Recognized Atlanta, GA Tax Attorney Is Here To Help Taxpayers With IRS Back Taxes

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ATLANTA (PRWEB) November 21, 2018 -- This article will reveal what you need to know about an offer in compromise (OIC) and how an Atlanta tax attorney can help you in the process. An OIC refers to a mutual agreement where the tax liabilities of a taxpayer are settled for a lower amount by the IRS. Taxpayers with the ability to settle these liabilities by making payments based on installments or some other agreement do not qualify for OICs. In order for a taxpayer to be eligible for an OIC, all tax returns will have to be filed, the current year’s required tax payments should have been made, and where the taxpayer owns a business that has employees, they must have made the federal tax deposits accruing to the current quarter.

In many instances, an OIC will not be approved by the IRS except what the taxpayer is offering equals or surpasses the taxpayer’s Reasonable Collection Potential. RCP is used by the IRS to gauge the ability of the taxpayer to pay, and it comprises the value which will be retrieved from the assets of the taxpayer like real property, bank accounts, and more. Added to this, the RCP also comprises the expected future earnings minus a specified amount of money for expenditure on basic needs.

There are 3 grounds on which an OIC will be accepted by the IRS:

First, a compromise may be accepted if a doubt as to liability exists. This happens when a genuine disagreement occurs as to what the correct tax debt is under the law.

Second, a compromise may be accepted if some kind of doubt exists that what is owed can be fully collected. This is called doubt as to collectability and happens when the assets of the taxpayer plus their income do not measure up in value to the worth of the amount being owed in taxes.

Third, effective tax administration can lead to a compromise being accepted. This occurs if no doubt exists that what is owed by the taxpayer is accurate legally and is collectible in full but doing so would either result in economic hardship for the taxpayer or would be seen as unfair due to unique circumstances.

A taxpayer can decide to make the offer payments in installments or lump sum. This cash offer can be paid in five installments or less within five months or less once the offer has been approved by the IRS. When this type of cash offer is submitted, the taxpayer is expected to attach a payment worth 20% of the amount being offered. This amount is nonrefundable and must be added to the fee of application. In the event that the OIC is not accepted or is returned, the payment will still not be refunded. Instead, the tax liability of the taxpayer will have the 20% payment applied to it. It is the right of the taxpayer to decide which tax liability they want the 20% payment to be applied to by the IRS.

According to tax law, this offer can be paid 6 monthly installments and above, and these payments have to be made within 24 months from the acceptance of the offer. It is required by the IRS that this offer is submitted with the first installment payment alongside the fee of application. This payment is not to be refunded just as in the case of the lump sum. While this offer is being assessed by the IRS, installment payments as stipulated
under the offer’s conditions must continue to be made by the taxpayer. These continuous payments are also not to be refunded. They apply to the taxpayer’s tax liabilities with the taxpayer reserving a right to determine how the periodic payments are to be applied to the tax liabilities.

NOTE: Once the OIC is accepted, offer payments are not to be paid by the taxpayer to the tax liability which he owes.

Basically, the IRS will suspend the statutory for its collection activities within the period when it is still considering the OIC. The suspension will be extended if, upon rejection, the taxpayers make an appeal within 30 days from when they were notified of the rejection to the Office of Appeals.

If the OIC is rejected by the IRS, a mail will be sent to notify the taxpayer explaining why the offer was rejected by the IRS. The letter will also detail out the necessary instructions to be followed by the taxpayer if he decides to make an appeal to the IRS Office of Appeals. An appeal is expected to be made 30 days or less from the time that the letter was received.

Sometimes, the IRS may return an offer back to the taxpayer instead of rejecting it. This is because the taxpayer may have omitted some important details, did not include the application fee, did not attach the nonrefundable payment, filed for bankruptcy, has not paid their current tax liabilities while the offer was being evaluated by the IRS or did not file the required tax returns.

A returned offer differs from an offer being rejected. When an offer is returned to the taxpayer by the IRS, the taxpayer does not possess the right to appeal it, but the taxpayer may resubmit the offer to the IRS again after making the needed updates.

Hiring an Atlanta tax attorney early enough to help you settle your tax-related disputes can help to lower the stress and cost which a taxpayer may face. The tax attorney will diligently conduct research on your issue and assist you in getting together the required documents and the evidence which will be used to defend your claim.

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