

## Settle Your Tax Debt

**Sean Melvin**

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Being in debt is surely bad enough, but being in debt to the Internal Revenue Service? The mere thought is enough to promote sleepless nights for the average taxpayer. But, according to Philadelphia tax attorney and author Sean Melvin, the government estimates between 15 and 20 percent of taxpayers owe back taxes at any one time. Further, he says, if the number of people who never file tax returns are included, as many as 40 percent of Americans may owe back taxes.

This book offers some welcome guidance. Written in a concise, easy-to-read, 10-step format, Melvin outlines the procedures to follow should you find yourself in this predicament. Managing to be both soothing yet stern, Melvin outlines the process followed by the IRS when tracking and collecting back taxes and provides ample documentation to help sort out the process, such as explaining CP Letters (also known as IRS billing notices). You may not have known, for example, that a CP-501 letter simply reminds you of your outstanding bill, while a CP-504 is the first step in seizing your assets. After determining where you stand, you can identify the amount you actually owe, which may not be the same amount the IRS claims, and work out how to settle up.

Melvin documents a little-known IRS program called Offer in Compromise (OIC), wherein a taxpayer can offer to settle back debt at a reduced amount, often, he claims, at pennies on the dollar. Putting together an accurate and complete OIC is crucial to the success of this effort and the author provides ample detail to guide you. "Consider This" sections provide more detail on key topics, while "Don't Forget" summaries follow each chapter. Case studies show how taxpayers, often with the best intentions, can fall into the bad graces of the IRS. Information useful for all taxpayers includes advice on responding to an audit and hiring a tax professional.

VICKI GERVICKAS (September / October 1998)

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