



FREQUENTLY ASKED QUESTIONS

- 1. I owe a lot of money to the IRS and I haven't filed returns for many years and the IRS is garnishing my wages and freezing my bank accounts. How do I get them off my back?**

Answer: You will first be required to file all unfiled returns before the IRS will negotiate a payment plan or an Offer-in-Compromise for a reduced settlement.

- 2. I owe the IRS a lot of money but most of it is interest and penalties. Can you remove penalties and interest?**

Answer: The IRS imposes generally 2 types of penalties, which are added to the tax you owe and calculates the interest on that whole amount, which will compound daily. These 2 types of penalties are failure-to-file penalties, which max out at 25% and failure-to-pay penalties, which also max out at 25%. The failure to file penalty is usually the only penalty the IRS considers for abatement, however, you will need to have a qualifying reasonable cause, which is generally relating to serious medical and mental conditions that prevented you from filing on time. The failure-to-pay penalty is usually never waived due to the fact that even if there was reasonable cause for not filing, there usually is never a reasonable cause for failing to pay your tax on time. The interest will go down automatically if the any penalties are ultimately waived, but by itself, interest is never waived.

- 3. I am being audited. Should I handle the audit on my own?**

Answer: IRS audits are a very specialized set of procedures and actions that IRS agents are trained to do. There are many complicated tax laws associated with the IRS as well as policies, procedures, and "unwritten" revenue agent strategies to achieve what is called business results. In other words, effective examinations that generate tax revenue. The agents receive training from senior agents with many years of experience as well as countless hours of year round continuing education. To take on an IRS agent or examiner would be like taking on a professional basketball player to a one-on-one basketball match. Even though there are many very nice and objective IRS agents out there, they have a job to do. They take pride in their job, as anyone should, and it even sometimes pains them to impose

some of the adjustments they make. They have to do it although it adds a great tax burden on any taxpayer. We always recommend that you hire a professional to represent you in an IRS audit, only and simply, because it is a highly specialized undertaking.

4. Is it possible to settle with the IRS for a fraction of what I owe them?

Answer: This solely depends on “your ability to pay”. Frances has more than 13 years experience working in the collections division of the IRS and about as many years working on the private side helping clients with collections issues. She has the experience and knowledge to analyze your financial information and determine what amount you could qualify for in a reduced settlement with the IRS.

5. Can a bankruptcy discharge my debt with the IRS?

Answer: Not all federal & state tax liabilities can be discharged. There are many specific rules regarding this issue, and it is very important for you to consult with us to find out exactly the tax ramifications involving bankruptcies before you file for a bankruptcy*. (**Please be advised that we recommend to seek a bankruptcy attorney if you do decide to file for bankruptcy*).

6. The IRS never seems to stop auditing me. What can I do to prevent further audits?

Answer: The most important aspect for any taxpayer is to find a reliable tax advisor and to establish an adequate accounting system. A good and contemporaneous accounting system in conjunction with regular consultation with your accountant/tax advisor makes a world of difference. It is a partnership that will give you a piece of mind so that you can sleep at night as you will know that your records are always in order and you will not have any surprises years later if the IRS comes knocking on your door.

7. I have filed late returns and I owe the IRS a lot of money; I have had tax liens by both the federal and state and I am garnished repeatedly, what is the best and less costly way to get out of this?

Answer: We here at IRS Problem Solvers, Inc., have many years of IRS problem solving, and we have worked on a broad spectrum of different cases that have given us the advantage of solving your problem by first performing a comprehensive tax research, then to assess the big picture for your current and future needs and generate the best possible tax strategy to achieve the best results possible.

