



Owe Taxes? The IRS and AVMD Can Help Volume 2, Issue 5 Fall, 2011

To help individuals and small businesses struggling to meet their tax obligation, earlier in 2011 the IRS Commissioner introduced an initiative called **Fresh Start**.

The components of Fresh Start are:

Significant Changes in Liens.

The IRS increased its threshold for filing liens from \$5,000 to \$10,000. Liens may still be filed on amounts due of less than \$10,000 where circumstances warrant. Taxpayers can file for an Application for Withdrawal of the Lien when the tax liability is satisfied and the lien is released.

•**Lien Withdrawal after entering into a direct debit installment agreement.**— Qualifying taxpayers may have liens withdrawn after entering into a Direct Debit installment agreement. Qualifying taxpayers are:

- Individuals (Form 1040)
- Businesses with income tax liability only.
- Out of business entities with any type of tax debt.

•**Eligibility requirements:**

- The current amount owed must

be \$25,000 or less.

-If the amount owed is more than \$25,000, pay down must be made to get the balance to \$25,000 prior to requesting the lien withdrawal to be eligible.

-The Direct Debit Installment Agreement must full pay the amount you owe within 60 months or before the Collection Statute expires, whichever is earlier.

-Taxpayers must be in full compliance with other filing and payment requirements.

-Taxpayers must have made three consecutive direct debit payments.

-There cannot be a previously received lien withdrawal for the same taxes unless the withdrawal was for an improper filing of the lien.

-There cannot be a default on your current, or any previous, direct debit installment agreement.

•**Business Trust Fund Installment Agreement.** Small Businesses with employees can qualify for an In Business

Trust Fund Expense Installment Agreement. This applies to qualifying businesses which owe past due employment taxes. The IRS generally does not require taxpayers to file a financial statement or financial verification as a part of the application process.

The criteria to qualify for this installment agreement:

-Employers owing \$25,000 or less at the time the agreement is established. If more than \$25,000 is owed, there must be a pay down of the liability before entering into the agreement.

-The debt must be full paid within 24 months or prior to the Collection Statute Expiration Date, whichever is earlier.

-Employers must enroll in a Direct Debit Installment agreement if the amount you owed is between \$10,000 and \$25,000.

-Employers must be compliant with all filing and payment requirements.



Offer in Compromise Program.

•**The new Streamlined Offer in Compromise program includes:**

-Fewer requests for additional financial information.

-If necessary, requests for additional information by phone, not by mail.

-Greater flexibility when considering taxpayers ability to pay.

•**Qualifying taxpayers are:**

- Wage earners
- The unemployed
- Self-employed taxpayers with no employees and gross receipts under \$500,000.

•**Eligibility requirements are:**

-Total household income is \$100,000 or less and

-The amount owed is less than \$50,000 when your offer is filed.

Important Information Regarding Communication with the Internal Revenue Service



The Internal Revenue Service does not communicate with taxpayers via e-mail for any reason. Should you receive an e-mail from the IRS, consider it fraudulent and do not reply.