

The logo features the year '20' in white on a blue background, followed by another '20' in white on a green background. The numbers are stylized with a slight shadow effect.

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Q/A: How do I Release a Tax Levy?



Q



How do I Release a Tax Levy?

A



Before we get into the nuts and bolts of how to release a tax levy, let's first make sure we understand what it is.

Simply put, a tax levy is one strategy that the Taxing Authorities can use to get your attention. It is likely the Taxing Authorities have attempted to collect a payment on your debt before issuing a levy. When those attempts go unpaid, or worse, unanswered, a tax levy is issued.

The levy can be attached to an individual's bank account or wages or if the debt belongs to a business, the levy can attach to the company's bank account or Accounts Receivable. In each scenario, the effects can be devastating. But here's the good news: You're not powerless.



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Here are four things you can do to minimize the impact of a tax levy.

1. FULL PAYMENT OF YOUR TAX DEBT

We know—the fact that you couldn't pay your tax debt is likely the very reason you are staring down at that tax levy. But it's important to note that paying your tax bill in full is the easiest way to request a release of your levy.

However, if you have a way to get the full payment in the near future from your family or friends, from a sale of property, or by any other means, it's worth turning over every stone to resolve your tax debt and possibly negotiate an immediate release of the levy.

“have the lien not just removed, but wiped out from the record books”

2. VERIFY THE LEVY IS A HARDSHIP

This is a sticky solution since you probably already consider a levy against your assets to be a “hardship.” The IRS and state Taxing Authorities have set rules and criteria to define the official terms of a hardship.

What constitutes a hardship? The IRS, for example, takes many things into account, including:

- Your age, employment status, and cost of living vs. the burden of paying the tax debt
- Ability to pay basic living expenses (food, health, welfare—being unable to keep up payments on a luxurious mansion isn't considered a hardship)
- The age and health of your dependents vs. the burden of paying the tax debt
- Extraordinary circumstances, such as a natural disaster in your area

Unfortunately, these rules do not apply to businesses. If, as an individual payer, you are able to verify that the hardship criteria are met, you may be eligible for a levy release.

3. FILE AN APPEAL TO REMOVE THE TAX LEVY

This is another difficult solution to pursue. Typically, these types of appeals are accepted on the grounds that Taxing Authorities didn't follow proper procedures. This option should be used with caution and only when you have reliable evidence that the Taxing Authorities are mismanaging the process.

4. AGREE TO RESOLVE THE TAX DEBT

This option is the most common answer to releasing a tax levy. The Taxing Authorities truly don't want to issue levies to businesses and people forever. The intention for everyone involved is to get the debt resolved through any number of resolution options such as an Installment Agreement or Offer in Compromise. Once the resolution is negotiated and in place, you'll be in a better position to have the tax levy removed.



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THE BOTTOM LINE

Nothing is easy about a tax levy. If you need some assistance on how to quickly address your tax levy, our tax advisors are ready to jump in and help. Time is of the essence, and having a specialized tax expert like 20/20 Tax Resolution in your corner guarantees that you'll get every right you deserve and obtain a resolution that you can live with.

WE'RE HERE TO HELP.

Together, we'll get out in front of the issue, so you can get back to your life.

CONTACT US NOW



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