

Hey, folks. Bill Fritton here with EquitySearch. We solve tax problems. I just thought I'd put together this quick video during this crazy time with the COVID-19 pandemic and the national quarantine, et cetera, to give you kind of an update as to what's going on with the IRS, both if you owe taxes and even if you don't owe taxes. So first of all, we'll start off with the good news. If you don't owe the IRS any back taxes, regarding the IRS right now, they're on an extremely skeletal staff. Only essential workers are pretty much working right now. Many of the offices are not open. Many of the service centers are not fully open.

So what does that mean for you? It means for you that if you have to mail the IRS anything, I would hold off on that for the time being because there's nobody there to open the mail and there's a good possibility it will get lost. If you feel as though you absolutely have to file something or mail something to the IRS, I would send it certified return receipt. However, I would not require a signature, as it will just be returned because there's nobody there to sign for it.

If you need to make a payment to the IRS, either through a payment plan, we'll get to that later, or estimated tax payments, current year tax payments, again, I would not mail any paper checks to the IRS, as they will just sit there, will not be processed. The only payments that are being processed right now are electronic payments, and you can go to www.irs.gov to sign up for that or eftps.gov to make electronic payments, depending on which way you want to do it.

Other good news, if you do qualify for a stimulus check, the IRS will not offset that stimulus check by any back taxes you may owe, so you still, if you qualify, receive your full amount of the stimulus. With regards to the stimulus, if you have not filed your 2018 or 2019 taxes and you were required to do so, you will not receive a stimulus check until those returns are filed. I believe you even have to file your 2019 taxes even though they're not due yet, but at a minimum I would get the 2018 files as soon as possible if you qualify for the stimulus check. If you were not required to file a return for 2018 to 2019, you can go to irs.gov, enter the non-filing portal and enter your information there and that information will provide the IRS your information so that they can send you your stimulus check if you qualify.

What happens if you do owe the IRS money and you've been affected by the shutdown, pandemic, your income's been affected, your livelihood's been affected, you're not working, your income's down, et cetera? There's some good news there, as well. The People First Initiative spells out that the IRS is not pursuing most collection action until July 15th. That means no liens, levys, seizures, bank garnishments, paycheck garnishments. No passport holds, not that you could really go anywhere at this point. If you did submit an offer in compromise, they are not working, though, so you are not going to hear anything on an offer in compromise. My guess would be for quite some time is they're going to be very, very backed up. It may be worth your while to withdraw your offer in compromise, and we'll get to that a little later as well.

Also, if you are on a payment agreement, either through mailing in payments or direct debit, if you've been affected and cannot make those payments, you are not required to make your payment agreement payments from April 15th through July 15th, and it will not default your payment agreement. We'll see how that works out, but that's what they're saying. So if you can't, don't make those payments. If you're on a direct debit, call your bank. Tell them not to send the payment. If they won't do that, it's kind of tricky. My suggestion might be to empty the bank account where those funds come out of, so that the IRS cannot take those payments and either open up another account or whatever so that you can pay your living expenses and put food on the table.

So that's more or less what's going on with the collection division of the IRS right now. Obviously we're here to help. If you want to give us a call, we'll be happy to answer any questions for you.

Next, what should you do, what should you be planning for if you owe the IRS back individual taxes? First of all, it's my opinion that right now is the perfect time to be planning for when the world comes back online, the IRS comes back online, and work gets back to normal, even if it doesn't get back to normal. Both the IRS and state governments are going to be severely underfunded, in my opinion, due to decreased tax revenues as well as the massive amounts of stimulus put into the economy. There's going to be budget deficits, and the governments are going to have to find a way to pay for all of these things.

So what does that mean? When the IRS and states do get back online, I believe they're going to be more interested than ever in trying to collect back tax. That's not necessarily bad news because I think it will open opportunities. I think the offer in compromise unit or program within the IRS may get more lenient. It may be easier to submit an offer in compromise and get one approved down the road. If you have an offer in compromise and it's been submitted, you may want to consider withdrawing it, especially if your financial condition has been negatively impacted during this pandemic. Even if it has not been negatively impacted, it may be in the future, so that might be something to take a look at. With regards to the states, I wouldn't be surprised at all to see state tax amnesty programs roll out again like they did after the 2008-2009 financial crisis.

Again, now is the time to be planning for that. If you want to pay your back state taxes, maybe you want to hold off on that and see if these amnesty programs do come to fruition. So that's something that you could take a look at. With regards to a payment agreement currently uncollectible, other things you could be doing with the IRS right now, if you have been negatively impacted by this pandemic now might be the perfect time to contact the IRS and get your case put on hold. And many times we can get that done and put on hold for a year, it'll give you time to get back on your feet and hopefully prevent any liens from being filed if they haven't already been filed. I'll go into a few different things with regards to businesses in a future video, but with individuals now might be a real good time to plan as to how you're going to come out of this thing on the other side and be in a position to take advantage of any programs the IRS may offer in the future or even contact them now in order to put yourself in a more favorable position once you do get back to work.

As always, we're here to help. Bill Fritton with EquitySearch. You can look at our website at www.irs.gov. You can reach us at (703) 847-6686, should you have any questions, and I hope everyone's doing well, and stay safe. Thanks.