IRS CAN BE AN** arduous task whether you want to resolve a simple tax notice, ask a question, or review a complicated amended return. Knowing the basics of who, when, where, why, and how can make a blood pressure raising experience much better. Here are some tips to help.

Each year the IRS mails millions of tax notices. Never ignore them. You can respond to most notices easily, so make sure you reply promptly. Read the notice carefully and follow instructions about what you need to do. IRS notices usually deal with a specific issue about your tax return. It may ask for more information or have corrected an error on the return. If you don't agree with the correction, write a letter explaining why you don't agree, including information and documentation. Keep copies of any notices you get. Don't fall for phone or phishing email scams which use the IRS as a lure. The IRS contacts people about unpaid taxes by mail, not by phone, email, text, or social media.

If you're one of millions of taxpayers who owe money to the IRS, there's a simple and quick solution to paying your taxes. Most folks who owe money wait for the tax notice and send in a few dollars as penalties, interest, and fees pile up. When the next statement or notice arrives, you pay a little more and so on, until you receive a dreaded bank account levy notice. Don't wait until it gets that far. If you owe the IRS money

***The IRS wields a great deal of power when it comes to enforcing the tax laws and collecting tax revenue for the government. However, that power is not absolute and taxpayers have many rights when the IRS is attempting to enforce the collection of a tax debt.***

and can't pay it all at once, there's a simple solution. Create an online account at [www.irs.gov](http://www.irs.gov) and set up a payment plan with a direct debit from your bank account on a monthly basis. You can take as long as 72 months to pay what's due with an almost instant approval, if the amount owed is less than \$50,000. If you set up a payment plan, the rate of penalty and interest is much less and there's no threatening letters or levy notices.

If you filed your tax return late, paid your taxes late, or did something to receive a dreaded penalty letter, don't jump the gun and pay it. Often-times, you can get out of the penalty if you're a first offender. Taxpayers who haven't had previous delinquencies can apply for a First Time Abatement Rule. Check out the IRS website where you can get a copy of the IRS Penalty Handbook which describes the more than 100 potential penalties that may be assessed against taxpayers. The majority of these penalties fall into two categories: collection penalties and accuracy-related penalties.

The Taxpayer Advocate Service (TAS) is an independent organization within

the IRS which acts as an ombudsman for taxpayers to personally assist them in resolving their problems with the IRS. To qualify for this personal assistance, taxpayers must be experiencing economic harm or significant cost (including fees for professional representation), have experienced a delay of more than 30 days to resolve their tax issue, or haven't received a response or resolution to the problem by the date that was promised by the IRS.

The IRS will not deal favorably with taxpayers who owe them money or have unfiled tax returns. If you owe taxes for the last five years and have yet to file a 2014 tax return, the IRS won't enter into a payment arrangement or process an Offer in Compromise for you. Tax filing obligations are different from the ability to pay any amounts owed on the tax returns so you want to file a return even if you cannot pay.

Before you speak with the representatives at the IRS, make sure you understand your legal options. In most collection cases, you can pay the amount in full within 90 days, pay the IRS over time with a monthly payment plan, pay less than what's owed via an Offer in Compromise, file bankruptcy, or pay nothing due to an expiration of a statute of limitations. In any event, representation (an attorney or a CPA) is a smart idea.

You have rights as a taxpayer and shouldn't be afraid to exercise those rights. If you cooperate with the IRS and provide the bare minimum amount of information necessary, you very likely will be able to negotiate a settlement/resolution that you can live with. □

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