

# 5 WAYS TO KEEP THE **IRS** FROM SMALL BUSINESS OWNERS

"STAY ON THE RIGHT SIDE OF THE IRS"

## DID YOU KNOW?

Hey Business Owner,

Did you know that the IRS can revoke your passport for non-payment of taxes?

Did you know that the IRS can file an injunction with the court in order to close your business?

Or how about making a referral to the Department of Justice for repeated delinquency in your payroll taxes?

Of course, you've heard of the IRS coming to your house or place of business to demand payment. Can you imagine how embarrassing this could be if your family, neighbors, customers, or business associates witnessed this?

The IRS will frequently file liens or levies against your assets. Did you know liens are public knowledge and can be easily researched by your colleagues, friends, and employers?

## THE IRS IS POWERFUL

The IRS has been said to be the most powerful collection agency in the world. They will not stop trying to collect.

Below are five steps to help you stay on the right side of the IRS.

**1****Maintain accurate and reliable books.**

It's always a good idea to record your income and expenses at least on a monthly basis. If you don't record your income and expenses, it may be difficult to remember everything at a later date. This can cause for errors and overlooked expenses that can cost you, come tax time. Omissions of income to the IRS can make you liable for accuracy related penalties. Omissions of all your expenses can cause your tax liability to be higher than it should be.

**2****Make estimated tax payments.**

If you are self-employed or receive income on a K-1 like a S corporation shareholder, you should be making quarterly estimated tax payments. Your estimated tax payments are due April 15<sup>th</sup>, June 15<sup>th</sup>, Sept 15<sup>th</sup>, and Jan 15<sup>th</sup> of the following year. The goal of estimated tax payments is to prepay the tax that you would owe when you file your taxes. By making your tax payments throughout the year, this helps you to avoid unnecessary penalties and interest being added to your tax bill.

**3****File tax returns on time.**

You should ensure that you file all tax returns on time. If you cannot file your return on time, check to see if there is an extension available. All returns, if filed late will incur a late-filing penalties and interest. Partnership and Corporate returns filed late incur a \$195 per month per shareholder or partner until filed, up to 12 months. Make sure to file payroll tax returns timely as well. If the IRS is missing returns and you do not file them, the IRS can and will file the return on your behalf with the information that they have on file. The filing will not be in your best interest. It is best to file all of your returns on time to avoid unnecessary penalties and interest and to avoid the IRS filing them on your behalf.

**4****Make all payroll tax deposits when due.**

As I mentioned above, be sure to file your payroll tax returns on time. Equally important if not more, is to make sure that you make your payroll tax deposits on time. This is extremely important because as the employer, you are holding the IRS' money when you deduct payroll taxes. The IRS wants their money and they want it on time. If you fall behind in filing and paying your payroll taxes, the IRS will aggressively collect the money that is due. You as the owner or shareholder can be held personally liable for the money that is due to the IRS. The IRS can appear at your place of business or home and even summons you to appear before the IRS to explain why you did not pay the tax.

**5****Don't ignore correspondence from the IRS.**

The last thing that you want to do is ignore the IRS. I know that it can be intimidating to receive a letter or even a certified letter from the IRS. Please promptly open and review it. Often times, the IRS will give you a due date to respond. If you ignore the IRS, they will increase efforts to get you to respond. They can knock on your door, file liens, and even levy your bank account or paycheck.

## WHAT CAN YOU DO?

If you find yourself needing help in one of these areas, don't worry. There is a resolution to every tax problem. If you need experienced help to help you solve your tax burden once and for all and to help keep you on the right path, we are available to help.

## HOW WE HELP OUR CLIENTS

### **Free Consultation**

We offer a free confidential consultation to review any letters that you have received from the IRS or state and answer your questions and concerns. We will also explain the different types of resolutions that are available. If you would like to move forward and hire us to represent you, we will need for you to sign a power of attorney so that we may contact the IRS or state on your behalf. From that point forward all communication with the IRS or state is made through us. We will also have you sign an Engagement Letter and collect payment for services.

### **Analyze your tax situation**

We begin our services by doing a Compliance Check with the IRS and/or state. We will review your account and pull transcripts as needed. Before a resolution can be negotiated, you must be in compliance with the taxing authority. That means that all tax returns need to be filed.

### **Create a custom plan**

After we finish reviewing and analyzing your account, we will write up a custom plan for your resolution. You will receive in writing a complete status of your account with the IRS or state. You will know what balances are owed, what returns are missing (if any), when your tax debt will expire, and what other issues need to be satisfied to bring you into compliance. You will also be told what next steps are required to begin and complete the resolution. Finally, we discuss solution(s).

### **Implement planned solutions**

Upon acceptance of the recommended resolution, we will begin to negotiate on your behalf with the taxing authority. Once a resolution is accepted, we will notify you in writing. You will also be notified in writing by the IRS or state. After, you receive your notice of acceptance; we will revoke our power of attorney. You will need to remain in compliance by completing the agreed upon terms with the taxing authority.

## PAST SUCCESS STORIES

### Client 1

Taxpayer owed over \$100,000 in taxes. I arranged for a payment arrangement of \$100 per month for 7 years. After that, the remaining balance would be written off. That's a saving of over \$91,000.

### Client 2

Client formed his business as an S corporation. He was just paying himself but not filing payroll tax returns or making tax deposits. The IRS came knocking at his door. He was scared and came to talk to me about his situation. He owed over \$40,000 to the IRS in payroll taxes. The IRS wanted to assess him personally for the debt. I was able to get the client into compliance by filing all returns that were due, prepared his financial statements, and worked with the revenue officer so that he was not assessed personally for the debt. We set the client up on an installment agreement and helped him to file payroll reports and make tax deposits as required going forward.

**If you would like to discuss your tax situation with a complimentary tax strategy session, please schedule with me at [bit.ly/TaxProblemHelp](https://bit.ly/TaxProblemHelp).**