

5 Steps to Resolving Any Tax Debt



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TaxRepLLC.com



About the Author

Eric is a managing partner in Green & Sklarz LLC, a boutique tax firm with offices in Connecticut and New York. The focus of Attorney Green's practice is civil and criminal taxpayer representation before the Department of Justice Tax Division, Internal Revenue Service and state Departments of Revenue Services. Eric is a nationally renowned tax expert and author /commentator of IRS civil and criminal tax matters. Having lectured to more than 70,000 practitioners on civil and criminal tax topics,

he is one of the nation's best known lecturers in continuing professional tax education. Eric has been recognized by Connecticut Super Lawyers in the field of Tax. Attorney Green is a past Chair of the Executive Committee of the Connecticut Bar Association's Tax Section and is a Fellow of the American College of Tax Counsel ("ACTC").

Eric was the 2010 Nolan Fellow of the American Bar Association and has served as Chair of the American Bar Association's Closely Held Businesses Tax Committee.

Attorney Green is a frequent lecturer on tax topics for many national organizations, including Insightful Accountant, CCH, the NAEA, the NATP, the ABA Tax Section and the Connecticut Society of CPAs. Attorney Green has served as adjunct faculty at the University of Connecticut School of Law. He is the author and lecturer of the IRS Representation Certificate Program with the University of Connecticut School of Business. Eric is a contributing columnist for Bloomberg Tax and has served as a columnist for CCH's Journal of Practice & Procedure. He is the founder of Tax Rep LLC which coaches accountants and attorneys on building their own IRS Representation practices, and is the host of the weekly Tax Rep Network Podcast.

Mr. Green is the author of The Insider's Guide to IRS Offers, The Accountant's Guide to IRS Collection, The Accountant's Guide to Resolving Tax Debts and The Accountant's Guide to Resolving Payroll Tax Debts, and the Tax Rep Guide of Checklists, Letters and Forms. He is a contributing author for Advocating for Low Income Taxpayers: A Clinical

Studies Casebook, 3rd Edition, and has also been quoted in USA Today, Consumer Reports, The Wall Street Journal's Market Watch, TheStreet.com, The Wall Street Journal and CreditCard.com.

Attorney Green is also a member of the Connecticut, Massachusetts and New York Bar Associations, as well as the American Bar Association. Attorney Green is admitted to practice in Massachusetts, New York and Connecticut Superior Courts, the United States Tax Court, The Federal Court of Claims and the Federal District Court for Connecticut. Attorney Green received his Bachelor of Business Administration degree in Accounting with a minor in International Business from Hofstra University and is an honors graduate from New England School of Law. He earned a Masters of Laws in Taxation (LL.M.) from Boston University School of Law.

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1. Confirm Tax Compliance

What is “tax compliance?”

In order to work out any kind of a deal the taxpayer must be in tax compliance, meaning that all tax returns have been filed and they are making their current tax payments properly. They need to understand that, if they do work out a deal with the IRS, a term of that deal is that they will maintain their tax compliance. Any failure to do so results in either a default of the installment agreement or a voiding of the Offer-in-Compromise they worked so hard to get.

So often we fight to get a client’s Offer-in-Compromise accepted only to have the client incur a new debt later and void the offer. Therefore, it is critical from the beginning that clients understand the need to get into tax compliance and maintain compliance going forward.

This means that:

- All tax returns due are filed when you begin trying to work out a deal with the IRS;
- If your client is an employee, that sufficient taxes are withheld to cover the tax bill at the end of the year;
- If the clients are self-employed that they are making estimated tax payments each quarter as required;
- If the client is a business, it is depositing its payroll taxes on time each period; and
- All future tax returns due are filed on time

Clients need to understand that without their tax compliance there can be no deal reached with the IRS because lack of compliance automatically voids the deal the client just reached with the government. In essence, why should the IRS agree to anything for the future when the client can’t even stay compliant now?

Tax compliance is something the client must take care of immediately. Get the old returns completed and filed, and have the clients adjust their ways so they can make the proper tax payments to avoid running up yet another debt.¹

Compliance is something the taxpayer needs to understand and maintain, because even after we solve the client's problem, no matter how we solve the problem, falling out of tax compliance will undo all the good we have done and the money they spent. For instance:

- If an Offer-in-Compromise is accepted, the taxpayers must maintain compliance for five years or the offer is deemed to be void and the original liability (less whatever they paid in with the offer) is put back, and they get the fun of having the IRS chase them all over again. Sort of like a bizarre game of tag, except that this one costs the client tens of thousands of dollars.
- If the taxpayers have an installment agreement and they fail to file a return, pay a tax, or incur a tax penalty, the agreement is in default. By defaulting on their agreement, the terms of the agreement with the IRS cease and the taxpayer gets the pleasure of starting the process all over again.²

Tell the clients to do themselves a favor and save themselves a lot of money: Get into compliance and stay in compliance. Their government and their wallet will thank them.



¹ For purposes of collection, the IRS generally considers a taxpayer in compliance when they have filed the last 6 years. See Policy Statement 5-133, IRM § 1.2.1.6.18

² When the COVID-19 pandemic began the IRS implemented IR 2020-248 to make it easier for taxpayers to pay their back tax debts. Pursuant to IR 2020-248 the IRS has been rolling new balances into existing installment agreements to avoid a default and having those taxpayers submit new financials to be reviewed and new agreements negotiated. How long this continues, or if this change becomes permanent, is unknown as of the writing of this edition.

2. Review The Tax Transcripts

The IRS has 10 years from the date of assessment to collect a tax debt.³ That is all, 10 years. In most cases, after 10 years the debt becomes unenforceable. For example, if the 2014 tax return were filed on October 1, 2015, and the tax was assessed on October 5, 2015, the IRS would have until October 4, 2025, to collect that tax.

How does a practitioner know the date of assessment? Practitioners should obtain what are called “Account Transcripts” from the IRS that list everything that has occurred with that particular tax year for the taxpayer, including when the return was received, when the tax was assessed, the penalty and interest charged, and payments received. Even better, the practitioner should ask the IRS for the “Mod A,” which will have an estimated CSED (Collection Statute Expiration Date). The IRS does not have to share the Mod A, but sometimes you get someone nice on the phone, and if they do agree to share it, it can be very helpful. If you have never seen an Account Transcript there is one included in the Exhibits.

The reason the statute of limitations is so important is that the amount of time remaining on the collection statute determines which solution the practitioner should select to resolve the client’s tax liability.

The other key point about the statute of limitations is that certain actions on a client’s part will toll, or freeze, the statute, preventing it from running. Such actions include:

- the filing of an Offer-in-Compromise,
- filing a CDP request,
- requesting an installment agreement and
- filing for bankruptcy⁴

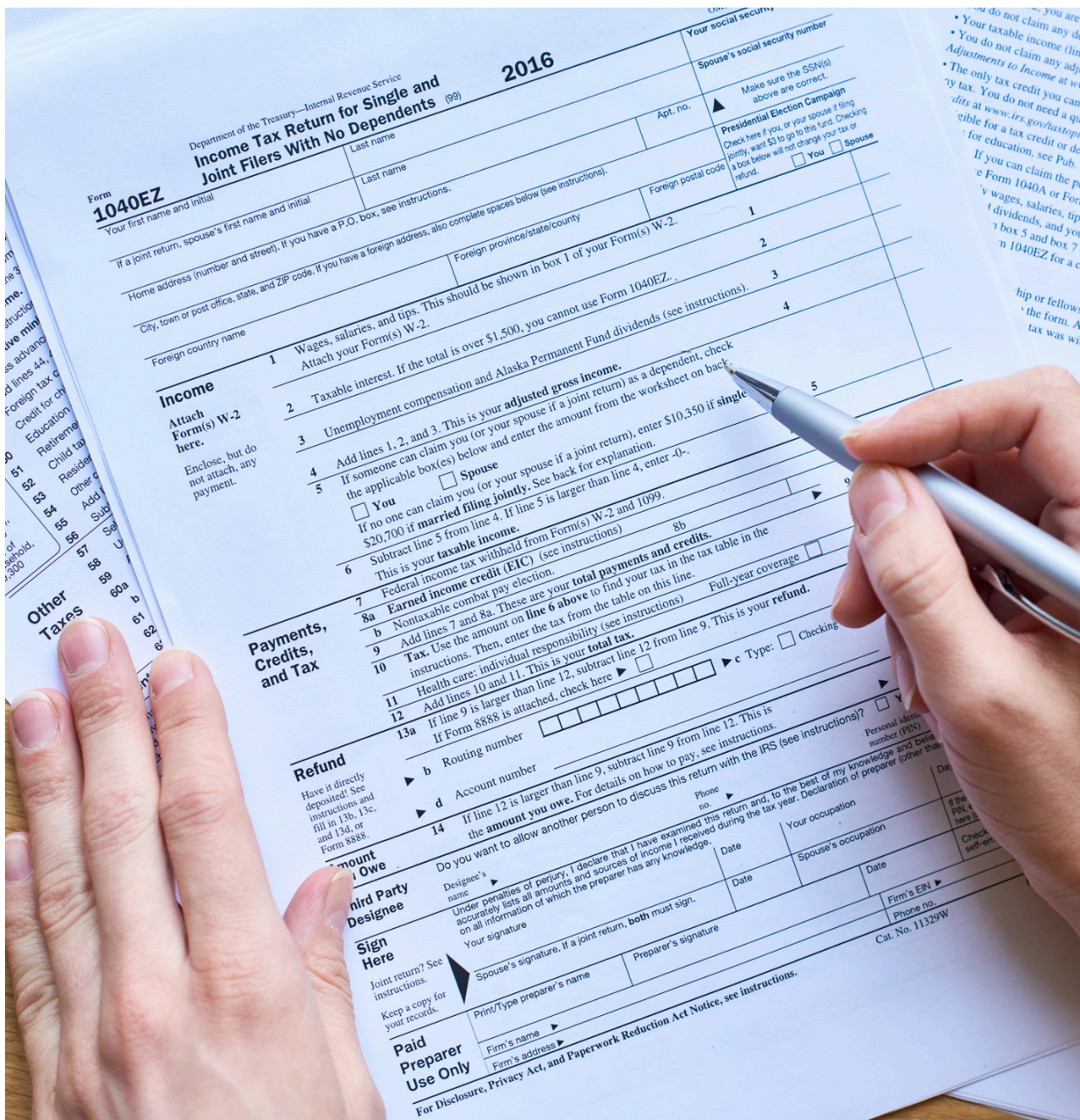
These actions prevent the IRS from taking collection action, and therefore stop the 10-year collection statute from running. The rationale is that it would be unfair to allow the statute to run against the government while it is prevented from taking collection action. The time remaining on the collection statute is therefore critical for the practitioner to advise the client about which of the collection alternatives make the most sense to resolve the client’s tax issue.

³ IRC § 6502(a)

⁴ The filing of a bankruptcy by statute not only tolls the statute from running but adds an additional six months. So for example, a bankruptcy filed on January 1 that was discharged on May 31 would add 11 months to the collection statute: the five for the bankruptcy plus the extra six-months by statute. IRC § 6503(h)

For instance, if the liability is recent and most of the 10-year limitations period remains, an Offer-in-Compromise may make the most sense, as clients don't want the liability and tax hanging over their head for years to come. If, however, the tax liability is already older and not much more time remains on the limitations period, having the taxpayer deemed currently-not-collectable makes sense, as this would allow you to hold the IRS Collection Division at bay while the 10-year statute continues running on the old tax debt.

The tolling of the collection statute is why filing Offers-in-Compromise that have no chance of success accomplishes nothing but wasting the practitioner's valuable time and the client's limited resources.



3. Calculate Reasonable Collection Potential

The IRS calculates the Reasonable Collection Potential based upon its financial guidelines: net equity in assets and future income.

For net equity in assets, the IRS seeks the equity in all assets utilizing a quick-sale approach to value, assuming if the asset had to be sold quickly the taxpayer would only receive 80% of its fair-market value. There are some exceptions to this rule, along with several exemptions the IRS allows. including the following:

Asset	Exception
Cash	Exemption of \$1,000 for personal bank accounts; however, the IRS does allow the taxpayer to keep up to one month of allowable expenses, so the practitioner should exempt up to one month of the taxpayer's allowable expenses. ⁵
Automobiles	There is currently a \$3,450 exemption for the equity in each vehicle.
Retirement Accounts	Use 70% of value instead of 80% quicksale value to account for the income taxes due and 10% early withdrawal penalty, if the taxpayer is younger than 59-1/2.
Professional Books & Tools of the Trade	There is a \$5,050 exemption for books and tools used in the taxpayer's trade or business. ⁶
Personal Assets	There is a \$10,090 exemption for personal effects and household furnishings. ⁷

Foreign Assets and Virtual Currency

The IRS has accumulated significant information and data on taxpayers who own foreign assets or bank accounts through its FATCA initiative, and also about virtual currency through its John Doe Summonses on the various cryptocurrency platforms. This information is available to Revenue Officers when they come seeking financial information, and taxpayers must be aware that they MUST disclose their assets under

5 IRM § 5.8.5.7(1)(Exception)

6 Revenue Procedure 21-45

7 Id

penalty of perjury of face criminal prosecution for either Tax Evasion of Collection (IRC § 7201) or filing a false document with the IRS (IRC § 7206), perjury, or all three.

Community Property Laws

In the United States there are two basic types of property law:

1. Community property, which about 9 states have adopted, though Alaska and Tennessee have an optional community property system, and
2. Separate property, which is the most common form of property law in the U.S. which has been adopted by 41 states.

Separate property means the property is owned solely by one spouse and the individual has both separate legal and separate property rights. As a general rule, separate property is all property that is acquired either before marriage or during marriage through gift, inheritance, or award for personal injury. Income from separate property can include dividends, interest and rents.

In a community property state, as a general rule all property acquired during marriage in a community property state except for inheritance or gift is presumptively property of the community, with each spouse receiving 50% interest in the property and all profits and earned income regardless of which spouse has acquired it or who holds the title. Property brought into a marriage which a spouse owned previously in a community property state is considered separate property. Property acquired during a marriage in a community property state is presumptively community property.

Because of this treatment of equal ownership regardless of whose name the asset is titled in, and because both spouses are also considered to share debts, IRS Collection may be able to reach the spouse's share of the community property even if it is not their debt (like unpaid payroll taxes for instance).

Future Income

The Future Income calculation is where most practitioners go wrong when trying to help their wayward taxpayers. When calculating a taxpayer's ability to pay, the IRS uses the taxpayer's gross monthly household income and then allows certain expenses (allowable expenses).

The ability to pay for IRS purposes is not a taxable income analysis but rather a cash-flow analysis. The IRS is attempting to determine the taxpayer's free monthly cash to

pay down the tax debt, so all sources of money are considered. The reason the IRS uses a cash-flow analysis is to determine if there is available cash to pay towards the back tax debt. Hence, all sources of income into the household – alimony, child-support, social security income, etc – are factored into income. The IRS wants to know the gross monthly amount of cash flow into the household and then deducts the monthly allowable expenses, as shown later.

On the expense side there are basically three types of expenses: actual, national standard, and local standard. We have created a chart indicating how the IRS limits each category of expense.

The key to mastering IRS collection is, aside from understanding the collection process, to be able to properly apply these rules to calculate the amount of income remaining for the IRS. Sample Allowable Expense Tables from the IRS are included in the exhibits.⁸

The expense categories are as follows:

- National Standard and Local Standard – The taxpayers are given whatever is on the IRS table regardless of what the taxpayers actually spend.
- Lesser of Actual or Local Standard – The taxpayers are allowed the lesser amount of what they are actually spending or what the IRS table indicates.
- Actual – The taxpayers are allowed whatever they can show they actually spend.

Once the IRS calculates the taxpayer’s RCP that will probably be the number the service looks for when considering compromising the tax debt. I say “probably” because there are a number of other issues the IRS looks at, including the taxpayers’ past transfer of assets (dissipated assets), average income,⁹ and potential future income as well as whether the acceptance of the taxpayer’s offer is even in the government’s best interest.¹⁰

Another wrinkle in the Offer analysis is that if a taxpayer’s assets and income show that they can full-pay the tax liability over the time remaining on the collection statute, then they are not eligible to do an Offer-in-Compromise, and will be required to get into an installment agreement and pay the tax back.¹¹ See the prior section on Tax Transcripts.

In short, though calculating the RCP for a taxpayer’s offer is the critical step in the analysis to both determine what collection alternative works best, and which ones are even an option.

⁸ The IRS Allowable Expense Tables can be found at <https://www.irs.gov/businesses/small-businesses-self-employed/collection-financial-standards>

⁹ IRM § 5.8.5.20(4)

¹⁰ The issue of why the IRS would compromise a tax debt if it could collect more over time comes up frequently with practitioners new to this area of practice. Just know that the Offer program helps the IRS resolve debts that it would otherwise have to pursue, and the inventory has never decreased since 2005. So by accepting Offers and resolving those cases that can be resolved helps the IRS focus its resources where needed and gives taxpayers a fresh start.

¹¹ IRM § 5.8.5.2

4. Prepare the Collection Information Forms

So we have determined the best collection alternative for the client, and the client is onboard. Now we have a game plan. Our next step is to get the forms completed to submit to the IRS. Almost every collection alternative requires a Collection Information Statement, Form 433.

Great...which one?

Though it may seem like there are more forms to shake a stick at, there actually is reason for each form. It breaks down as follows:

Form	Use
433-A	Collection Information Statement for Wage Earners and Self-Employed Individuals (Field Collections)
433-B	Collection Information Statement for Business
433-D	Payment Plan Agreement
433-F	Collection Information Statement (ACS Form) – for Currently Uncollectible Status
433-H	Installment Agreement Request and Collection Information Statement (ACS Form)
433-A (OIC)	Collection Information Statement for Wage Earners and Self-Employed Individuals (Offer-in-Compromise)
433-B (OIC)	Collection Information Statement for Business (Offer-in-Compromise)

At Green & Sklarz LLC we utilize Tax Help Software for both our transcripts but also to complete all the tax rep forms for the IRS.¹²

But its not just filling in the forms: the key to mastering IRS resolution is to master the formula called RCP, or Reasonable Collection Potential.

¹² <https://taxhelpsoftware.com/trn/>

RCP: Reasonable Collection Potential

The IRS utilizes a formula to determine what the taxpayer’s “RCP” is when considering an Offer-in-Compromise. There are other factors involved, which we will discuss, but the whole process begins with RCP.

The taxpayer’s RCP consists of two elements: net equity in assets and future income. These two elements added together will calculate the RCP. Success in the area of IRS collection will depend upon our ability to calculate the taxpayer’s RCP. This is why so many taxpayer’s Offers are rejected, and why so many of our firm’s Offers are ultimately successful.

Now there are some differences between how installment agreements and Offers-in-Compromise are approached by the IRS, and I have training videos and guide books inside Tax Rep for members that go through the nitty-gritty details, but for now we want to cover the basics of how the IRS will go through its process of calculating a taxpayer’s ability to pay.

Net Equity in Assets

The first step in the process is to determine the fair-market-value of the taxpayer’s assets. When we submit our financial packages to the IRS we will include copies of the documents that support our numbers. When it comes to assets we would generally include the following:

Asset	Documentation
Cash	3 months of bank statements, all accounts
Investments, Retirement Accounts and Virtual Currency	Latest statement of value ¹³
Cash value Life Insurance	The latest statement showing the cash value in the policy
Real Estate	A printout of value from Zillow ¹⁵
Vehicles	A printout of value from Kelly Blue Book
Personal Assets	A listing and valuation of any collectables ¹⁶

There are two other “assets” that are exempt for collection purposes: Tools of the Trade and Household Assets.

- Tools of the Trade: There is a statutory exemption from levy that applies to an individual taxpayer's tools used in a trade or business, which will be allowed in addition to any encumbrance that has priority over the NFTL. The levy exemption amount is updated on an annual basis and is currently \$5,700.¹⁷
- Household Assets: This covers the personal effects in the household that are NOT of extraordinary value, such as furniture and personal effects. There is a statutory exemption amount that is updated on an annual basis and is currently \$11,390.¹⁸

Once the fair-market-value of the various assets is established the IRS will proceed with its analysis to determine how much of the equity in each asset, if any, is available for collection purposes. To determine the available equity the IRS assumes that it would obtain the “Quick-Sale” value of the asset.¹⁹

The “Quick-Sale” value of the asset is generally 80% of its fair-market-value.²⁰ The reason is the IRS assumes that this would be the value that would be obtained if the IRS seized the assets and sold it at a government auction. The reality is that the IRS would get much less value if it sold the asset at a government auction, but this is what it assumes when pursuing collection, so it is what we need to deal with then trying to help our taxpayers.

As an example, a taxpayer owns a home worth \$300,000 with a mortgage of \$250,000. He also owns some stock worth \$20,000 and a car worth \$5,000 without any loan against it. Here is how the IRS would look at a taxpayer’s assets as far as availability:

As an example, a taxpayer owns a home worth \$300,000 with a mortgage of \$250,000. He also owns some stock worth \$20,000 and a car worth \$5,000 without any loan against it. Here is how the IRS would look at a taxpayer’s assets as far as availability:

13 The IRS has significant information on the ownership of virtual currency and foreign assets from John Doe Summons it has issued against the virtual currency platforms, and the FATCA agreements with foreign governments. Virtual Currency and FATCA indicators are now attached to those taxpayer's IRS file so that IRS Collections will be alerted that it has information that the taxpayer owns either virtual currency, foreign assets, or both.

14 For permanent life insurance policies with cash value, often the company will not allow the policy holder to take 100% of the cash value out as a loan because there is a need to maintain some cash in the policy to absorb investment ups and downs. We have our client's obtain a letter or email from their agent explaining how much of the policy can be borrowed without collapsing the policy and include that with our collection package to the IRS to explain why we can only borrow what we said we could borrow of the cash value.

15 I suggest Zillow because that is the site I know the IRS checks, so before I submit the package I want to know what the IRS will see so I can prepare for it. If the value of Zillow is much higher than what the client thinks I can have the client obtain two statements of value: one from a realtor and one from an actual appraiser (which they need to pay for). It is not uncommon for taxpayers to have homes that are in need of much repair that Zillow cannot take into account, so it sometimes is worth obtaining the other two statements of value and including them.

16 For personal assets the IRS is interested in collectables – artwork, jewelry, collections, etc – that can be sold to raise money. They do not mean the daily items used like clothing and furniture. Be sure to check the taxpayer's homeowner's policy for riders: those items specifically listed to be additionally insured, because the IRS will see if there are valuable collections listed.

17 See IRS Revenue Procedure 2023-34 (Section 50)

18 Id.

19 IRM § 5.8.5.4.1

20 Id.

Asset	Fair Market Value	Quick Sale Value	Loan Balance Outstanding	Available Equity
House	300,000	240,000	250,000	0
Stocks	20,000	16,000	0	16,000
Car	5,000	4,000	3,450 (exemption)	550

The IRS would assume there is no equity in the home (the mortgage is larger than the quick-sale-value that could be obtained). The IRS would expect the stocks to be sold and used to pay the tax debt. The IRS, at the author’s urging,²¹ created an exemption for automobiles that matches that found in bankruptcy court (currently \$3,450). The IRS would assume the remaining amount beyond the exemption would be available for an Offer-in-Compromise. For an installment agreement, the IRS may want the taxpayer to attempt to get a loan against the asset (the car is necessary for the production of income so the IRS would not require it be sold).²² Assuming the used car could not be used to obtain a loan, IRS would expect at least \$16,000 to come from the sale of the stock.

The next step will be to see if the taxpayer can make payments from their future income.

Future Income Calculation

The Future Income calculation is where most practitioners go wrong when trying to help their wayward taxpayers. When calculating a taxpayer’s ability to pay the IRS will utilize the Taxpayer’s gross monthly income and then allow certain expenses (“allowable expenses”).

21 This is one accomplishment the author is very proud of. During a presentation with the Director of Collection Policy the author raised the issue of the exemption in federal bankruptcy court and that the IRS should adopt a similar policy given that both are supposed to allow taxpayers a fresh start. The IRS ultimately agreed and adopted this position, now a formal exemption for automobiles in the Offer-in-Compromise program. You’re welcome!
22 IRM § 5.15.1.23

The ability to pay for IRS purposes is not a taxable income analysis but rather a cash-flow analysis.²³ The IRS is attempting to determine the taxpayer's free monthly cash to pay down their tax debt, so all sources of money are considered. These include:

- Wages
- Net business income (the bottom line profit and loss from a business)
- Net Rental Income (the bottom line profit after all expenses)
- Social Security
- Dividends & Interest
- Pension Distributions
- Alimony
- Child Support Payments
- Other sources of cash

The IRS will want the gross monthly amount of cash flow into the household and then deduct the monthly allowable expenses (see below).

For wages the IRS will want to utilize the taxpayer's gross monthly income and not the taxpayer's net income from their job.²⁴ The reason for using gross monthly income is that the IRS knows the taxpayer may be having all sorts of things deducted from their pay that the IRS will not allow for determining collectability. These items include 401(k) contributions, charitable contributions, etc. The IRS has no issue with people saving for retirement or donating money to charity, but they should only do those things after they have paid their taxes.

On the expense side there are basically three types of expenses: actual, national standard and local standard. We have created a chart for you to see how the IRS treats each expense.

The key to mastering IRS collection is, aside from understanding the collection process, to be able to properly apply these rules to calculate the amount of income remaining for the IRS.

23 See IRM § 5.15. Taxpayers include all sources of income, whether they are taxable or not, and they remove non-cash expenses from their business income, like depreciation.
24 IRM § 5.15.1.3(1)

Expense	Actual or Allowable
Food, Clothing and Misc	National Standard
Housing and Utilities	Lesser of Actual or Local Standard
Automobile - Ownership	Lesser of Actual or National Standard
Automobile - Operating	Local Standard
Public Transportation	National Standard
Health Insurance	Actual
Out of Pocket Health Care Costs	Higher of Actual or National Standard
Court Ordered Payments	Actual
Child/Dependent care expenses	Actual (must be necessary)
Life Insurance	Actual (must be reasonable)
Current Year Taxes	FIT, FICA or SE, SIT, Local
Secured Debts	Actual
Delinquent State Taxes	Percentage of State v. Federal Debt

Mastering these rules will make the difference between wasting a clients time and money trying foolishly to help them vs. knowing exactly what to do, knowing what the answer should be and being able to deftly handle any appeal to get the client to the correct answer.

It is why we charge what we charge and make what we make! After doing this you will question why you ever did tax returns....

5. File the Collection Package

The collection package that goes in needs to be complete and help the IRS reviewer get to the correct answer.

Our packages usually include:

1. Our cover letter, where we explain the client's circumstances and highlight anything we want the IRS to know
2. A copy of our IRS Power of Attorney, Form 2848
3. Our Collection Information Statement, Form 433
4. The supporting documentation

The list of supporting documentation will vary depending upon the client's actual expense picture, but the common documents we see will include any or all of the following:

- Last three years of federal tax returns
- Last three months of bank statements for each account
- Latest statements regarding value of any investment, including
 - a. Virtual currency
 - b. Foreign based assets
 - c. Stocks
 - d. Bonds
 - e. Mutual funds
- Latest statement of value for any qualified retirement account
- Any premium statement for life insurance, including any cash value
- Real estate mortgage or rental agreements
- Last three months of utility bills
- If the property is owned, a printout of value from Zillow or a full copy of a written appraisal
- Latest monthly statement for any vehicle loan or lease
- Statement of value for any collectibles (insurance riders or appraisals may work for this)
- Proof of current income, including
 - a. Current profit and loss for any business owned
 - b. If you or your spouse are wage earners, your three most recent pay stubs
 - c. Proof of any social security income
 - d. Proof of annuity or retirement income
 - e. Proof of any child support or alimony received
 - f. Proof of any other income or cash flow stream into the household

- Proof of health insurance and premium amount
- Proof of life insurance premiums
- Proof of any alimony or child support you or your spouse pay, including the divorce or separation agreement and court order
- Proof of any judgments and payment plans to secured creditors
- Proof of any payment plans with state taxing authorities
- Proof of student loan balances and payments
- Proof of current estimated tax payments (unless you are a wage earner, in which case they are reflected on your paystubs)
- Proof of out of pocket healthcare expenses if claiming amounts more than the national standard
- Proof of child/dependent care expense, such as daycare and after-school programs
- Proof of any other necessary expenses, such as mandatory union dues, restitution payments, etc.

The package should be submitted in a way that it can be tracked and you can prove when it was submitted and that it was received.

Conclusion

I hope you have a good understanding by now that resolving tax debts is not impossible, or even that complicated. It truly is just a matter of understanding process and formula. I hope I have encouraged you to step into the tax resolution world and add this service to your existing practice or even use it to launch your own practice. Honestly, if I can do it, so then can you.

If at any time you want help or guidance, come join us inside Tax Rep Network. We are here to help you.



Exhibits

1. IRS Account Transcript Sample
2. IRS Allowable Expense Tables (2024)
 - a. National Standard Food, Clothing & Misc Expense
 - b. Local Housing Expense (Connecticut)
 - c. Transportation Expense
 - d. Out of Pocket Medical expense





This Product Contains Sensitive Taxpayer Data

Account Transcript

Request Date: 04-08-2014
Response Date: 04-08-2014
Tracking Number: 200191107146

FORM NUMBER: 1040
TAX PERIOD: Dec. 31, 2011

TAXPAYER IDENTIFICATION NUMBER: 999-99-9999
SPOUSE TAXPAYER IDENTIFICATION NUMBER: 888-88-8888

SANTA & JESSICA CLAUS

<<<<POWER OF ATTORNEY/TAX INFORMATION AUTHORIZATION (POA/TIA) ON FILE>>>>

--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT

ACCOUNT BALANCE: 0.00
ACCRUED INTEREST: 0.00 AS OF: Jul. 01, 2013
ACCRUED PENALTY: 0.00 AS OF: Jul. 01, 2013

ACCOUNT BALANCE PLUS ACCRUALS
(this is not a payoff amount): 0.00

** INFORMATION FROM THE RETURN OR AS ADJUSTED **

EXEMPTIONS: 04
FILING STATUS: Married Filing Joint
ADJUSTED GROSS INCOME: 63,328.00
TAXABLE INCOME: 26,844.00
TAX PER RETURN: 1,915.00
SE TAXABLE INCOME TAXPAYER: 0.00
SE TAXABLE INCOME SPOUSE: 0.00
TOTAL SELF EMPLOYMENT TAX: 0.00
RETURN DUE DATE OR RETURN RECEIVED DATE (WHICHEVER IS LATER) May 02, 2012
PROCESSING DATE May 21, 2012

TRANSACTIONS

CODE	EXPLANATION OF TRANSACTION	CYCLE	DATE	AMOUNT
150	Tax return filed	20121905	05-21-2012	\$1,956.00
n/a	30221-123-00588-2			
806	W-2 or 1099 withholding		04-15-2012	-\$6,691.00
960	Appointed representative		07-05-2011	\$0.00
961	Removed appointed representative		01-16-2012	\$0.00
960	Appointed representative		04-02-2012	\$0.00
460	Extension of time to file ext. Date 10-15-2012		04-15-2012	\$0.00
846	Refund issued		05-21-2012	\$4,775.00
960	Appointed representative		07-18-2012	\$0.00
960	Appointed representative		07-21-2012	\$0.00
291	Prior tax abated		02-11-2013	-\$891.00
n/a	45254-761-07170-2			
971	Notice issued CP 0021		02-11-2013	\$0.00
846	Refund issued		02-11-2013	\$809.42
776	Interest credited to your account		02-11-2013	-\$17.42

This Product Contains Sensitive Taxpayer Data

2024 Allowable Living Expenses National Standards

Expense	One Person	Two Persons	Three Persons	Four Persons
Food	\$458	\$820	977	\$1,143
Housekeeping supplies	\$44	\$75	83	\$82
Apparel & services	\$87	\$157	187	\$300
Personal care products & services	\$48	\$80	87	\$97
Miscellaneous	\$171	\$279	343	\$405
Total	\$808	\$1,411	1,677	\$2,027

More Than Four Persons	Additional Persons Amount
For each additional person, add to four person total allowance:	\$386

2024 Allowable Living Expenses Housing Standards

County	State Name	2024 Published ALE Housing Expense for a Family of 1	2024 Published ALE Housing Expense for a Family of 2	2024 Published ALE Housing Expense for a Family of 3	2024 Published ALE Housing Expense for a Family of 4	2024 Published ALE Housing Expense for a Family of 5
Yuma County	Colorado	\$1,643	\$1,929	\$2,033	\$2,267	\$2,303
Capitol Planning Region	Connecticut	\$2,234	\$2,624	\$2,765	\$3,083	\$3,133
Greater Bridgeport Planning Region	Connecticut	\$2,658	\$3,121	\$3,289	\$3,667	\$3,726
Lower Connecticut River Valley Planning Region	Connecticut	\$2,323	\$2,728	\$2,875	\$3,206	\$3,257
Naugatuck Valley Planning Region	Connecticut	\$2,205	\$2,590	\$2,729	\$3,043	\$3,092
Northeastern Connecticut Planning Region	Connecticut	\$1,998	\$2,347	\$2,473	\$2,757	\$2,802
Northwest Hills Planning Region	Connecticut	\$2,165	\$2,543	\$2,680	\$2,988	\$3,036
South Central Connecticut Planning Region	Connecticut	\$2,341	\$2,749	\$2,897	\$3,230	\$3,282
Southeastern Connecticut Planning Region	Connecticut	\$2,109	\$2,477	\$2,610	\$2,910	\$2,957
Western Connecticut Planning Region	Connecticut	\$3,272	\$3,843	\$4,049	\$4,515	\$4,588

2024 Allowable Living Expenses Housing Standards

County	State Name	2024 Published ALE Housing Expense for a Family of 1	2024 Published ALE Housing Expense for a Family of 2	2024 Published ALE Housing Expense for a Family of 3	2024 Published ALE Housing Expense for a Family of 4	2024 Published ALE Housing Expense for a Family of 5
Kent County	Delaware	\$1,740	\$2,044	\$2,154	\$2,402	\$2,440
New Castle County	Delaware	\$1,955	\$2,297	\$2,420	\$2,698	\$2,742
Greater Bridgeport Planning Region	Delaware	\$2,658	\$3,121	\$3,289	\$3,667	\$3,726
Sussex County	Delaware	\$1,753	\$2,059	\$2,170	\$2,420	\$2,459
District of Columbia	District of Columbia	\$2,910	\$3,418	\$3,602	\$4,016	\$4,081
Alachua County	Florida	\$1,735	\$2,038	\$2,147	\$2,394	\$2,433
Baker County	Florida	\$1,547	\$1,817	\$1,915	\$2,135	\$2,170
Bay County	Florida	\$1,706	\$2,003	\$2,111	\$2,354	\$2,392
Bradford County	Florida	\$1,395	\$1,639	\$1,727	\$1,926	\$1,957
Brevard County	Florida	\$1,740	\$2,044	\$2,154	\$2,402	\$2,440
Broward County	Florida	\$2,270	\$2,667	\$2,810	\$3,133	\$3,184
Calhoun County	Florida	\$1,333	\$1,566	\$1,650	\$1,840	\$1,869
Charlotte County	Florida	\$1,678	\$1,971	\$2,077	\$2,316	\$2,353
Citrus County	Florida	\$1,361	\$1,598	\$1,684	\$1,878	\$1,908

2024 Allowable Living Expenses Housing Standards

County	State Name	2024 Published ALE Housing Expense for a Family of 1	2024 Published ALE Housing Expense for a Family of 2	2024 Published ALE Housing Expense for a Family of 3	2024 Published ALE Housing Expense for a Family of 4	2024 Published ALE Housing Expense for a Family of 5
Clay County	Florida	\$1,701	\$1,998	\$2,105	\$2,347	\$2,385
Collier County	Florida	\$2,203	\$2,587	\$2,726	\$3,039	\$3,089
Columbia County	Florida	\$1,458	\$1,713	\$1,805	\$2,013	\$2,045
DeSoto County	Florida	\$1,379	\$1,620	\$1,707	\$1,903	\$1,934
Dixie County	Florida	\$1,311	\$1,539	\$1,622	\$1,809	\$1,838



2024 Allowable Living Expenses Transportation Standards

Allowable Transportation Expenses		
Public Transportation		
National	\$215	
Ownership Costs		
	One Car	Two Cars
National	\$619	\$1,238



Operating Costs		
	One Car	Two Cars
Northeast Region	\$285	\$570
Boston	\$310	\$620
New York	\$377	\$754
Philadelphia	\$307	\$614
Midwest Region	\$239	\$478
Chicago	\$266	\$532
Cleveland	\$239	\$478
Detroit	\$299	\$598
Minneapolis-St. Paul	\$243	\$486
St. Louis	\$220	\$440



Operating Costs		
	One Car	Two Cars
South Region	\$260	\$520
Atlanta	\$304	\$608
Baltimore	\$272	\$544
Dallas-Ft. Worth	\$292	\$584
Houston	\$332	\$664
Miami	\$355	\$710
Tampa	\$305	\$610
Washington, D.C	\$301	\$602



Operating Costs		
	One Car	Two Cars
West Region	\$273	\$546
Anchorage	\$200	\$400
Denver	\$321	\$642
Honolulu	\$254	\$508
Los Angeles	\$331	\$662
Phoenix	\$300	\$600
San Diego	\$310	\$620
San Francisco	\$348	\$696
Seattle	\$271	\$542



2024 Allowable Living Expenses Health Care Standards

	Out of Pocket Costs
Under 65	\$83
65 and Older	\$158

