

Where can I get more information?

Information and free forms are available on the IRS's website at www.irs.gov or by calling 1-800-829-1040.

Useful forms and publications include:

- *Pub. 3598, What You Should Know About the Audit Reconsideration Process*
- *Form 9465, Installment Agreement Request*
- *Form 2159, Payroll Deduction Agreement*
- *Form 433-A or F, Collection Information Statement*
- *Pub. 1854, How to Prepare a Collection Information Statement*
- *Form 656-B, Offer in Compromise Booklet.*

Oregon tax information and forms are available by calling 1-800-356-4222 or visiting their website at www.oregon.gov/DOR/.

More useful tax information is available on our website at www.oregonlawhelp.org. The Legal Aid LITC may also be able to help you.

How to get help from the Legal Aid Low Income Taxpayer Clinic

Call the Legal Aid Low Income Taxpayer Clinic (LITC) and apply for our services. If you are eligible, we will make an appointment for you to speak with a tax advocate at our office or by phone.

Please bring us your most recent IRS notice or send it to us before your appointment so we can better understand your problem.

After your appointment, we will review your case to determine whether we can help you. If we can't accept your case, we will try to advise you on how to represent yourself.

We do not assist with tax return preparation.

To find local, free tax preparation sites,
call 211 or 1-888-227-7669

About the Low Income Taxpayer Clinic at Legal Aid

Legal Aid Services of Oregon is an independent non-profit law firm that provides statewide legal services to low income clients.

The Low Income Taxpayer Clinic is designed to help people who cannot afford a private attorney.

We can help:

- Represent clients in Tax Court
- Stop liens and levies
- Assist with audits
- Appeal Earned Income Credit denials
- Settle tax debts
- Help with Innocent Spouse Relief and Injured Spouse claims

We are not part of the IRS. When you talk to us, all of your information is confidential. We do not share information with the IRS without your permission.

We never charge a fee for our services.

LOW INCOME
TAXPAYER CLINIC

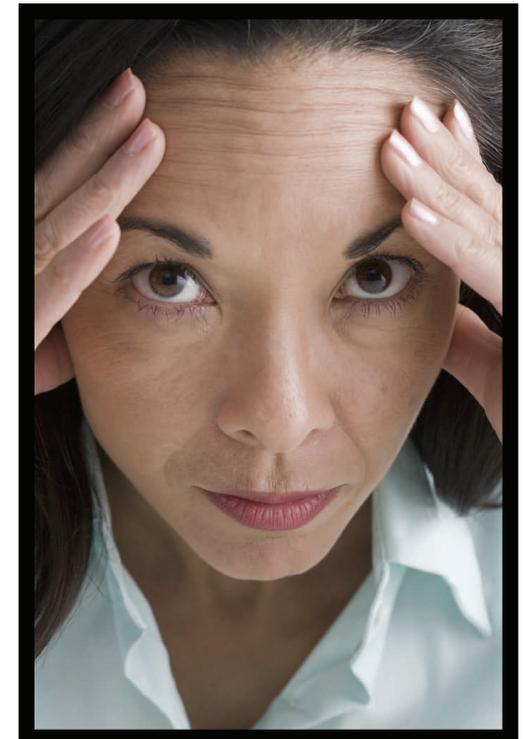
LEGAL AID SERVICES OF OREGON

921 SW Washington, Suite 500
Portland, OR 97205

1-888-610-8764 or 503-224-4086

HELP!

The IRS says I owe them money...



I don't owe the tax

If you don't think you owe the tax debt, you can ask the IRS to review your reasons. You have at least two options—Audit Reconsideration or an Offer in Compromise.

Audit Reconsideration

After you file a tax return, the IRS reviews it, and if they think you made a mistake, they change your return. When they change a return, they will ask if you agree and offer you the opportunity to provide proof if you disagree. Many people either don't respond or can't collect their proof in time so the IRS mistakes don't get corrected.

When you have proof that the change they made was incorrect, even if all your deadlines have passed, you can ask for Audit Reconsideration. Through this process, sometimes the IRS will look at your proof to see if the change they made was correct. If they determine their change was wrong, they will fix your return. As a result, you may not owe the additional tax—you may even get a refund!

To ask for audit reconsideration, send a letter to the IRS explaining the problem with copies of your proof. For more information about how to ask for audit reconsideration, see *IRS Publication 3598*.

Offer in Compromise

If you think the IRS made a mistake and you do not owe the amount they say, you can file an Offer in Compromise based on doubt as to liability. This type of offer can be used when the IRS has seen your proof, but disagrees with you. (*see below for more details about offers*).

I owe the tax, but can't pay it

The IRS charges penalties and interest on tax debts so it is always best to pay your tax debt as soon as you can. However, there are several options for people who can't pay all their tax debts. Please be aware that options other than the ones listed below may be available to you. **The IRS generally only has ten years to collect tax debts.**

Make monthly payments

Sometimes the IRS will let you set up an installment payment plan to pay your tax debts. There is a fee to set up an installment agreement but part of the fee can be waived if your income is low enough. You can request an installment agreement by filling out *IRS Form 9465—Installment Agreement Request* or *IRS Form 2159—Payroll Deduction Agreement*.

Ask to be placed in currently not collectible status.

If you don't have enough income to make monthly payments you can ask the IRS to place your account in currently not collectible status. While in that status, the IRS will not require you to make payments, garnish your wages or levy your social security or bank accounts. They may file a tax lien against any property you have and they will keep any refunds you would otherwise receive.

To get this status, you must prove to the IRS that all your income is spent on necessary living expenses. You will need to fill out *Form 433-A or F—Collection Information Statement* and call the IRS Collection Department at 1-800-829-7650. They will ask you for detailed information about your financial situation and may require you to send supporting paperwork like pay stubs, bank statements, and bills.

If they approve you for this status, it does not mean your tax debt goes away. You still owe the full amount and the IRS will continue to add penalties and interest until the debt is paid. Once your financial situation improves, the IRS will begin collecting again. For more information, see *IRS Publication 1854, How to Prepare a Collection Information Statement*.

Offer to settle the debt

The IRS has three types of offers. If you think you don't owe the tax, you could file a doubt as to liability offer. If you admit you owe the debt, but know you can't pay all of it, you could file a doubt as to collectability offer. If you could pay the debt but paying it would cause you a hardship, you could file an offer based on effective tax administration. This type of offer is for people with medical problems, disabilities, and other hardships.

There may be a fee to file the offer, which can be waived for people with low incomes. Making an offer also requires you to come up with some money to pay part of the tax. Once you submit it, the IRS will look at your income, expenses, and assets and determine whether your offer is reasonable. To learn more about offers, see *IRS Form 656-B, Offer in Compromise Booklet*.

Oregon tax debts

The state has similar options for dealing with tax debts. To discuss setting up an installment plan, call the Department of Revenue (503-378-4988). The state process for settling tax debts (like the IRS Offer in Compromise) is called a Settlement Offer; forms are available online. Oregon has no limit on the length of time allowed to collect state tax debts.