

Wage and 1099 Garnishment

Salary garnishment is a serious situation for people who are in debt: the creditors take their payments directly from their paychecks. People can get their wage garnished for a multitude of reasons.

Salary can be taken directly from a person's paycheck or other income sources when a verdict is made. For the following reasons, salary can be garnished:

- * Credit card debt.
- * Child support is owed.
- * Court fines unpaid.
- * Unpaid taxes.
- * Student loans in arrears.
- * Other monetary dues.

The amount is maintained at twenty-five percent of the defendant's disposable income, although rules are diverse from state to state. If there is not sufficient income to provide for all garnishments, there's a specific order. It is federal taxes, state, and finally, credit cards. A few states, like North and South Carolina, Pennsylvania, and Texas, don't allow wage garnishment at all. Other states have a lower maximum amount they allow for garnishment.

Here's the process that the IRS follows when garnishing salary:

- * The first thing served is a Notice and Demand for Payment.
- * 30 days before garnishment is effective, a Final Notice is sent. (Note: The Final Notice isn't needed to be served in person, so a lot of people do not receive it. They may not be aware of the garnishment of their wage.)
- * Until other arrangements are decided for settlement or dues are settled, wage will be garnished. Garnishment of wage can't be declined by defendants.

Companies that hire private contractors or freelancers should file a 1099 form to the IRS to declare income. The freelancers deduct taxes from the 1099 themselves.

An employer has no choice but to take settlement out of an employee's paycheck when wages are garnished. Employers are not responsible to do so, however, with private contractors or freelancers. The contractor's accounts receivable or bank account are levied by the credit, instead of the wage being garnished.

Money in the account is frozen and seized when a bank account is levied.

The IRS does it, as well as other creditors. Until the dues are settled, creditors can levy bank accounts.

Having your salary garnished or your bank account levied is tough. Seasoned lawyers such as Darrin T. Mish can assist you with IRS problems.

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>.