

Managing Your Money

Avoiding Tax Relief Scams

(NAPS)—If you owe back taxes and don't know how you will pay the IRS, it may seem like a company that promises to significantly reduce your tax bill has the answer to your problems. Not so fast. You could end up deeper in debt.

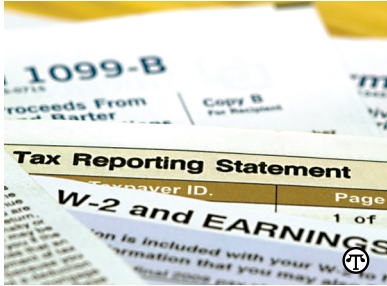
According to the Federal Trade Commission (FTC), the nation's consumer protection agency, tax relief companies use the radio, TV and Internet to advertise help for taxpayers in distress. These companies claim that for an up-front fee, which can be thousands of dollars, they can reduce or even eliminate your tax debts and stop back-tax collection by applying for legitimate IRS hardship programs.

The truth is that most taxpayers don't qualify for such programs, the companies don't settle the tax debt and, in many cases, don't even send the necessary paperwork to the IRS. Adding insult to injury, some of these companies don't provide refunds and leave people even further in debt.

Some taxpayers who filed complaints with the FTC reported that, after signing up with some of these companies and paying thousands of dollars in up-front fees, the companies took more of their money by making unauthorized charges to their credit cards or withdrawals from their bank accounts.

Taxpayer Tips

If you owe back taxes and are having trouble meeting your tax obligation:



If you owe money to the IRS, consult with the IRS or hire a certified tax professional.

- Read your notices from the IRS. Ask about collection alternatives. Contact the Taxpayer Advocate Service, an independent organization within the IRS that provides free help to people who are experiencing financial difficulties or who need help resolving a problem with the IRS. Call 1-877-777-4778 or visit www.irs.gov/advocate.

- Save yourself some aggravation and ignore promises from companies that say you are "qualified" or "eligible" for a tax relief program to resolve your tax debt. Only the IRS can make that determination.

The FTC has free materials about dealing with debt and other money management issues at www.ftc.gov/moneymatters. To file a complaint or get free information on consumer issues, visit www.ftc.gov or call, toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261.

Did You Know?

If you owe back taxes, avoid tax relief scams. You can contact the Taxpayer Advocate Service, which provides free help to people who are experiencing financial difficulties or who need help resolving a problem with the IRS. Call 1-877-777-4778 or visit www.irs.gov/advocate.

Before responding to an ad that promises to significantly reduce your tax debt, you may want to get the facts—or you could wind up deeper in debt. // Avoiding Tax Relief Scams

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