1. What To Do When You Can't Pay Your Owed Taxes - YouTube

<https://www.youtube.com/watch?v=DbwTHpFST4g>

Transcript:

hey there jillian from bench here we're your small business financial experts ready to help with everything from bookkeeping to tax prep and advisory it's time for the final installment in our series on what happens when you get behind on your taxes in our first video we talked about irs penalties interest and how each is applied in the second we learned how the irs collects its debts now we talk through what you can do to get back in good standings with the irs we'll start with the most straightforward option close out your

debt by paying it off if you're not too far behind or your tax debt isn't that big it's easiest to pay the tax in one go and move on the thing is you might not be able to afford that especially if your tax set includes several years of accumulated taxes plus penalties and interest if this sounds like you don't worry there are other options let's talk about what you can do if this applies to you if you can't afford to pay off your debt with one lump sum the easiest way to balance the books with the irs is to pay

what you owe on a payment plan or what the irs sometimes calls an installment agreement as you can probably guess this plan has you paying smaller amounts each month until the debt is fully paid your monthly payment is based on what you can afford when you apply for an installment agreement you're required to provide a clear picture of your financial health including how much you make each month and your typical outgoings you can't apply for a payment plan until you have filed all your outstanding tax returns this is where

bookkeeping will come in handy having properly completed books will provide you with the information you need to file your prior year's tax returns sometimes it's possible to settle your tax debt with the irs for much less than what you owe this is called an offer in compromise you can show that a payment plan will cause you financial hardship and that you will be unable to pay your taxes otherwise you may qualify for this option the irs is pragmatic after all they'd rather get some of what's owed to

them than nothing at all to successfully apply for an offer in compromise you must be able to give the irs an accurate sense of your business's ability to pay this means providing detailed financial statements that show your income expenses and relevant assets you can get these statements from your bookkeeper finally you may be granted temporary relief for paying your tax debt the irs only grants temporary relief in exceptionally rare circumstances where the debtor can prove their current financial situation does not allow for

any payments at all similar to an offer in compromise in order to apply for temporary relief you'll need detailed proof of your financial status while temporary relief may seem like the preferred option the irs will only grant the status until your financial situation improves it's not a complete pause in your debt either penalties and interest continue to accrue during the relief period until you make repayment arrangements following this option will likely lead to more debt in the long term luckily it's not uncommon to have your

penalties waived if this is the first time this has happened to you you filed all missing returns or have an extension and you can demonstrate to the irs that you've acted in good faith and your non-compliance with the result of reasonable cause you could qualify for what's called penalty abatement the irs gives a few examples of situations that can constitute reasonable cause for failing to file a return or pay tax when do fire or other natural disasters an inability to obtain records death or serious illness either to you

or a member of your immediate family these are just three examples but the irs does make it clear that they are open to considering other reasons or situations you'll have to demonstrate that you took business care and prudence to meet your obligations but were simply unable to do so as you could probably guess if you want to have your penalties waived it's a good idea to have proof of the reason or event that stopped you from filing or paying your taxes when the irs waives your penalties this also reduces the amount of interest you have

to pay since they calculate interest on a total that includes penalties so no penalties means lower interest win win as you now understand there are plenty of strategies and courses of action available to you if you find yourself in arrears with the irs if you're motivated to do so have the time and are confident in your ability to navigate the processes and phone lines it's absolutely possible to negotiate an arranged payment with the irs yourself you can check the irs website for more specific information there is a ton on

there however if you're like most of us and know that the taxes and the irs can be confusing and intimidating enough on their own dealing with them can be overwhelming especially when you're trying to run your business at the same time here at bench we talk to business owners every day in all types of tax debt situations who want to get back on track and move ahead with their lives but don't know where to start thankfully there's plenty of support out there make sure you find the right kind of help in

your situation certain professionals like enrolled agents cpas and tax attorneys are allowed to represent you in front of the irs these pros have the required qualifications to act on your behalf they are able to negotiate down your balance set up payment plans get penalties waived and more however the tax resolution industry is also full of unqualified folks who fail to act in their clients best interest and tend to exploit people in challenging situations it's not easy to tell the difference between a legitimate resource and a less

trustworthy one either at bench we have partnerships with trusted tax resolution professionals and firms across the country these are experts that we know and trust and do fantastic work with the utmost integrity if you're in need of help with a historical tax issue we're happy to make an introduction in this short series we've covered exactly what can happen when you don't file and pay your taxes from penalties and interests through to notices levies and offers in compromise most often the reason for falling behind

on filing and paying your taxes is not completing your bookkeeping it's also the first thing to address in order to get started getting caught up to start your resolution with the irs you'll need accurate financial records for your businesses for each year of missed filings these financial records which are generated by your bookkeeper are used for tax returns and will demonstrate how much you can afford to pay the irs this is where bench comes in as your small business financial solution we'll pair you with a

specialized historical bookkeeping team to get your books up to date with accurate bookkeeping records you can identify your available tax credits and deductions to demonstrate your actual amount owed to the irs which again can mean a lot lower than the amount that the irs thinks you owe them if you're then looking to negotiate your balance with the irs or set up a payment plan but don't want to battle the irs alone as a bench client you'll have access to our incredible network of partners we'll

be happy to connect you with the help you need we're here to help you get back on track and ready to move forwards with your life as quickly as possible click the link below to book your call today to speak to our team we'd be delighted to listen talk to you soon you