

Failure to File and Failure to Pay: A Guide to Handling Unfiled Tax Returns and Unpaid Tax Debts



Are your unfiled taxes and mounting tax debt creating stress, anxiety, fear and depression?

It's time to stop hiding and start healing.

Get the facts and get started on the path to tax health.

This guide will give you the information you need to find relief from your tax stress. Learn more about the risks of unfiled tax returns and unpaid taxes, and what your options are to get things straightened out with the IRS. Armed with good information, the right help and a little courage, you can find relief from the worry and anxiety of IRS tax problems.

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How did I get here?

People don't file their tax returns, sometimes for many years, for a wide variety of reasons:

- Sometimes a life event, like a death in the family or a divorce, gets in the way and filing their tax return isn't a high priority.
- Others might feel overwhelmed by the tax laws and the whole process of filing a return, so they just keep putting it off.
- Oftentimes, people will create a tax return, then decide not to file it when they realize they owe more taxes than they can afford to pay - then they don't file their tax return the next year and then the year after that, etc. because they are fearful of bring IRS attention to their problem.

Whatever the reason, Failure to File is a serious offense and the consequences can be harsh. IRS interest and penalties can create a snowball effect over the years, making the debt much worse.



What's the worst that can happen?

If you think that you are hiding from the IRS and don't file or pay your taxes, you're not. The IRS gets copies of all your W-2 and 1099 forms. The IRS will catch up to you eventually and when they do, they can use the full power of the IRS to make you pay, including:

- Tax returns prepared for you by the IRS: If you don't file your own tax returns, the IRS can create one for you based on all the information they know about you and decide how much tax you owe they will try to collect from you.
- Tax liens: The IRS can file a lien against your property, including your house, business or other real estate, giving the IRS a security interest in the property and making it difficult for you to buy or sell.
- Tax levies/wage garnishments: The IRS can levy (seize) your bank account and other assets including your wages and your spouses' wages in order to satisfy unpaid tax debts. This allows the IRS to seize your wages, house, investments, retirement accounts and other property until the debt is fully paid.
- Passport revocations/denials: If you owe the IRS over \$50,000, the IRS can revoke your U.S. passport or deny your passport application or renewal. This can severely hamper the ability to do business or travel for personal reasons.
- Criminal prosecution: The IRS has the authority to criminally prosecute you for failure to file your tax returns or for evading payment of taxes, and you could be sentenced to prison if prosecuted and convicted.



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What should I do now?

If you have been contacted by the IRS about unfiled tax returns, they have already made your decision to stop hiding an easy one – they found you. You need to respond as soon as possible, but don't try to figure this out alone. First, ask a qualified and experienced tax law attorney for help. There are still many options available to you and a good tax lawyer will help you figure out the best approach to take in your situation.

If you have not been contacted by the IRS yet, don't plan on lying low for much longer. Hiding is not a good strategy, you're just sitting in a hole that keeps getting deeper, darker and more stressful every day. This is the best time to get help from a tax lawyer – an attorney who is experienced in dealing with the IRS can develop the best strategy for approaching the IRS with the right information and offer to heal your tax situation and give you the best chance of a good outcome.

In either situation, the right tax lawyer serves many important roles. Your attorney acts as a buffer, standing between you and the IRS to explain your situation and answer any questions the IRS may have. Your attorney is also your interpreter, helping you understand everything the IRS is telling you, in plain language, so you can make the best decisions every step of the way.



What are my options?

Your tax attorney will need to assess the details of your specific situation to determine your options and recommend the right course of action, but generally there are a number of options to resolve unfiled IRS tax returns and unpaid taxes. Your lawyer may advise some combination of these tactics to achieve the right outcome with the IRS:

- Make a voluntary disclosure to the IRS
- Cooperate with any pending investigation or any tax audits that may be underway
- Voluntarily complete and file all unfiled returns accurately and completely
- Negotiate to waive or reduce penalties
- Negotiate an offer-in-compromise (a reduced total amount due)
- Negotiate an installment agreement (a payment plan)
- Determine if you qualify for **Currently Not Collectible** status

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A fresh start

When you are ready to resolve your IRS tax issues, don't try to go it alone. Get guidance and help from an experienced tax attorney who knows how to explore all the options and can explain everything to you plainly and simply. Information is power and good advice is invaluable.

Once you have your tax problems resolved, you can look forward to a fresh start without the worry and anxiety that has been hanging over you. Healing your tax illness feels good and you will be glad you took the first steps toward freedom from the fear of being found out.



About the author

Stanton D. Goldberg, J.D., CPA, is a highly experienced tax attorney and a Certified Public Accountant with more than 30 years of experience and clients rely on his guidance and insights to solve their tax issues. He understands the anxiety that comes with dealing with tax problems and the IRS and he stands with his clients every step of the way to advocate for them, address the legal problems, answer their questions and alleviate their fears. Mr. Goldberg graduated from the University of Iowa with a B.A. and received his law degree from Southern Methodist University Dedman School of Law.

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