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Tips for Last Minute Tax Filers by Attorney near 33605 (part 2)

In my previous article, I shared two tips for last minute tax filers. Here are two more tips.

File now but Pay later

If unfortunate circumstances hit you at the time you need to pay your taxes causing a cash shortage at the crucial time, you should still file your taxes even if you cannot pay anything. Using the Online Payment Agreement Application or calling 800-829-1040, you can request for an extension of time to pay up. You can be granted between 30 and 120 days to pay your taxes with penalties but the IRS says you would usually end up paying less in penalties than you would paying your taxes in installments.

If you file your tax returns but do not pay what you owe, you will be charged 0.5% failure-to-pay penalty on whatever is outstanding per month up to a maximum of 25% of your total tax bill. On the other hand, if you do not file your tax returns, the penalty is more severe. You will be charged 5% per month of your tax bill up to a maximum of 25%. If you still have not filed your returns within 60 days of the due date plus extensions, you will be penalized at least \$135 or 100% of your tax debt, whichever is lower.

If you owe \$3,000 and you do file your tax returns within the deadline but only pay 3 months later, your penalty would be 0.5% of \$3,000 a month for 3 months which amounts to \$45. But if you fail to file your returns within the deadline and file it and pay your debt in full 3 months later, you would have to pay 5% of \$3,000 for 3 months which is \$450.

Apply for an Offer in Compromise

An Offer in Compromise is a provision in the tax code whereby you are forgiven of your tax debts. As you can imagine, it would be extremely difficult to obtain an Offer in Compromise for your entire tax bill. To successfully obtain an Offer in Compromise, you have to qualify for it. Basically, you need to show that you have used up all your resources to pay your tax bill and are not able to pay it in future as well. Usually, this would only apply to the elderly or disabled. However, you can still try making an application but it is advisable for you to consult a tax attorney because the requirements are stringent and documentation needed is voluminous. For

example, you need to provide receipts of your living expenses over the last 3 months and list down all your assets and their values.

If you cannot afford your entire tax bill, another option you should consider is an installment payment on part of your total bill over a specified period. Upon expiry of this period, the balance of your debt is forgiven. To qualify for this arrangement, you would also have to provide lots of financial information, but not as much as for an Offer in compromise. Under this arrangement, the IRS is entitled to review it every 2 years and may increase your monthly installments if they feel your financial situation has improved.

Do call us at (813) 229 7100 or toll free (888) 438 6474 for a free consultation on your application for an Offer in Compromise or any other tax matter.

These are some of the steps you can take to meet the deadline to file and pay your taxes.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.