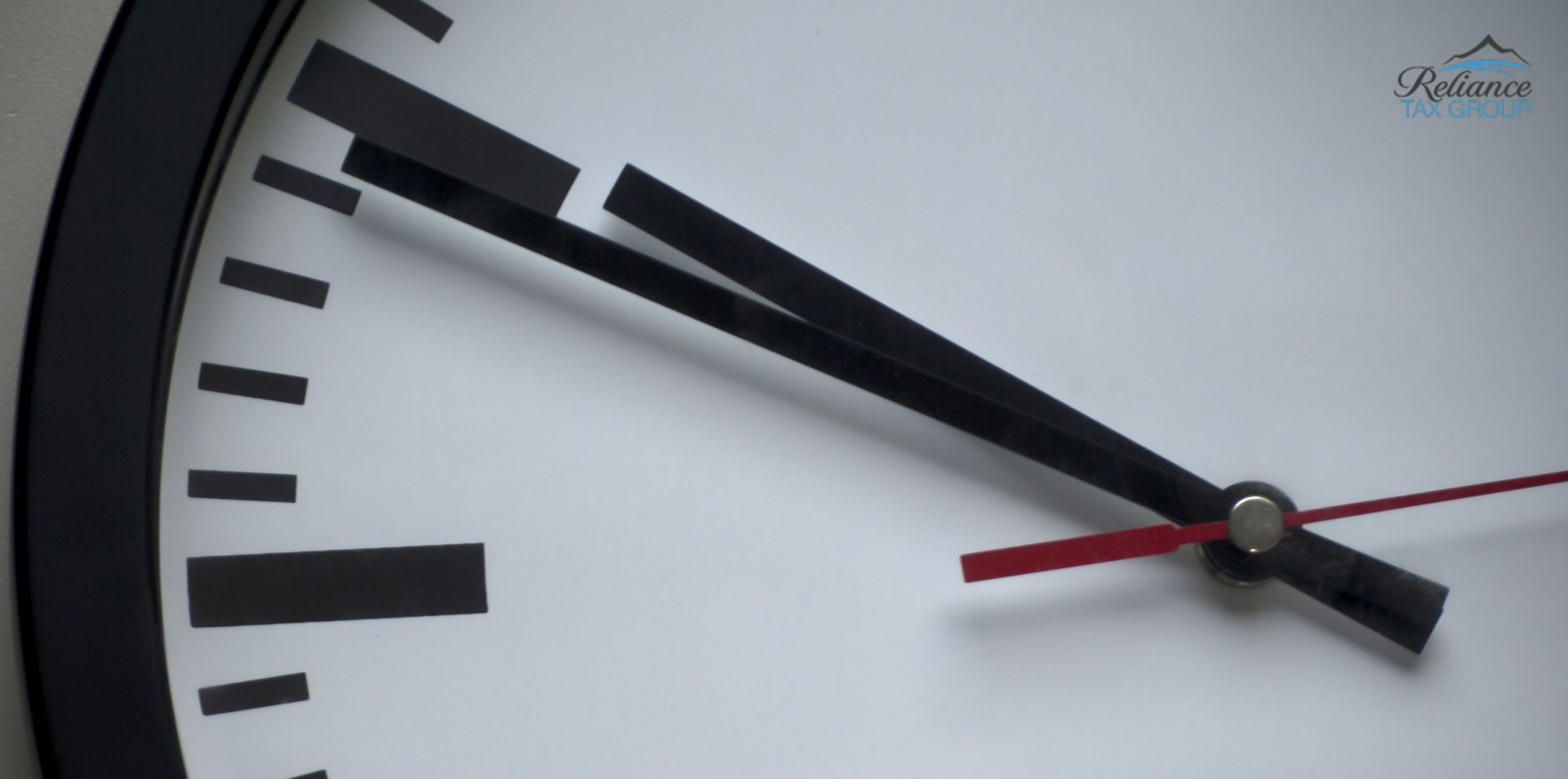




# THE STEP-BY-STEP GUIDE TO BECOMING **CURRENT AND COMPLIANT** WITH YOUR IRS TAXES

*The tax team you can rely on* 



**If you've fallen behind on your taxes, you're not alone.**

It's not a time to be afraid, it's a time take action so your problem doesn't snowball into an avalanche. The truth of the matter is that you're not the only one. Around 25% of taxpayers wait until two weeks before the due date and thousands of others miss the deadline all together, according to [Accounting Web](#).

It's not easy to overcome past due tax issues and unfiled taxes, but you can do it if you're diligent, patient and try to stay on top of deadlines. Unfortunately, most business owners, and individuals are consumed with other important tasks. Finding the time to navigate the IRS website, make calls, find documents and submit forms may be difficult and stressful. However, there are many tips that might help you get through the process, and avoid a few mistakes while you're at it.



## Overall Recommendations:

One of the most important things to consider when going through the tax filing process is knowing your rights. Failing to file your taxes can result in penalties, fines, collections, or even criminal prosecution. You could possibly experience a levy or a federal tax lien. You can easily avoid these things by staying current on your taxes and knowing how to catch up when you've fallen behind. The process is very intimidating, but it is necessary for every business and individual.

If you are under extreme financial strain, you may be able to find solutions. For example, the local taxpayer advocate works with taxpayers to make sure that they receive the proper treatment. The Tax Advocate has also established a Bill of Rights to make processes fair and just.

## These rights include the following:

- The Right to Be Informed
- The Right to Quality Service
- The Right to Pay No More than the Correct Amount of Tax
- The Right to Challenge the IRS's Position to Be Heard
- The Right to Appeal an IRS Decision in an Independent Forum
- The Right to Finality
- The Right to Privacy
- The Right to Confidentiality
- The Right to Retain Representation
- The Right to a Fair and Just Tax System



Knowing these rights will help to protect you and your assets, while helping you to get through the tax filing process with ease. The good thing is that the IRS has a lot of information available online, but it's long and complicated. Each business and situation is also unique, so you'll need to refer to specific information that applies to you. It may be hard to find out what information best matches your specific business. Also, changes are put into place each year that can make a difference in your filing process.

Last year's updates to the tax code proved how important it is to refer to these changes during each tax season.

### **In the 2016 tax year, there were 18 updates to Publication 17 alone.**

Some of these [changes](#) included revisions for standard mileage rates, the availability of new self-certifications, and new deadlines for reporting foreign accounts. If you're like most business owners it is very unlikely that you'll be taking notes on each new tax adjustment. It may take hours to find information that applies to your returns.

You can also spend countless hours trying to navigate the processes that the IRS has created for annual taxes. Of course, it is required, but it can be very intimidating. Busy professionals or business owners can easily procrastinate on these matters and wait until the last minute. Also, with so many details to consider, it may be easier to make a costly mistake that you'll have to fix later.

To add to the challenge, the site can be confusing because it contains information regarding previous tax laws and new laws. You'll find tons of resources throughout the site, but if you aren't used to reviewing this data you might not understand how it applies to you. For non-experts, the tax law information pages can be overwhelming, requiring you to click through multiple pages to locate applicable information.

An example of this is the [Fresh Start program](#). The Fresh start program can be confusing because the IRS may file a lien if your tax balance exceeds \$10,000. Once you set up on a payment plan the IRS may remove the lien as your balance reaches

under \$25,000. This is often puzzling because you may still qualify for the Fresh Start Program even if you owe up to \$50,000. The lien remains on your account until your balance reaches \$25,000. You can complete these payments using a direct debit and apply for a lien withdrawal. [The IRS has very specific codes for its programs so you must do your research!](#)

There are various publications printed to offer details on specific circumstances. It can take quite some time to truly understand each one of these guidelines, while trying to file back taxes. You may have to locate different versions of the publications to file each individual year. Unfortunately, it is just not a simple feat.

You will have to start off the process with the sheer motivation to maintain current tax returns and to comply with requirements. After all, it is a part of history. Taxes have been around since the 1800's. [It is each person's responsibility to file, no matter how time consuming this process may be.](#)



The good part is that you also have rights, just as you have responsibilities. If you don't know your own legal rights then essentially you don't have any. Ideally, it would be great for everyone to follow the law, but the IRS doesn't work for you directly. They are under no obligation to help you out, get you a good deal, or tell you that you're making a huge mistake that could cost you thousands of dollars. It is up to you to know the law so that you can advocate for yourself. Otherwise, you'll need to plan on spending many hours sifting through pages of IRS tax information.

You can also call in to receive assistance over the phone. You can get help from a customer service representative from 7AM to 7PM Monday to Friday. The telephone number for businesses is 800-829-1040. The telephone number for individuals is 800-829-4933. Local offices are available to help customers in person. Be certain to have social security numbers, filing status, previous returns, or letters received from the IRS available for reference.

Call in to Receive Assistance  
over the Phone:

Individuals: 800-829-4933

Businesses: 800-829-1040

Hours: 7 AM to 7 PM  
Monday-Friday

## Phone tips

If you don't plan on visiting local offices, or contacting them by mail correspondence, you'll need to make time to contact the IRS by phone to ask for status updates or confirm accuracy of information. This route takes a lot of patience. The best way to simplify this process is to be prepared. If you know what to expect, then you will be ready to press the correct buttons and ask the right questions.

First, you'll want to be sure that you are calling the right telephone number!

The numbers are referenced above. As of 2016, the original Teletax line is no longer a working telephone number. There are dedicated lines for specific purposes, like checking on refund status and asking tax questions. Be sure to check the website to confirm the correct telephone number. Have pertinent details available just in case you need to provide information for verification. Also, note that the IRS often has information on their site regarding current wait times, hours, and holidays.

## Time on the Phone

Waiting on hold for a period of time can be expected. In some cases, this hold time can last as long as two hours. At times, there is nothing that you can do to avoid this. It is highly recommended that you set time aside to wait to reach a live person. The best thing to do is to be ready to ask your questions as soon as someone comes on the line. Grab your earbuds, your pen, and paper and be ready to give the IRS your full attention so that your questions are answered properly.

Remember that agents work for the IRS.

Although they are often friendly and helpful, they may not always be able to find solutions that meet your specific requests. Their responsibility is to complete their job tasks and in some cases to collect your tax debt. You may need to call several times to reach the right person who is more familiar with your questions or circumstances.

Unlike many debt collection agencies who assign you to a specific agent, you can expect to converse with multiple candidates throughout this process. There are millions of taxpayers. In some cases, the IRS is beginning to outsource old debts reaching expiration to 3rd party collection agencies. If you're assigned to one of these companies, you will not be able to negotiate a settlement with the IRS.

## Take Notes

There are several things that you will want to notate during your call. Monitor the time, date, agent id, call purpose, and response. Keep a log of multiple calls and reroutes to different numbers or departments. Did you send documents to the right fax number? Have you received notification that you'll have to wait a certain period of time before your paperwork is processed? The more detailed your notes are, the easier it will be to progress through each step of the process.

To prepare for your call to the IRS be sure to have your documents ready. It may be convenient to have internet access so that you can easily download suggested documents or send a quick fax. You must have access to a fax machine so you can send documents to your agent as quickly as possible.

Also, always be polite while speaking on the phone. Even if the agent seems to be difficult, you shouldn't respond in anger. That will only result in more negativity and an unresolved situation. What's worst is if the call is somehow disconnected and then you are forced to call back and spend even more time on hold.



After you have completed a successful call, mark your calendar and call back in a couple of days to verify that the previous agent took accurate and clear notes about your call. Make sure that you have included the response. Your notes should also document what the agent has agreed to complete on your behalf or what steps have been recommended.

**The best way to manage your time throughout this process is to keep a calendar with deadlines and reminders.**

It is important not to miss a deadline once you've set up a plan with the IRS. Once you've established a payment plan, you must remain compliant. Set reminders for 30 days before each action item is due. Try to follow the plan as closely as possible so that you don't end up extending the process beyond what is necessary.

**Many make use of a secure fax machine to help speed up the process.** You can also file important forms by postal mail. The process may take some additional time if you decide to go through the mail, but you'll avoid holding on the phone or placing multiple calls to confirm your fax.

Some tax preparers request delivery confirmations when mailing important documents. You should also be certain to have many copies available for filing. You can date each document and write down the mailing dates when sending materials. Whether mailing or faxing your paperwork to begin this process, it is important to note that this is the first step towards solving your tax problems. Beginning this procedure does not mean that you will immediately be removed from the collection system. **The Automated Collection System (ACS) has no way of knowing that you're in the process of mailing requested forms to the IRS.** You will still receive letters making you aware of your pending financial obligations.

After you have considered your method for delivering paperwork and gathered your pen for extra notetaking, you are now ready to begin filing your previous tax returns. This involves three steps that will help you to find out where things are, set up payment plans, and avoid penalties.



## Step one: Current and Compliant

The first step in this process is filling out the forms before you call the IRS. Start off with a game plan and make the best use of your time. Review the forms for accuracy to make sure that the call goes smoothly. Make the first contact a discovery call. Your purpose in calling the IRS should be to conduct a compliance check, learning important details about your personal tax history. Request information on the years, balances, filed notices, and approaching deadlines.

Most likely, you will need to complete the IRS form 4506-T, Request for Account Transcript, and call 1-800-908-9946.

This form will authorize the IRS to send you copies of your account transcripts, wage and income transcripts, and copies of previously filed tax returns. Make sure that you are requesting the correct years. Also, confirm and verify fax numbers and mailing address for submitting the documents. Jot down the date and time of the document submitted on the back of the form. Follow instructions on the second page to find the appropriate fax number. It will take 7-10 business days to receive your transcripts in the mail.

In the event that the information on file doesn't match your records, don't be surprised. Sometimes taxpayers find that they owe much more than they had expected. This can be a result of accumulated penalties, interest, or errors on your account.

It is up to you to ask the IRS agent the right questions to provide you with details regarding your tax situation. On occasion, key terminology can determine whether or not you get the correct information. If you have the time to do some research in advance, you'll find out the common terms that are used to describe your situation. If you ask the right questions, it will be more likely that you get everything that you need to move forward. Try to be as specific as possible.

Be sure to ask for information about each of these areas:

The penalties or interest  
Principal liability  
Liens, missing returns, and expiration statutes  
Arbitrary assessment  
Miscellaneous governmental charges and audit assessment

Have your forms ready to go, but don't send out your fax until you are able to reach an IRS agent. They'll be able to confirm important details and may even be able to confirm receipt of your documents. No one wants to spend time faxing to a line that is no longer in service or constantly getting a busy signal.

If you're missing information from previous years in which you did not file your previous taxes, be certain to fill out IRS form 4506-T for up to 4 years per document. Do not fax these forms until you're on the phone with the agent. They will be able to give you their direct fax number. This way you can, once again, confirm that they have received the proper documents and you can avoid calling back weeks later only to find out that they've never received your paperwork. What's even worst is finding out that you sent the wrong forms.

When it is time to call the IRS agent, remember to write down the agent's name and number. Note the date and time of your call. If you are not clear about certain instructions, it is okay to ask the agent to repeat information so that you can record these details. Tell the agent that the purpose of your call is to perform a compliance check. The more you use the correct terms when talking to your IRS in a professional manner, the better results in accomplishing your goal.



Tell the agent that you have completed IRS form 4506-T and that you would like the agent's fax number to send in the forms. Remain on the line during this process, and request the information from the agent while you're on the phone. Pay very close attention to details. Ask for information to be repeated for accuracy.

You can ask the agent for a 30- to 45-day hold on your account's activity so you can have some extra time to review the information and figure out what the problem areas are.

It is highly recommended that you schedule deadlines for filing your taxes if you are behind. Request a period of two weeks to file each year's return. Record significant deadlines and create reminders. Pay close attention to deadlines because missed deadlines will leave you at risk for receiving penalties and levies.

If you're missing important tax filing documents, make the IRS agent aware of this. Fax the agent the IRS form 4506-T that you've filled out. Also, remain on the line for the agent to send you the information you have requested. Once you've filed your returns, you must remain current and compliant on your taxes and deadlines. It is very important not to fall behind. Be sure to adjust your withholdings throughout the year to avoid being stuck with high tax bills at the end of the year. This is the best way to avoid potential tax issues in the future.

Be aware, it can take up to 8 weeks, possibly more, for the IRS to process your returns. However, in the meantime you can start working on setting up an installment agreement.



## Step two: Set up installments

The next important step is to set up monthly scheduled payments. Complete all forms before you reach out to the IRS. You may be required to fill out forms for several installment option possibilities so you can see which option will be the most beneficial for you in the long run. You are responsible for selecting the appropriate option that fits your budget. [Find an option that you can regularly maintain.](#)

The IRS offers several options for you to pay your back taxes: The Fresh Start Program, the Formalized Installment Agreement and the Settlement. There is a fee for any plan you choose. Depending on your income, this amount may be lowered if you qualify. Review form 9465, Installment Agreement Request.

## The Fresh Start Program

This program is based on the amount owed in previous taxes. Individuals and business must follow timelines and fill out forms to get started. It is made for individuals who owe \$1,000 to \$50,000 in back taxes or businesses who owe \$1,000 to \$25,000 in back taxes. Individuals must be able to pay off debt within 72 months and businesses, in 24 months.

The required form is the IRS form 9465, which is a 2-page form for basic financial information. [If you owe less than \\$25,000, there is no need to fill out financial information and you may submit just the first page of form 9465.](#) If you owe \$25,000.01 to \$50,000, fill out the 2nd page of form 9465 as well.

**Individuals:**  
**\$1,000-\$50,000**  
72 Months to repay

**Businesses:**  
**\$1,000-\$25,000**  
24 Months to repay

## The Formalized Payment Plan

This plan has different criteria for eligibility. [It is available for individuals who owe more than \\$50,000 and businesses who owe more than \\$25,000.](#) It also applies to those who owe employment or unemployment taxes, and those that qualify for the Fresh Start but cannot afford to pay off their liability in 72 months.

[Debt payoff must be completed before the expiration dates.](#) There are several forms the IRS may require you to fill out before accepting a payment plan. These include the IRS forms 433A or 433F for Individuals, and the 433B for businesses. Taxpayers in ACS are usually asked for form 433F. This is the most commonly used of out of the two forms for individuals. It is a shorter, more concise version of the 433A.

[If you are working with ACS, you will likely be asked for form 433-F.](#) When dealing with a Federal Revenue Officer, they will likely ask you to file 433-A, Individual or 433-B, Business form. No matter what form you're using, be certain to have this form completed and provide supporting documentation prepared to fax to the agent while you're on the phone. Remember, the IRS does not offer a guaranteed approval for these programs. It is up to you to closely follow instructions to increase your financial savings.



# The Partial-Payment Plan

This payment plan allows you to create installments based on what you are able to afford. The IRS can use your income and expenses to create an affordable payment plan based on national standards of income. Economic status does change occasionally. Tragedies, accidents, and major life events occur. For this very reason, the Partial-Payment Plan option is adaptable to meet your needs.

*An example of this is someone who owes \$200,000 in back taxes before being laid off from a job.*

He is able to find a new job making \$15 an hour. He can request a partial pay installment agreement based on income as opposed to the amount owed. In this example, the \$200,000 would be a formalized payment plan of about \$1,600. The taxpayer may complete the form and find out that he can only afford \$200/month. *This will benefit the taxpayer by adapting his payments to be more affordable.*

The IRS will cross-reference your personal income and expenses with the National Standards of Living to determine if you qualify to pay less. In this case, the amount you owe for this program, is irrelevant.

*Payments are based on income minus the national standard of living on the IRS website.*

You may be asked to provide additional documentation to verify your wages and obtain this payment plan.

If the IRS rejects your proposal for a Partial Payment Plan, you may qualify for a short term non collectible status. If your proposal is rejected, consider requesting to be placed in non-collectible status until your financial situation changes.

## Tips

*The IRS has 10 years to collect on taxes, based on the date of the tax assessment.* While you're researching, find out what the last date is to refile the taxes and the expiration date. Make sure that your payments go toward the latest unpaid tax year, not the oldest one. *Pay the most recent tax years first and then proceed with prior years.* The older tax debts will drop off after 10 years. Depending on your situation, you may not have to pay the entire amount you owe on these back taxes. The ten-year statute of limitations doesn't start until your returns are filed and accepted.

Other tips include filing all tax years as a bundled package. Know that your payments will be directed to the latest tax year. *You can set up a maximum of 120 installments.*

The more that you owe, the more puzzling it can become. You may wonder if you should pay the latter years first or the most recent. If you can't file your taxes all at once, file the most recent tax return first and work your way back. *Do not negotiate a payment plan until you file ALL tax returns.* Payment plans can only apply to taxes you've already filed. Filing is the first step and then you can negotiate the most recent assessed tax period as possible to limit payment plan times.

It is very important to choose the proper payment program and consider long term circumstances. Don't just consider the present, but think about your future. In the event that your circumstances do change, you'll regret having to pay a large amount. *It would be better for you to make small payments that you can afford on a regular basis.*

## Step 3: Penalty Abatement

The next step involves finding out if you are facing penalties. It is quite possible that if you have not paid your taxes or filed tax returns for several years, you may be affected. In this situation, you need to request a release of these penalties with IRS form 843, Claim for Refund and Request for Abatement. Also, you must file a separate form 843 for each period that you are requesting an abatement of penalties.

[Use this form to explain why you have fallen behind.](#) There are some acceptable reasons and documentation requirements. These include uncontrollable and unforeseen events like natural disasters, severe illness, foreclosure, and extended unemployment as well as health issues like depression, alcoholism, and drug abuse. You may be required to present documentation from a Doctor.

The IRS uses an automated system for Penalty Abatement Requests. [Don't be surprised if your form 843 is automatically rejected.](#) There is an option to Appeal the decision. During the appeals process, your case is reviewed by an examiner. In the rejection letter, there will be instructions on how to appeal this determination.

## Notice of Federal Tax Lien and Levy

If you disagree with a lien, levy, seizure, denial or termination of an installment agreement, review [Publication 1660](#), Collection Appeal Rights. It will offer details on how to file your protest. This process also explains your rights as a taxpayer.

If you are looking to appeal an IRS tax decision, you can do so by filing a form with the local appeal office. This is a separate entity from the IRS office that has taken the action that you disagree with. It is the only appeal option available within the IRS. You can schedule an informal conference with the Appeals Office staff by mail correspondence, telephone, or at a face to face conference.

[If you select the telephone options, be sure to be prepared for the conference call.](#) Consider representing yourself in the same manner that you would if you were in court. Review the IRS documentation on penalty abatement and consider Reasonable Cause Criteria. The more you know the law and your rights, the more likely you are to be successful.



With so many things to consider from phone hold times to potential long term earnings, filing unpaid taxes can feel like getting lost without a GPS system.

You can end up making countless turns only to find that you're headed in the wrong direction. No one wants to become frustrated and irritable while trying to research previous years of unfiled taxes, potential penalties, and payments plans. The experts at Reliance Tax Group can direct the process and make sure that you're on the right path.

**We offer customized pricing, allowing you to get the help that you need for a flat fee to complete the whole process or we can provide assistance with specific parts.**

We have worked with many customers and have experience with achieving the required results to eliminate your tax burdens. Most likely, we've handled a case similar to yours.

Our experience involves tax preparation services, removal and withdrawal of tax liens, penalty abatement, the Fresh Start Program, formalized installment agreements, partial pay installment agreements, collections, holds, extensions, non-collectibles, and levy/ garnishment releases. We work with customers across the US to resolve the tax problems and reduce stress, offering useful guidance every step of the way. We've saved clients millions, by negotiating IRS settlements.

**Best of all, the Reliance Tax Group offers a free 20-minute consultation and price quote.**

In most circumstances, IRS issues are resolved within 30 to 90 days. With one simple call you can resolve all or your previous year's tax liability and start with a clean slate in the upcoming tax year.

## References

<https://taxpayeradvocate.irs.gov/About-TAS/Taxpayer-Rights>  
<https://www.irs.gov/uac/newsroom/2016-tax-changes>