9. How can a tax attorney help my business?

A qualified tax attorney can help you in many ways. First, he or she may be able to keep the IRS from taking enforced collection action against you to allow you the time you need to determine what is wrong with your business and to correct its course. A qualified tax attorney will provide clarity to you in terms of what tax returns still need to be filed and how much you owe. A qualified tax attorney can put a resolution in place with the IRS that will allow you the peace of mind to attend to your business matters. A qualified tax attorney may be able to obtain penalty abatements on behalf of the business or to cut a deal with the IRS. In short, a qualified tax attorney may be able to assist you in saving your business and saving money while addressing your IRS matters.

10. Do I need a tax attorney or an accountant?

The honest answer is you may need both. If you have unfiled tax returns or if your books are a mess, you need a qualified CPA to address that part of the problem. However, you also need a qualified tax attorney to represent you before the IRS. A qualified tax attorney can keep the IRS away from you long enough to craft a settlement proposal and to assist you with implementing the settlement proposal with the IRS. Most CPAs, although good at what they do, are not necessarily qualified to represent you before the IRS. You need a qualified tax attorney to represent you before the IRS.

11. I'm a business owner that hasn't paid employment taxes for several months. What should I do?

The first thing you should do is determine what is wrong with your business that does not allow you to pay your employment taxes and fix the problem. The second thing you should do is to immediately become current with your federal tax deposits going forward. Although the IRS may stay asleep for one or two quarters until it realizes that you have not paid your employment taxes, the IRS will wake up with a vengeance at some point in the future. Most employers also try to "catch up" with their employment taxes by paying old employment tax liability first while not making their current federal tax deposits, which is the wrong thing to do. Always pay your current employment taxes first before addressing the old liability. The IRS can also come after you personally for the unpaid Trust Fund portion of your corporation's employment tax liability by assessing the Trust Fund Recovery Penalty against you. Hiring a qualified tax attorney to represent you before the IRS should be one of the first things you do.

Tax Attorneys & Staff

The tax attorneys of Patrick T. Sheehan & Associates represent individuals and businesses before the Internal Revenue Service (IRS) and the Illinois Department of Revenue (IDR). Our tax attorneys have successfully resolved IRS tax problems for individuals and businesses since the firm's inception in 1991. If you owe more than $10,000.00 to the IRS or the IDR it typically makes sense to hire a qualified tax attorney. A qualified tax attorney knows how to handle the IRS or the IDR and will act in your best interests. In addition, you will never have to talk to the IRS which often relieves the stress and the anxiety that people frequently feel when they have a tax problem. If the IRS has contacted you, call us, we can help.

Call Us Before the IRS Calls You!®

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IRS PROBLEMS™

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Common IRS Questions

Your IRS Questions Answered

1. I haven't paid my taxes in several years. What should I do?

Is the IRS asleep and has not contacted you? Is the IRS actively taking enforced collection action against you such as levying on your wages or bank accounts? Either way, you need proper representation before the IRS. If the IRS is leaving you alone, we can craft a strategy to solve your problem in a more relaxed fashion. However, keep in mind that the IRS will not stay asleep forever and will ultimately wake up. If the IRS is taking enforced collection action against you, immediate action is required. If the IRS is levying on your paycheck or bank account, they can take virtually all of that money and apply it against your tax liability. In either event, you should consider hiring a qualified tax professional to represent you before the IRS.

2. What is a final Notice of Intent to Levy?

When you owe money to the IRS, the IRS typically sends a series of four notices to you, each of which gets progressively nastier. The fourth notice, a Notice of Intent to Levy, is typically sent to you via certified mail, return receipt requested. This is the IRS' way of telling you that it is through being nice to you and will start taking enforced collection action against you in the immediate future, usually about 30 days after the Notice of Intent to Levy was issued. Enforced collection action can include, but is not limited to, levying on your wages and levying on your bank accounts or retirement accounts. In certain circumstances, the IRS can seize other assets, such as your home or your car. You should never ignore a Notice of Intent to Levy. We recommend that you always accept certified mail from the IRS or pick it up from the Post Office.

3. Does hiring a tax attorney make it more difficult to receive an IRS settlement?

Absolutely not. In fact, hiring a qualified tax attorney often makes it easier to receive a resolution with the IRS. Remember, the IRS is not your friend and will not necessarily cut you the best deal available. However, hiring a qualified tax attorney who knows your rights will often make a settlement easier to obtain and may save you money to boot.

4. Can I go to jail for not paying my taxes?

Absolutely yes you can go to jail! Failing to file a tax return is a misdemeanor punishable by imprisonment for up to one year in jail. Filing a tax return that you know is not truthful is a felony and carries a prison term of greater than one year. If you are a business owner and have employees, you are required by law to withhold taxes from their pay and to pay those funds to the IRS. When an employer does not pay the withheld funds to the IRS, not only does the business now have an IRS problem, but the owner of that business can also be held personally liable for the withheld funds under the Trust Fund Recovery Penalty. Worse yet, the IRS can criminally prosecute a business owner who willfully fails to comply with his or her statutory obligation to collect, account for and pay over income tax withholding, Social Security tax and Medicare tax. Violation of this provision carries with it up to five years in prison and a fine of up to $10,000.00. The IRS has recently stepped up enforcement in this area.

5. Can I avoid paying back taxes by declaring bankruptcy?

There are several different types of bankruptcies, including a Chapter 13 (repayment plan for individuals), a Chapter 11 (repayment plan for businesses) or a Chapter 7 (liquidation). In a Chapter 13 or a Chapter 11, the taxes are typically paid under an installment payment-type arrangement where the taxes are repaid under a bankruptcy plan. In a Chapter 7, some types of taxes are dischargeable and some are not. Generally speaking, any liability related to an unfiled tax return is never dischargeable in a Chapter 7 bankruptcy. Tax liability related to Form 1040 tax returns that were timely filed and were due greater than three years ago may be dischargeable in a bankruptcy, but liability listed on tax returns that were due within the last three years is not dischargeable in a bankruptcy. The liability listed on late filed tax returns filed greater than two years ago may be dischargeable, but the liability listed on the late filed tax returns filed within the last two years may not be dischargeable. Trust-type taxes, such as the Trust Fund Recovery Penalty or sole proprietorship Form 941 Trust Fund tax liability, is never dischargeable in a bankruptcy. Tax liability related to tax returns filed by the IRS on your behalf is not dischargeable in a bankruptcy. If you have unpaid tax liability along with significant non-IRS debt, then filing a bankruptcy may be right for you and you should consult with a qualified bankruptcy attorney. However, if you are considering filing bankruptcy solely because of your IRS problems, you should reconsider that decision because other non-bankruptcy options are probably available to you. In sum, not all taxes can be dealt with by filing a bankruptcy.

6. Will the IRS release tax liens following my bankruptcy?

The short answer is probably not. A Notice of Federal Tax Lien when filed attaches to all of your real property in the county where the tax lien was filed and to your personal property in the state in which you live if the lien was filed with the Secretary of State's Office. If you received a discharge in your Chapter 7 bankruptcy, the discharge merely gets you off the hook personally as to any tax liability that was discharged in the bankruptcy. The Chapter 7 bankruptcy does not dislodge the federal tax lien, meaning that the federal tax lien still attaches to your property even though you are no longer personally liable for those taxes because of the bankruptcy.

7. What questions should I ask my bankruptcy lawyer about my tax liability?

There are many qualified bankruptcy attorneys out there. However, there are an equal number of unqualified bankruptcy attorneys. The trick is to find the right bankruptcy attorney for you. If you owe money to the IRS, ask your bankruptcy attorney to explain the dischargeability rules to you and the steps that he or she will take to ensure that your tax liability is or is not dischargeable. If your bankruptcy attorney tells you to wait and see what happens to your tax liability after the bankruptcy has been filed, you should not hire this individual to represent you in your bankruptcy because he or she probably does not know what they are doing.

8. Can the IRS seize my property for payment of back taxes?

Absolutely yes the IRS can seize your property! The IRS is the most powerful creditor on the planet. They can walk into your bank and take all of the money out of your bank account. They can tell your employer to not pay you and to pay your salary to them. They can seize your retirement funds. The IRS can also seize your assets including your home, business, vehicles and machinery and equipment. If you are a business owner, the IRS can contact the people that you do business with and levy on your accounts receivable. Not only does this take anticipated operating funds out of your pocket, it also lets the people that you do business with know that you have an IRS problem, which is certainly bad for business.