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CREDIT OR DEBIT? When to Use Each Card

When it comes to purchasing items, you have a choice about whether you should use your debit or credit card. Although these rectangular pieces of plastic look the same, they are very different. With credit cards, you're borrowing money, whereas a debit card takes money directly from your account. That being said, is there a better time to use credit than debit? Here are a few instances to help you determine when to use which card.

Debit Card

- If you need to access cash quickly, it's best to use your debit card. If you use an in-network ATM, you can withdraw cash without a transaction fee. But if you use an out-of-network ATM, your bank and the ATM provider will charge a fee. Although you can use your credit card to withdraw money, the fees are usually even higher.
- Debit cards can help you avoid merchant fees from businesses. Some online retailers, restaurants, and small businesses have a surcharge when you use your credit card, but debit cards are excluded from these fees.
- If you make an international purchase, you may want to use your debit card if your credit card company charges foreign transaction fees.

Credit Card

- Your credit card is preferred for safer online shopping to prevent your debit card information from being on the internet. However, check your browser and shopping apps to make sure your credit card is the preferred payment method.
- If you have any subscription services or bills, your credit card works great for recurring payments. Your fees will be paid automatically, and these regular on-time payments will help raise your credit score.
- If an emergency occurs, put it on your credit card. This will give you some time to pay off the expense if you need it.

Which card you use is a personal preference. Use whichever method you're comfortable with and makes sense for you. Always check your balances and fees to ensure everything is in order and cost-effective. If you see suspicious activity on your account, contact your bank for assistance.



2022 TAX SEASON

A GLIMPSE INTO THE 2022 TAX CRAZE

“As a tax professional, I’m here to tell you patience is a virtue.”

MAR 2022

April 18, the tax deadline for 2021 taxes, is swiftly approaching. With tax filing underway, I must warn you to prepare for another long year of complications, lack of communication, and delays. By now, you've hopefully already filed your taxes, and if you haven't, this should underscore the necessity of preparing your documents and filing early.

On Jan. 24, over two weeks earlier than last year, the IRS began accepting 2021 tax returns. Most of you have until the April 18 deadline to submit, but we all have a very long road ahead of us. Coronavirus relief checks, child tax credit payments, backlogged unprocessed paper returns, and widespread shortages in staffing have the IRS extremely hard pressed to keep up.

If you were one of the many who were very late in receiving your stimulus checks and 2020 tax returns, you are no stranger to the pain, but this year, we anticipate it being worse. If you've tried to get a representative from the IRS on the phone, you likely have struggled because the IRS is currently answering less than 24% of their phone calls and still have over 8 million tax returns that haven't been processed yet. Last year,

the number of IRS employees was cut significantly from 115,000 people to 72,000. The danger with this is that while they collect anywhere from \$3.5–\$3.8 trillion from taxpayers, the IRS only has a budget of \$8 billion. To put it into perspective, that's like attempting to collect \$3,500 while spending \$8 to do it — it's nearly impossible.

As a tax professional, I'm here to tell you patience is a virtue. It's going to get worse before it gets better, but it will get better — it's always darkest before dawn. Congress recently added more money to the IRS budget to update their technology, which hasn't been updated since 2000, and plans to hire 87,000 more people over the next 10 years.

We live in a microwave society where we seek instant gratification. When I was young, most of our meals were slow cooker meals. They were cooked all day on low heat, and the food came out unbelievably great — it was well worth the wait. Now, we throw a TV dinner in the microwave and hope it hits the spot when it comes out two minutes later. Great food comes to those who are patient. In the coming months, we will all work together to get through the madness that is sure to ensue. In the meantime, get a head start on preparing your 2022 taxes!

—Ben Golden

It's More Than Just Tidying Up

4 HEALTH BENEFITS OF SPRING-CLEANING

Sunday, March 20, is the first day of spring — which means it's time for some spring-cleaning. Did you know that cleaning is not just about tidying up a physical space? It's also about improving overall well-being. Here's how organization and cleanliness can help you in more ways than you might expect.

Spring-cleaning reduces stress and depression.

Tidiness and mental health are actually connected. Studies have found that having a clean home is directly correlated to happiness and your ability to focus. Anxiety can spike when laundry is piling up, items are strewn everywhere, and papers get scattered on various surfaces within the home. Clearing the clutter is a great way to boost your mood and increase those feel-good hormones.



It prevents illnesses.

Doorknobs, refrigerator handles, light switches, countertops, and remote controls are all things we touch many times a day. Cleaning anything that's used often is one way to reduce the spread of germs. By keeping household surfaces clean, we help thwart the spread of viruses and illnesses.

Spring-cleaning helps you breathe better.

Spring often brings pollen that triggers allergies for many. But pollen isn't the only thing to blame when people have difficulty breathing. When dust and pet dander build up in your home, your respiratory system is greatly affected too. Deep-cleaning your air filters and vents can make breathing effortless — and it's truly amazing how this can improve your well-being.

It keeps you more active.

Off the couch and on your feet! Even just running the vacuum and clearing the clutter from the dining room table will get you up and moving, which is healthy for your heart and body.

This spring season, putting some elbow grease into your cleaning will benefit you in more ways than one. Trust me, you'll thank yourself later!

What to Do if You Owe Money on Your Taxes

5 WAYS TO PAY THE IRS

You owe money to the IRS — it happens. While it certainly may be cause for panic, keep in mind that you are not alone. Many others are in the same boat, and you have a reliable team of professionals to lean on for support, services, and advice.

If you owe on your taxes and are unable to pay them on time, you may face penalties, and with that comes interest. Because of this, some may wonder if it's necessary to file if they know they will owe money and are unable to pay. If you don't file, you will face a failure to file penalty, which is equal to 5% of how much you owe. This will be 5% per month, up to a maximum of 25% of the unpaid taxation.

So, if you owe the IRS money, it's important to examine your options to devise a plan to pay. Here are some to consider.

Ask the IRS for an installment agreement.

You can set up different types of agreements depending on your individual situation (how much you owe and how quickly you can pay). To apply for an installment agreement, the cost is \$149, or \$31, if the payments are made electronically. Fill out Form 9465 on the IRS website and an expert will step in to help.

Ask the IRS for a short-term extension.

If you only need a short period of time to come up with the money, this option is for you. Taxpayers will have 120 days to pay their tax balances in full at no cost. To request the extension, you can complete an online payment agreement on the IRS website, or you can call them directly at (800) 829-1040.

Ask the IRS for a hardship extension.

If you are able to prove that paying the tax creates a financial hardship for your family, you may apply for a hardship extension at no cost. To apply, you'll need to fill out Form 1127 and submit a statement of your assets and liabilities.

Take out a personal loan.

While this is not always ideal, it is an option to help keep you out of trouble with the IRS. Depending on the source of the loan, fees and interest may be included, but it may be necessary to keep the IRS off your back.

Borrow money from your 401(k).

This is also not a desirable option, but it is one way to avoid fees and penalties. If your 401(k) plan allows you to make a withdrawal, then you're in luck. Typically, most 401(k) plans limit you to only 50% of the funds with a maximum of \$50,000 available. Usually, you'll need to repay the funds within five years.

If you owe money to the IRS and aren't sure what action to take, give us a call and we can help to evaluate your situation and come up with a plan that works best for you. We're your trusted experts!

Easy March Madness Chili

Inspired by MyRecipes.com



Cheer on your favorite team and chow down in minutes with this easy chili recipe!

INGREDIENTS

- 2 lbs ground beef
- 2 tbsp chili powder
- 1 tsp Creole seasoning
- 1 tsp ground cumin
- 2 16-oz cans diced tomatoes
- 2 16-oz cans small red beans
- 2 8-oz cans tomato sauce

DIRECTIONS

1. In a deep pot, brown the beef, stirring often.
2. Once beef is cooked, add chili powder, Creole seasoning, and cumin, cooking for 1 minute.
3. Stir in diced tomatoes, beans, and tomato sauce and bring the mixture to a boil.
4. After the mixture boils, reduce the heat to low and let chili simmer for 15 minutes.
5. Serve with toppings of choice, like cheese, sour cream, or chives.

March Win of the Month

PLAYING THE WAITING GAME PAYS OFF BIG TIME

CASE SNAPSHOT

Client: Homeowner in mid-60s
Type of IRS Issue: 1040 Complications
Tax Year in Question: 2005
IRS Claimed Liability: \$321,346.29
Savings: \$316,346.20

The client, a woman in her mid-60s, came to IRS Trouble Solvers under a levy of her Social Security as well as a threatened potential Fraudulent Conveyance of Property, which is a very serious charge.

In 2005, she bought a house with her husband and funded it with withdrawn retirement account cash, leaving her with ownership of the house and no mortgage. However, the client failed to have the taxes withheld from the retirement account withdrawal and did not file a return for tax year 2005. As a result, the IRS completed their own Substitute for Return (SFR) and filed for her, leaving her with a tax balance due of \$316,346.20.

Years later, the client stated that she had drafted a quit claim deed to turn the house over to her husband. This conveyance of ownership caused additional problems with the client's defense. However, through due diligence, a lot of hard work, and negotiations with the Revenue Officer, we were able to diffuse the issue of fraudulent conveyance of property. Left on the table were the taxes and the SFR, which had an upcoming Collection Statute of Limitations (CSED).

We were initially able to secure a partial payment installment agreement for her in the amount of \$270. But time was ticking, and the IRS was not sitting idly by! They asked for updated financial information in 2021, with which we complied, while requesting a Currently Not Collectible (CNC) status for our client.

And our patience paid off — while waiting for the IRS to process our request, her entire liability passed, the collection statute expired, and the entire remaining balance was written off.

Our strategies of getting into partial payment plans, asking for reconsideration of her status, and watching closely the CSED dates allowed us to help the client save \$316,346.20!