

## **Tax Resolution – Not Currently Collectible**

In conclusion to our tax resolution series, we review an IRS classification of “Not Currently Collectible” as another option to deal with a tax problem. This is available for taxpayers who do not have the ability to pay any portion of their back taxes. A taxpayer in this situation submits evidence that they are broke, or otherwise unable to pay the IRS. The IRS will then determine whether it agrees with the taxpayer. If the IRS decides the taxpayer is Not Currently Collectible, it must stop all collection efforts until the situation changes.

A taxpayer needs to complete and send to the IRS form 433-F to request the Not Currently Collectible status. <http://goo.gl/h1rmb>. This form reveals to the IRS what the taxpayer earns, their assets, and necessary living expenses. The IRS determines from this financial information whether there is a way it can collect on the taxpayer’s federal tax bill. The taxpayer does not have to be unemployed or without income for the IRS to make the classification of Not Currently Collectible. The real issue is whether the taxpayer has any money left over at the end of month after paying for necessary living expenses or if there are other assets that the IRS can use to settle the back taxes.

A classification of Not Currently Collectible stops the IRS in its tracks from all collection efforts, including levies and garnishments. During this time, the IRS will send the taxpayer an annual statement with the amount owed, including added interest and penalties. This is not a bill, however, and the taxpayer is not required to make payment when receiving this statement. The 10-year period in which the IRS can lawfully collect back taxes also continues to run during the not collectible status. While this is a long time, it can become very important if a significant part of the 10-year period has already passed. The IRS, however, will once again seek collection efforts when it finds the taxpayer does have a way to pay at least part of their back taxes. At that point, the taxpayer will have to use a different tax resolution method to avoid serious consequences.

The IRS has many ways and resources to collect on federal tax owed. Consult with an experienced and knowledgeable tax professional should you find yourself in this unfortunate situation.

- *Ari Good*, JD LL.M. is the Shareholder of Good Attorneys At Law, P.A. Mr. Good received his BA, With Distinction, from the University of Michigan in 1993, his law degree from the DePaul University College of Law in 1997, and his LL.M. (Masters of Law in Taxation) from the University of Florida in 2005. Ari has defended hundreds of taxpayers before the IRS and the Florida Department of Revenue in audit and collections matters. His solutions include releasing liens and levies, negotiating offers in compromise, installment agreements and representing taxpayers before the Appeals Division. Mr. Good is licensed to practice before the United States Tax Court and stands by his clients from beginning to end.