

Solving Tax Problems Through Compromise

(NAPSA)—With the start of the New Year also comes the start of a new tax season. And for many who owe back taxes to the IRS or state, this time of year can be especially troubling and frustrating.

However, when it comes to unpaid taxes, there are times when a “compromising situation” can actually benefit a taxpayer.

In certain situations, the IRS will accept what’s known as an Offer in Compromise, or OIC. This is when it is unlikely that a tax liability can be collected in full and the amount offered to the IRS by the taxpayer reasonably reflects what the IRS hopes to collect.

Typically, the person pursuing this process is someone who hasn’t paid federal or state income tax for several years and may be facing an immediate crisis involving wage or bank account garnishments, foreclosures, levies or liens.

Part of the IRS’ willingness to accept a settlement offer is based on an analysis of a person’s financial standing. It is a complicated process that can take up to 24 months or more to resolve and involves a debt-to-asset formula devised by the IRS.

As part of the process, the taxpayer must present current versions—covering the last three months—of the following:

- Bank statements,
- Pay stubs,
- Life insurance statements,
- Utility and phone bills,
- Mortgage statements,
- Car insurance,
- Monthly auto payments,
- Court-ordered payments such as child support, and
- The person’s last filed tax return.

In fact, to be eligible, a person must be current on all of his or her tax returns.

Once an OIC is accepted by the IRS, either installment or lump sum payments are arranged.



In certain situations, the IRS will accept what’s known as an Offer in Compromise to clear up unpaid back taxes.

Once the agreement is in place, the taxpayer must keep current on all payments.

While an OIC does offer hope for those who qualify, it can be a complicated process. That’s why many people turn to professionals, such as JK Harris & Company, for assistance when filing and negotiating such an offer.

The nation’s largest tax resolution firm, the company’s staff includes veteran ex-IRS agents, CPAs, attorneys and Enrolled Agents—professionals who specialize in tax issues and are licensed to represent taxpayers before the IRS.

There is a fee for what the company refers to as its resolution or representation services. Additional fees are charged for tax preparation, audit representation, use of the company’s emergency team and use of the Special Assistance Group, which handles larger and more complex cases.

To learn more, call toll free 1-800-795-0593 or visit the Web site at www.settlebacktaxes.com.