IRS Help for Financially Distressed Taxpayers

If you are facing financial difficulties and struggling to meet your tax obligations the IRS can help. As the 2009 tax filing season begins, in addition to new credits, deductions and exclusions, the IRS is taking steps to help people who owe back taxes. Here are some areas where IRS can help:

- **Added Flexibility for Missed Payments:** The IRS is allowing more flexibility for individuals with existing Installment Agreements who have difficulty making payments because of a job loss or other financial hardship. Depending on the situation, the IRS may allow a skipped payment or a reduced monthly payment amount. Taxpayers in this situation should contact the IRS.

- **Additional Review for Offers in Compromise on Home Values:** An Offer in Compromise (OIC), an agreement between a taxpayer and the IRS that settles the taxpayer’s tax debt for less than full amount owed, may be a viable option for taxpayers experiencing economic difficulties. However, the equity taxpayers have in real property can be a barrier to an OIC being accepted. With the uncertainty in the housing market, the IRS recognizes that the real-estate valuations used to assess ability to pay are not necessarily accurate. So in instances where the accuracy of local real-estate valuations is in question or other unusual hardships exist, the IRS is creating a new, second review of the information to determine if accepting an offer is appropriate.

- **Prevention of Offer in Compromise Defaults** – Taxpayers who are unable to meet the periodic payment terms of an accepted OIC will be able to contact the IRS office handling the offer for available options to help them avoid default.

- **Postponement of Collection Actions:** IRS employees will have greater authority to suspend collection actions in hardship cases where taxpayers are unable to pay. If an individual has recently encountered a job loss or other financial problem, IRS assistors may be able to suspend collection in some situations without documentation to minimize burden on the taxpayer.

- **Expedited Levy Releases:** The IRS will speed the delivery of levy releases by easing requirements on taxpayers who request expedited levy releases for hardship reasons. Taxpayers seeking expedited releases of levies to an employer or bank should contact the IRS number shown on the notice of levy to discuss available options. When calling, taxpayers requesting a levy release due to hardship should be prepared to provide the IRS with the fax number of the bank or employer processing the levy.

If you are behind on tax payments there could be additional help available if you are facing an unusual hardship situation. For assistance with your back taxes contact the phone numbers listed on your IRS correspondence.

More information is available on the IRS web site at IRS.gov.

Links:

- [IR-2009-2](#), IRS Begins Tax Season 2009 with Steps to Help Financially Distressed Taxpayers; Promotes Credits, e-File Options