
installment payments

Posted by smarx08 - 2008/07/01 12:54

I am a college grad and I plan on going to law school next year. Before I apply I need to payoff my tax liability with the IRS first. The tax liability is from my buisness which I recently closed. I owe about \$11,000 in payroll taxes .

Right now I dont have any income and I was told by my bookkeeper that the IRS will not enter into an installment agreement if i have no source of monthly income.

Any attorneys out there have any advice? Do i have any options?

Thanks for your help.

Once I clear this up I will see you in the LSAT forums.

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Posted by steve - 2008/07/08 06:40

smarx08:

Thats a really good question. Based on my experience, the IRS will not enter into an installment agreement with you unless you have monthly income or are expected to gain employment in the near future. Sometimes a letter from a prospective employer will do.

Be aware that delinquent payroll taxes are subject to trust fund penalties and often the penalties and interest can equal or exceed the actual tax liability.

So, if the tax liability is accurate then I recommend that you find a way to repay that amount due ASAP. The IRS is less likely to forgive a trust fund liability because as an employer it was your responsibility to withhold taxes from employee payroll and remit it to the US Treasury. By not remitting the FICA withheld you are subjecting yourself to penalties and interest and your bargaining power will be nullified, regardless of the weak economy.

I recommend you find gainful employment (if you have not already done so) and then workout the tax issues with an installment agreement.

Were there an unusual circumstances surrounding your tax deficiency? Theft, flood, incapacity, travel, etc? Sometimes these things may work toward helping with a reasonable cause exception.

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Posted by norton - 2008/07/08 09:33

You do have another issue to worry about if you don't clear this up in time. If this is let go long enough, the IRS may issue a lein against your assets or seek a judgment. Both of which would have to be reported to the characater and fitness board which would make entrance to your bar that much more difficult. Just a side issue to keep in mind.

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Posted by smarx08 - 2008/07/08 12:22

How come i see advertisements all the time that say that they can remove my tax debt for pennies on the dollar?

How do you qualify for a reduction of taxes?
