

## IRS Offers and Payment Plans

### Tax Liens and Levies

The IRS Notice of Federal Tax Lien (NFTL) and corresponding state tax liens inform the public that an outstanding tax liability exists. A tax levy, unlike a lien, is the actual act of taking assets – most often bank account deposits or wages. Depending on the assets and income of the taxpayer, an offer in compromise (where the IRS agrees to accept less than the full amount owed) or payment plan may be available.

Greenspoon Marder helps clients resolve their outstanding tax liabilities, stop tax levies and release tax liens. Sometimes resolution is through an Offer or Installment Agreement, sometimes by contesting the liability, yet other resolutions might involve doing nothing – the complexities of the U.S. Tax regime require the expertise of a firm with extensive knowledge and experience in all areas of tax controversy – audit, trial, collections and tax debt resolution. Greenspoon Marder is that firm.

### Reasonable Collection Potential

The IRS uses a taxpayer's income and assets to determine its Reasonable Collection Potential or RCP. The process involves the taxpayer's disclosure of income and assets on IRS Form 433 and can include a complete and detailed production of records for all assets and accounts owned by the taxpayer. Once determined, the RCP is then used to compute the taxpayer's eligibility for Offers in Compromise, Payment Plans, and a status called Currently Not Collectable.

### Offers in Compromise

Our Denver tax attorneys have secured an IRS Offer in Compromise of less than \$30,000 for a \$1,000,000+ tax liability (including penalties and interest). We have had numerous other accepted offers and we can help you. Offers in Compromise allow individuals and families who struggle with tax debt to put an end to the collections, resolve their liability, and move forward with their lives. "In business" offers, while more difficult, can also be used to provide businesses with the relief necessary to move forward and survive liquidation.

Offers in Compromise are based on a taxpayer's RCP or ability to pay. For taxpayers who do not qualify, a Fresh Start Payment Plan or other method of repayment is probably available. An example of a typical offer for a family or individual with the ability to pay or RCP of \$200 a month, and no equity in assets, is \$2,400. Of course, not all taxpayers qualify for this type of result, and some do not qualify for offers at all. But for those that don't, there are other options available including installment agreements/payment plans. Fortunately, the same process, forms and documents are used to determine eligibility for an Offer in Compromise and the other types of Collection Resolution that are available. Greenspoon Marder will present your financials in the most advantageous light allowable and will give you straight advice and guidance in securing an offer or other collection resolution.

### Payment Plans and the IRS Fresh Start Program

The IRS Fresh Start Program provides that individuals and families will generally be provided six years to repay their tax liability according to their actual ability to pay. Because the standard IRS determination of a taxpayer's ability to pay does not allow for certain expenses (credit cards, college, etc.), monthly payment amounts can be difficult. The Fresh Start Program takes these expenses into account in computing a repayment period of up to six years.

Other repayment plans may be available for businesses and individual taxpayers who don't qualify for the Fresh Start Program. Sometimes, however, securing a payment plan can be difficult – particularly if the taxpayer is a struggling business and has outstanding employment tax liabilities. Our Denver tax attorneys represent individuals and businesses with difficult tax liabilities, helping them understand the law and their options, and formulating a plan to resolve the problem.

For more information on IRS offers and payment plans, contact partner Nick Richards at [nick.richards@gmlaw.com](mailto:nick.richards@gmlaw.com).

### **Lead Attorney**

- Nick Richards

### **Related Areas**

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- Tax Litigation
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### **Publications**

- Understanding the Impact of the IRS's Standard Deduction Update