



March 4, 2011

IRS to Help You Pay Back Taxes

Are you having trouble paying your taxes? Do you owe any back taxes? The IRS has initiated some new regulations that are designed to help you pay your tax obligations. This is especially aimed to benefit individuals and small business owners without adding any more burdens to taxpayers.

According to IRS Commissioner Doug Shulman, "We are making fundamental changes to our lien system and other collection tools that will help taxpayers and give them a fresh start. These steps are good for people facing tough times, and they reflect a responsible approach for the tax system."

The IRS has long been filing tax liens to be given first priority over assets of tax debtors who have not paid up their taxes. But with the new regulations, conditions for filing these liens are going to be relaxed. The new lien filing practices are:

1. The IRS has raised the threshold for filing a tax lien from \$5,000 to \$10,000. This means that the IRS cannot file a lien against you unless your tax debt exceeds \$10,000.
2. A lien withdrawal will be issued to you if your tax debt does not exceed

\$25,000 and you are willing to sign a direct debit installment agreement with the IRS. A direct debit installment agreement allows the IRS to withdraw a fixed amount from your bank account every month to pay off your remaining tax liability. If you would like to arrange a direct debit installment agreement, use the Online Payment Agreement application on www.irs.gov to set it up.

3. If you are a small business owner with not more than \$25,000 in tax debts, you can make a streamlined installment agreement with the IRS. This entails arranging with your bank to make monthly payments to the IRS to pay off your debts within 24 months.

4. Now more people can apply for an Offer in Compromise because the IRS has raised the limit of qualifying annual income. Taxpayers who earn as much as \$100,000 a year may qualify for an Offer in Compromise if your outstanding tax debt is less than \$50,000.

In the past, the IRS has initiated several steps to help taxpayers fulfill their tax obligations. In 2008, the IRS gave lien relief for people trying to refinance or sell a home. In 2009, the IRS added new flexibility for taxpayers facing payment or collection problems. In 2010, the IRS held about 1,000 special open houses to help taxpayers and small businesses resolve their tax issues.