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A Guide to Tax Resolution: Solving IRS Problems

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Course Description

Tax resolution means providing solutions to businesses and individuals alike who find themselves in trouble with the IRS. To resolve tax matters with the IRS, the IRS' Offer in Compromise (OIC) program encourages delinquent taxpayers to settle their back taxes—often for pennies on the dollar. This course covers other options to explore. The areas to be covered are: Offers in Compromise, Wage Garnishments, Bankruptcy, Installment, Delinquent Tax Returns, IRS Bank Levies, Freedom of Information Requests, IRS Payment Plans, Payroll Tax Problems, IRS Audits, Penalty Abatement, Liens, Collection Appeals, IRS Appeals, Innocent Spouse and Expiration of Statutes. The course also contains step-by-step information needed in order to prepare a complete and accurate Offer in Compromise (Form 656), 433-A, and 433-B.

Field of Study	Taxation
Level of Knowledge	Overview
Prerequisite	None
Advanced Preparation	None

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PREFACE

Tax resolution is the process of developing and implementing a solution to solve a taxpayer's IRS problem. This course covers both individuals and businesses. In the truest sense, the optimal resolution will solve the problem permanently and settle the tax liability for the lowest amount allowed by law.

There are a number of different options the taxpayer has at their disposal to resolve their tax matter with the IRS. However, relatively few taxpayers and for that matter practitioners are aware of the options. And in many cases, the taxpayer is not adequately informed by the IRS of all options, let alone which option may best suit the taxpayer's specific situation. This is in spite of both guidance and dictates from the U.S. Senate Finance Committee which has oversight for the IRS.

The options include filing unfiled tax returns, disputing the tax on technical grounds, request for penalty abatement, bankruptcy, negotiating an installment agreement, negotiating an offer in compromise, request for innocent spouse relief, expiration of the collections statute, and being placed in currently not collectable status. One of the more well-known options is the Offer in Compromise program. This allows a taxpayer who owes more than they could ever afford to pay the opportunity to settle their tax debt for a portion of the total- often for a fraction of what is owed.

While the United States Congress has mandated that the IRS create a variety of programs to ensure 'equity' within the voluntary U.S. tax assessment system, the IRS is continually challenged to balance two disparate objectives:

- Ensure taxpayer compliance and collection of tax receipts to fund running the Federal government
- Provide and administer programs which give the tax payer who has significant tax problems a fresh start.

This inherent conflict routinely sends mixed signals to taxpayers and IRS employees. This was most clearly evident when Congress initiated a series of hearings in 1998 in response to a perception on the part of the public that the IRS was 'heavy handed' in its approach to enforcement. These hearings resulted in a series of significant reforms. Subsequent to these hearings, a GAO report dated August 2001 indicated these reforms have been slow to take hold.

While this should not be surprising in an organization as massive as the IRS, the report went on to say that significant system and process deficiencies continue to impede collections and affect the accuracy of taxpayer accounts. Discussions with taxpayers, practitioners, and IRS employees over many months show there is still much work to be done to achieve a balanced and equitable system.

Other related areas which are covered in these materials include: Wage Garnishments, Bank Levies, Freedom of Information Requests, Payroll Tax Problems, IRS Audits, Liens, Collection Appeals, IRS Appeals. Also included is guidance on how to determine when you need professional help and how to find it.

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