

What You Need to Know About Offer in Compromise

Ultimately, what you are trying to get when you submit an Offer in Compromise (OIC) is a settlement or possibly the elimination of your tax debt to the IRS. As with any other agreement, the objective of the OIC is to arrive at a settlement that is in the best interest of both parties. You, as the taxpayer and the IRS, representing the government, are the parties concerned here.

In general, the IRS is open to receiving an Offer in Compromise so that unpaid debts can be settled for a lesser amount. A key consideration in accepting applications of this kind is the taxpayer's capability to pay the entire amount. The amount that is submitted by taxpayer in the OIC must be a close reflection of the possibility that the debt will be collected in the near future. For instance, if the probability of collecting that amount is higher, then a higher amount should be declared in the OIC. If the opposite is true, then he/she should put a lesser amount.

If you would like to apply for an Offer in Compromise, it is a requisite that you have filed all of your tax returns for the pertaining years you wish to compromise on for the debt. The government may have its own accrual of your taxable earnings but it will not consider your OIC until you present your official tax returns. You also need to provide the amount that you believe to have earned during those years. Filing all of your tax returns also ascertains that you will not be imprisoned for failing to do so. However, the possibility of being imprisoned as a result of tax issues is still a present in some occasions

While many people think that the Offer in Compromise has a great deal to do with how much you actually owe the IRS, they are incorrect. A greater factor is how much the IRS believes they will be able to collect from you. The central focus of your OIC is this belief and understanding. Applicants must prove to the IRS that they cannot afford to pay more than the recommended figures indicated in their forms. The likelihood of getting this request approved increases when such important considerations are dealt with correctly.

The IRS will carry on with its attempts to collect money from you even if you are still waiting for the decision on your OIC. Wage garnishments and tax levies are few of the more serious methods that they can enforce on you. The good thing is you may appeal to any of these IRS endeavors by undergoing the process called, Collection Due Process Appeal. During the actual appeal hearing, you may use alternative procedures, such as payment plans and your OIC, to the collection attempts of the IRS.

In conclusion, believe that tax debts, no matter how large, will be

eventually settled. Even if the IRS deems that you are capable of paying the entire amount, if you can adequately demonstrate otherwise, you will still be able to put an end to these tax problems. Let the IRS realize that a tax settlement will keep overhead costs lower, and they will surely take this alternative as this is necessary for effective tax administration.

Darrin T. Mish is a Nationally recognized Attorney whose practice focuses on representing clients across the United States with IRS Problems. He is AV rated by Martindale-Hubbel and is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. He has been honored by a listing in Martindale-Hubbel's Bar Register of Preeminent Lawyers. His passion is providing IRS help to taxpayers with both individual and payroll tax problems. He also spends a great deal of time traveling the nation providing training to attorneys, CPAs and Enrolled Agents on how to handle their toughest cases with the IRS. If you would like more information about his services please visit <http://getirshelp.com>.