

Information Regarding IRS Penalties

Feelings of apprehension when talking about IRS penalties and back taxes are normal and valid. Fortunately, unknown to many, there are actual guidelines and procedures set in place that are designed to give regular taxpayers some recourse when dealing with an IRS penalty. Taxpayers can ultimately be dismissed from back taxes and other penalties through negotiations and installment plans.

To review, cases like not filing tax returns, incorrectly filing of taxes, misleading the IRS and not paying quarterly taxes jeopardize taxpayers for penalties. For a more comprehensive reference, you may consult the Penalty Handbook, which lists all possible penalties and discusses the processes on tax penalty abatement and IRS penalty assessment. This goes to show then that on top of the taxes collected, the government also earns from the interests imposed on some delinquent taxpayers.

Since the government wants to ensure that IRS penalties assessment is done properly, it provided taxpayers with several courses of action and made the process of releasing tax levies relatively easier. In comparison to the outrageous battle it once was, the process is now friendlier.

The IRS Penalties Handbook provides taxpayers with the chance to know more about interest, levies and abatement of penalties. When taxpayers exert the effort to educate themselves on how IRS penalties work, they significantly lessen their chances of being subjected to these consequences.

Today, as stated in the IRS Penalty Policy Statement, IRS penalties are no longer automatic. You may, in fact, be eligible to a cancellation of some or all of your IRS tax penalties if you can justify that there was no willful negligence and intention of defrauding the IRS on your part. This process is what we refer to as "IRS abatement of penalties."

You may ask how much the IRS earns from the collection of penalties alone. On the average, the total often amounts to over \$15 billion. Not only is this a big source of income for the IRS, conversely, it is also the cause of a great amount of frustration on the part of taxpayers.

What makes circumstances worse for many is that when a penalty is given to them, that amount gets added to the total amount of tax debt. As a result, the new larger sum becomes the base amount of the interest. Interests on tax debts actually go up to a maximum of 25%. With this, the debt can be doubled or tripled over a very short period of time, making it difficult for people to settle the entire amount due.

When you are issued a notification that states that you are being penalized for owing the IRS money, one of the first courses of action to take is to respond to the IRS in writing and make a request for a cancellation of penalties. This is the start of the abatement process, which, fortunately, is a right given to all taxpayers. All of the IRS penalties have a "good faith exception" clause written into their provisions. This clause provides the IRS with the ability to legally cancel your penalty if they decide that you purposefully attempted to defraud or mislead the IRS. To reiterate, for many, IRS penalties may spell danger but alternatives and resources provided make this matter easier to deal with.

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>.