



Collections at the IRS

You have finally climbed out of the Pit of Unreported Income or River of No Returns, slogged through the Tax Code Jungle, and got your tax return filed, or perhaps the IRS filed it for you. (Please note: if you filed the return, the ten year "Statute of Limitations" began running. If they filed it for you, the Statute of Limitations NEVER starts running until you do file the return yourself).

A few weeks after that return is "filed", it is "assessed", which means a clerk at the IRS has entered the information into the **BIG** computer. This day, "assessment day", starts the process of collections and the statute of limitations starts "running". The computer will automatically generate a bill for you. If you pay as soon as you receive the bill, that will end the matter. If like most folks, you do not have the money to pay when the bill comes, and the amount is over \$10,000, the IRS will file a "Federal Tax Lien."

This lien gives them the power to take any property covered by the lien. In general, the first property they will seize will be your bank account and wages (called a garnishment). They will also file the lien in any county where they think you may own real estate. The lien will show up on your credit report and make it more difficult for you to borrow any money.

There are four ways to have the lien removed. One is just pay the tax. Another is to either post a bond in the amount of the liability, or offer a different piece of property with equity equal to twice the tax debt. In general, if you could do that, you would pay the tax. If you cannot do either of those, you will have to go for the fourth option, "get in compliance" and take some other approach to "resolution" and lien removal.

To be in compliance, you must file all returns, pay any required estimated taxes, and provide information on form 433, "Collection Information Statement". At that point, you will have the information you need to begin to decide which resolution technique you will use. You can enter a payment plan, ask for uncollectible status, submit an Offer In Compromise, or file Bankruptcy. Of course, at any point, if you win the Lotto, you can resolve the issue by paying the full amount.

If, for whatever reason, you either cannot or do not "get in compliance", you will be subject to levy, garnishment or seizure of property. The only sure way to remove the levy, garnishment or seizure, is to "get in compliance", and use one of the resolution techniques to move from Seizure Slough to Compliance Cove, where you will avoid levies, etc, as long as you continue to file all returns, pay any current taxes, and keep up with any required payments. May you have a Safe Journey.