

SPECIAL REPORT



OFFER IN COMPROMISE SCAMS

Tax Resolution Companies have be shut down by authorities for scamming taxpayers!

Several nationwide Tax Resolution Companies claiming that they can reduce IRS tax debt to "Pennies on the Dollar" have been found to be misrepresenting the IRS's Offer in Compromise" program, and were shut down by authorities. Enticing taxpayers by advertising services where they will negotiate directly with the IRS to lower their tax debt and then charging thousands of dollars providing little or no results.

Learn about these scams and how to avoid them in this special report.



By Taxxfire

SPECIAL REPORT



Don't be Scammed by the Tax Resolution Services

Do you owe \$10,000 or more to the IRS? (Ever wonder why \$10,000, what about the guy who owes \$9999 or \$5000 or \$500?) Here at the XYZ Tax Resolution Company our Lawyers, Enrolled Agents, and CPA's have over 35 years of experience representing people with IRS Tax Debt in front of the IRS. For a Free consultation to see if you qualify, (which really means, were going to find out if you have enough money to pay us what we want to sell you) blah, blah, blah. The race is on, you have some money, who's going to get to it first, the IRS or the Tax Resolution Companies?



While there are some qualified Professionals able to help you, there are still too many people falling into the trap of these OIC farms. That is, desperate people looking for someone with solutions to help them get rid of their IRS burden and if they have some money, willing to pay much more than necessary.

Over the last twenty years or so the congress told the IRS to, let's say, "modify" their collection tactics. This modifying has given birth to new options for settling tax debt, such as...

- Offer in Compromise (OIC)
- The Fresh Start Program
- Partial Payment Installment Agreement (PPIA)
- Currently not Collectable (CNC)

While some of the above have been around for decades, only somewhat recently have they been viable options to settling a tax debt. Therefore a whole new industry of "Tax Resolution" Companies has sprung up. Although many are honest and creditable some can not resist the temptation of taking advantage of a helpless Taxpayer.

THE SCAM

The typical scam begins with a willing taxpayer who has fallen from grace from the dreaded IRS and is looking for help, someone who can keep the IRS from destroying their life long enough to fix or find a solution to the problem.

Once in the scammers office you'll usually have a pre-qualifying interview with an associate. In this interview you will have to fill out paperwork that discloses financial information, including old tax returns, assets, expenses, income, social security numbers, authorizing credit checks and more. Of course you'll have to trust them, and for the honest ones they really need this information in order to go to the next step, which is to determine your options and the best course of action.



Next, the interviewer will explain the different IRS options that are available and then a quick review of your financial information will seem to conclude that you might be a good candidate for settling your debt for a fraction of what you owe and of course they also have the experience and knowledge to stop the IRS. How could you not be hopeful, so far so good.

You would think that your recent pressure from the IRS would be enough to determine how desperate you are, maybe to you it is but not the scammers. For the scammers, how desperate you are is determined by the combination of how much cash you can get your hands on, how quickly you can get it combined with your eagerness to resolve the problem.

After the interviewer comes the **closer**, the person who is going to get you to commit your money toward the service that they want to sell you. Into the office you go somewhat relieved, and in your mind your trying to anticipate what the "fraction of what you owe" will be. The closer explains the different options and processes and of course your immediate need to get this going quickly before the IRS does something drastic. So your very happy with their ideas, excited with the potential and ready to proceed but what you haven't heard is what's this going to cost, of course all of this is moot if the closer discovers that you don't have much money, you just wouldn't qualify and off you go.



What's this going to cost, is more like, what cash do you have quick access to and what will that buy. It's oddly coincidental that their fee is just a little more than you have ready access to but of course they'll negotiate. Remember that they have seen your financial information, you told them what cash you have and because they are scammer/salesmen they're going to "work you" in order to get you to pay them as much as they can get. They don't care about you or the results, they know that the money's there and all they want is to get it before the IRS does.



A couple of days goes by, the IRS showdown is getting closer, the scammers know that the pressure is building. What do you do, pay the scammers to help or just let the IRS run you over?

What do you do?

The BAIT and SWITCH

OK, this article is about being scammed or not being scammed. Another article for another day about the different options you might have. However it was the "Pennies on the Dollar" or Offer in Compromise program that drew you in so we need to discuss this program and others in the context of the "bait and switch" that sometimes takes place.

In reality the IRS just wants the money that's due to them and they offer several installment plans for both pay in full and pay less than full situations as well as custom plans for special circumstances.

Most of the plans require the tax debtor to submit a financial statement or a 433a, or 433f and sometimes a 433b for businesses. The financial statement

circumstances will be entered into an IRS formula which will determine which installment plan the IRS will accept. The way that this information is presented to the IRS can make a huge difference in how much you will have to pay and which plan you will qualify for.

80% of OIC Application are rejected!

The problem is that the "Pennies on the Dollar" plan is over sold to the public. In reality only about 20% of the OIC applications are accepted. The scammers know this and bait you into believing that you will qualify for the program. They take your money, prepare the forms and formula. Once the forms and formulas are completed the person preparing your application will have a good idea whether your application will be accepted or rejected. It's at this point that the scam takes place. The preparer should notify you of your chances, instead they send in the application knowing that your application is likely or not likely to be accepted. Several months later, usually three to twelve, the IRS notifies you that your OIC application was either accepted or not accepted. When you find out that you don't qualify the scammers offer to switch you into different plan. You've now paid them and have nothing to show except the knowledge that your application was rejected and now you'll have to settle for a different plan.

Settle your IRS tax debt for "Pennies on the Dollar" or "A fraction of what you owe" or "The IRS has new programs to lower your tax debt". While there's an ounce of truth to these pitches there's also a pound of misleading information that accompanies them. Plain and simple, an OIC is not as simple to get as they want you to believe. Be proactive, educate yourself.

The absolute best way to not be scammed.

The IRS has several Installment Agreement plans available, anywhere from pay in full to pay nothing. The very best way to not be scammed is to become proactive and educate yourself about the process and options. The first thing is to get a copy of the OIC / 656 workbook and a 433a financial statement, which is in that workbook, and work through them. The workbook and financial statement is on the IRS.gov web site. If you have any questions go to the IRS for help or email taxxfirehelp@gmail.com for free help.

There are many very good Professionals that can also help. Here are a couple of my rules...

DO'S

#1) Work with someone who you can sit across the desk from.

That is someone with an office who you can talk face to face with. While this shouldn't be necessary, it's harder for a scammer to take advantage of you if you can work with someone who lives' in the same area.

#2) Get estimates.

It's difficult for Professionals to give estimates because often the taxpayer isn't able to adequately convey the amount of work the Professional is going to have to do so, don't be surprised if the Professional estimates very high.

#3) Do as much of the work as you can yourself.

Don't just drop a bunch of paperwork on their desk for them to sort through. You'll make their life much easier and lot's cheaper if you do some of the work.

#4) Call the BBB.

Or Google the company to find out about complaints.

DONT'S

#1) Don't expect them to guarantee results, if they do, RUN.

Working with the IRS can sometimes be very difficult and unpredictable.

#2) Don't expect to get references or referrals.

Most people don't want their personal life made public.

Conclusion

All the IRS wants is for the tax payer to be compliant, file your tax returns and pay what you owe. When you don't do those things then you can't be surprised when the IRS takes corrective action.

All of this new advertising suggesting that you can settle your tax debt for pennies on the dollar has mostly resulted in thousands of people throwing away what money they have left on a sales pitch with a 80% failure rate. These companies or "tax debt farms" are like any other business, sales and profits. Their goal is to process as many applications as possible, often for thousands of dollars each. Do you want to spend your money on a company who has a 20% success rate or in other words builds their company on a 80% failure rate.

Don't be a victim of the 80% failure rate scam. You can easily change your opportunity for success by simply being proactive and educating yourself on the process and being realistic of what to expect. Go through the IRS workbooks and understand your options, The application process is mostly the same for you as it is for any Professional.

Be a part of the 20% success rate.