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Collection Alternatives for your Small Business Clients





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Overview

- Tax problems small businesses face
- Navigating the IRS collection maze
- Advocating for the taxpayer
- Resolving the taxpayer's problem





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Tax Problems Small Businesses Face

- Failure to timely pay federal tax deposits
- Missing or misapplied payments
- Trust fund taxes
- Combined Annual Wage Reporting





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Navigating the IRS Collection Maze

- Three Stages of the Collection Process
- Statutory Periods of Limitation
- Collection Appeals





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The Collection Process

- Who should you contact?
 - The Accounts Management Function
 - The Automated Collection System
 - The Collection Field Function
 - The Taxpayer Advocate Service





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Advocating for the Taxpayer

- IRS Actions and Taxpayer Rights
 - Assessment/Notice and Demand
 - The Federal Tax Lien
 - Notice of Federal Tax Lien (NFTL)
 - Release, Discharge or Subordination of Lien
 - Withdrawal of NFTL
 - Levy Action
 - Small Business Protections
 - Release of Levy





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Advocating for the Taxpayer (Con't.)

- Notice and the Opportunity to be Heard
 - Intent to Levy Notice and Hearing Right
 - Notice of Federal Tax Lien Hearing Rights
 - Post payment appeals (Claim for refund)





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Advocating for the Taxpayer (Con't.)

- Procedural Barriers
 - Noncompliance/Documentation
- Best Practices
 - Don't Delay, Contact the IRS Early
 - Account Transcripts
 - Form 4506-T
 - E-services -> www.irs.gov/Tax-Professionals/e-services --- Online-Tools-for-Tax-Professionals
 - IRS Deadlines





Resolving the Taxpayer's Problem

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Currently Not Collectible

- Grounds for status – No distrainable assets
- Procedure
 - Verification of income and expenses
 - Current FTDs must be made
 - Current Compliance
 - Monitoring for future compliance required
- Interest and penalties continue to accrue
- Federal and state payments may be taken





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Installment Agreements

- In-Business Trust Fund
 - Express Agreements
 - Regular Agreements
- Direct Deposit Installment Agreements
- User Fees





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Offers In Compromise

- IRS accepts less than what is owed
 - Doubt as to Collectibility
 - Doubt as to liability
 - Effective Tax Administration
- Reasonable Collection Potential (RCP)
- Special Circumstances
- Public Policy and Equity





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Offers In Compromise

Payment Type	Payment Terms	Number of Months Future Income Required
Lump Sum Cash	5 or less installments within 5 months	48 months or the remaining statutory period, whichever is less
Lump Sum Cash	5 or less installments paid in more than 5 months and less than 24 months	60 months or the remaining statutory period, whichever is less
Lump Sum Cash	5 or less installments paid in more than 24 months	Number of months remaining on the statute
Short Term Periodic Payment	Within 6 to 24 months	60 months or the remaining statutory period, whichever is less
Deferred Periodic Payment	Within time remaining on the collection statute	Number of months remaining on the statute





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The Fresh Start Initiative

- Lien Filing Threshold
- Installment Agreements
- Income-Producing Asset guide for Offers
- Lien Withdrawals





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Taxpayer Advocate Service

You may be eligible for TAS assistance if you:

- Are experiencing economic harm or significant cost,
- Have experienced a delay of more than 30 days to resolve your tax issue, or
- Have had no response or resolution to your problem by the date that was promised by the IRS.





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Contact TAS

- www.TaxpayerAdvocate.irs.gov
- www.youtube.com/tasnta
- www.facebook.com/YourVoiceAtIRS
- twitter.com/YourVoiceatIRS.
- www.taxpayeradvocate.irs.gov/2012-Annual-Report.
- Call 877.777.4778
- File Form 911, *Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance order)*

