Tax Debt Settlement Has Several Forms by Jacob Smith

Article published on May 21st 2012 | Finance

Tax debt settlement is something that you can look forward to when you have trouble paying off your back taxes, and have a lot to pay off too. A lot of individuals file for settlement each year, however, while some do get approved, others may have to either pay off what they owe, or simply wait for another year to make another request. You must also realize that the more you delay paying off your taxes, the more heavy the owed amount is going to get. There are several ways by which you can settle your tax debt.

1. Offer in Compromise: This may not be an option meant for every tax payer because the IRs has strict qualification rules for this one. This is not the perfect example of â€œsettlement made easyâ€• because you need to be approved by the IRS in order to get an OIC. In fact, the IRS will only accept an offer in compromise if you can convince them that your offer is equal to, or greater than, the total amount that they can collect from you, even after they implement their harsh collection procedures.

2. Penalty abatement: This is another one of the tax debt solutions that you may resort to. With this you may be able to get the IRS to forgive a part of the penalties that you owe to them. These penalties are the ones that the Internal Revenue System charges on the taxes you owe for various reasons. There can be late fee penalty or interests that may, again, be associated with paying late or not paying at all. This may be a common process used to settle for less than what you owe.

3. Partial payment installment agreement: This is somewhat similar to a normal installment agreement, with the similarity being in the part where you pay the IRS over a certain period of time. If you need tax debt settlement this may be a good option because with this option, you can end up paying less than the amount that you owe. The reason behind this is that as the Statute of Limitations approaches expiration on your tax debt period, a certain amount of debt that you owe falls off and you no longer will be held responsible for this portion of the debt. This is a reason why a partial payment installment agreement is considered as a tax debt settlement.

4. Relief for innocent spouse: This settlement option may be available to only those taxpayers who filed jointly with their spouse. For a joint filing, each spouse is equally responsible for the debt owed along with the penalties and the interests that may accrue. However, this relief option was created by the IRS because there are times when the spouse is not responsible for the financial mistakes their other half makes. This relieves the innocent spouse from the burden, and if you are an innocent spouse you can benefit from such tax debt solutions.

5. Bankruptcy: You can qualify for such a settlement option if you qualify for chapter 7, and in some cases, chapter 13.

Jacob Smith - About Author:
Jacob Smith has written several articles about a tax debt settlement and a tax debt solutions with IRS debt in case you are in a situation. You can find more articles by this writer on a settle your tax debt.

Article Keywords:
tax debt settlement, settle your tax debt, tax debt solutions, need tax debt settlement