



Hurricane Tax Relief and IRS Collection Activity Published by Lorman Education Services

LOS ANGELES, CA, UNITED STATES, September 18, 2017 /EINPresswire.com/ -- The following was recently published as an article by [Lorman Education Services](#).

Under the IRS Internal Revenue Manual (Section 5.1.12.2) disaster areas are entitled to special IRS tax collection relief. These types of cases are considered to require special handling with extreme sensitivity for taxpayer's circumstances. The key issues are IRS collection activity, penalty and interest due. In a federally declared disaster area, as in the case of Hurricane Harvey, if a taxpayer is unable to meet filing deadlines or make federal tax payments due, the IRS may cease collection activity in total, or maintain collection activity but not assess interest and penalty on the delinquent taxes due.

As of 5/20/08 under IRM 5.1.12.2.1(1), (2), an "O-freeze" may be instituted which stops IRS compliance notices and collection activity (including the IRS assessment of penalty and interest due on the taxes owed). An "S-freeze" does not include suspension of IRS collection activity but does include interest and penalty relief.

During the "O-freeze", the cases remain in inactive status. The IRS Group Manager may move these cases out of the Revenue Officer inventory into a "hold file" pending release of the "O-freeze". During the "O-freeze" IRS taxpayer contact is restricted unless there are exigent circumstances (e.g. statute of limitations expiration). During an "O-freeze," a Taxpayer may initiate IRS contact but any agreements are voluntary and not enforceable for the period the "O-freeze" is in effect.

Under IRM 5.1.12.2.3 (as of 8/5/14) IRS Field Collection Management is given guidelines for response to disasters. Within 48 hours following a major disaster, the Field Collection Territory Manager (TM) has options which include:

- 1) Initiate a "soft contact procedure" (IRM 5.1.12.2.7) with taxpayer to determine impact status of disaster prior to resumption of collection activity);
- 2) Initiate an initial suspension of all collection activity (including soft contact) pending the initial determination of the exact disaster zip codes and disaster magnitude which includes no Taxpayer contact whatsoever.

Under IRM 5.1.12.2.3(2) once the TM receives the IRS Disaster Relief Memorandum, the TM must follow the guidance which may include that the IRS be required to suspend compliance actions in the covered disaster area.

The most favorable IRS position for the Taxpayer is the "O-freeze" (i.e. collection activity suspended and no interest or penalty imposed on delinquent tax due).

Under IRM 5.1.12.2.4 (3) at the end of the "suspension period" the IRS may resume normal taxpayer contacts within the covered disaster area (which is better for the Taxpayer than the "S-freeze" which never suspended IRS Collection Activity.

Taxpayers in this precarious position due to taxes due and Hurricanes creating a federally declared disaster area may seek to have the IRS freeze collection and request thru counsel that the IRS consider initiation of an “O- freeze”. Once this designation is applied then the IRS computers will redirect collection activity away from the affected taxpayers.

Taxpayers may wish to cite IRM 5.1.12.2.5 (3) and request that any IRS Revenue Officers who contact them regarding federal taxes due both implement and retain an “O-freeze” on their taxpayer IRS account until the disaster area is reclassified as a “non-disaster area”. In addition, request the IRS not pursue collection activity until either the pre-determined release date has passed, or if it passed any new information that may impact collection.

For those taxpayers who are seriously damaged by the hurricanes, which damage may prove irreparable, request the IRS consider the identification of a “long-term” hardship that may indicate a currently not collectible claim and a case closure. Under the IRS rules they have 10 years to collect a tax due, once the tax is assessed. After the 10 year period elapses, the tax collection is precluded by the IRS’ ten year statute of limitations.

About The Wolfe Law Group

Gary S. Wolfe, Esq. has over 35 years of experience in the following areas of expertise: US & International Tax Planning, IRS Civil and Criminal Tax Audits, and International Asset Protection. For more information see gswlaw.com.

Gary Wolfe
The Wolfe Law Group
323-782-9139
email us here

This press release can be viewed online at: <http://www.einpresswire.com>

Disclaimer: If you have any questions regarding information in this press release please contact the company listed in the press release. Please do not contact EIN Presswire. We will be unable to assist you with your inquiry. EIN Presswire disclaims any content contained in these releases.

© 1995-2017 IPD Group, Inc. All Right Reserved.