

How to Bankrupt or Manage your income taxes is largely a matter of timing and the different programs.

The first analysis is whether or not this is an income tax debt.

Remember: NEVER CALCULATE HOW LONG IT TAKES TO DISCHARGE TAXES IN BANKRUPTCY YOURSELF

If this is a "trust" tax then the tax must be paid in full by the corporation or a "responsible officer". Trust taxes include withholding but may not include sales taxes. State law controls whether state sales taxes are held in trust. The argument is often whether or not you were a responsible officer. The office secretary is not a responsible officer.

Only income taxes are "dischargeable" in bankruptcy 3 years after the return was due, 2 years after the return was filed and at least 240 days after any assessment. Filing bankruptcy, fraud, filing for an extension of time to file the return or an offer in compromise extends this.

Entering into a payment plan may be necessary to age the income tax return enough to that the 3 years have gone by. Do not file bankruptcy in any attempt to age the debt. A Chapter 13 must repay any part of the income tax debt that is a priority debt in full. The priority part of the debt is the part of the income taxes that is less than old enough to discharge. The time you are in bankruptcy, an offer in compromise or in a due process hearing does not apply to some of the waiting periods plus a 90 day penalty is added on to these waiting periods for filing bankruptcy.

Tax liens are administrative liens. They are valued not stripped. Tax liens attach automatically to all property. No filing is required. Chapter 13 must fully repay priority or secured taxes be very careful about valuations for all your property. Value it low. Penalties, interest and non-priority tax debt can be discharged. Tax liens dissolve automatically after 10 years §6325(a) §6502.

Several tax services have been accused of fraud. Often the client will be asked to pay 1000 to 5,000 dollars to official sounding company promising offers in compromise but that will not deliver the promised results or work. A tax relief company may file bankruptcy and after a strong advertising campaign has sucked in many victims. Please be very wary of out of state tax settlement companies.

An attorney doing business in your state is more reliable. The IRS offers 3 common programs.

Offers in compromise require you to turnover more assets than a bankruptcy and adds to the 240 days after an assessment 507 (a) 8 you must wait to file bankruptcy or Statute of Limitations runs.

Payment plans can be made by phone up to \$25,000 over that you may have to file Form 9465 revealing your assets. Calculating how long it takes to discharge taxes requires the account transcript.

Currently uncollectible is a status where you lack income and assets to repay. The IRS will suspend collections. This or a payment plan is used to age a debt so it can be discharged in bankruptcy

Innocent spouse relief looks at the innocent parties education, involvement, lavish lifestyle during the tax period and any deceit by the "bad" taxpayer who under estimated income and overestimated deductions to deceive the innocent spouse and tax department.

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