



## IRS TAX LIEN RELIEF OPTIONS FOR HOMEBUYERS AND SELLERS

You've found the perfect home for your client. Finally, after 27 houses, number 28 is the perfect one! Weeks of hustling are about to pay off; commission time! There's just one slight problem....

Upon disclosure, house 28 has a federal tax lien placed on it. Not a small lien, a lien to the tune of \$120,000. Ouch! But wait, this is a house valued at \$800,000; how much equity does the current owner have? Unfortunately, there is less than \$50,000 in equity. Not good. So what do you do? Walk away? Start looking for house 29,30,31.....where will it end?

Let's work the scenario a bit backwards. The perfect couple (complete with 2 kids and the dog) find the house of their dreams after you've spent two weekends showing them properties. Good price, great neighborhood, top rate school system....perfect all the way around! The perfect couple has great credit, cash on hand for a down payment, this will be a slam dunk! But wait, (here it comes) the couple hasn't filed taxes since 2014. Oooops. So what do you do? Walk away? Hard to get a mortgage without a tax return. Then there is the issue of paying the taxes that might be due along with penalties and interest. This could take a big chunk out of their down payment, not to mention the time it would take to get their returns processed. Buying a house may have to wait.

Perhaps you have a client looking to purchase a home, but the IRS has just filed a federal tax lien against them. They owe \$22,000 in back taxes, plus interest, plus penalty. Getting financing for the purchase of a home with the tax lien showing on their credit report is going to be quite difficult. You really want to help them get into a home, but is it even possible?

Fortunately, there are options available to your clients in all three of these scenarios:

For the first client; a Lien Discharge could be requested from the IRS. This removes the lien from a specific piece of property (the house) so that it may be transferred with a clear title even though the IRS debt will not be paid in full. The IRS may grant it if the remaining sale proceeds after the mortgage are paid to the IRS.

For the couple with the unfiled tax returns; getting the returns filed ASAP would be priority. Once the tax is assessed, there are options available to the couple. Options like arrangements to pay the tax balance, or get the penalties reduced or totally abated. Options are always good to have.

And for the client with the \$22,000 in back taxes, they could possibly qualify for a Streamlined Installment Agreement. By entering into a direct debit plan and paying the balance within 60 months; requests can be made for the lien to be withdrawn after 3 consecutive on time payments. Note that other conditions apply; such as the client being in compliance with all tax filings and they have not defaulted on a prior installment agreement.

So as you can see, there are options available to your clients with back tax issues. Note that each situation is different; there are no cookie cutter solutions. Different people and cases qualify for different programs. Qualifications will vary for each case creating many potential scenarios and outcomes.

*The founder of Bottom Line Tax Solutions, Jacqueline McMillian, is an Enrolled Agent with the IRS. Licensed to represent taxpayers before the IRS; she has been practicing for over 24 years. Bottom Line is not just a firm that specializes in Tax Preparation, Tax Planning, and Tax Problem Solving; but a firm that fights for hardworking, everyday people. If you have questions on how Bottom Line Tax Solutions can help your clients resolve tax issues and allow them to buy or sell their home; please give us a call at 678-866-4048. We are looking forward to serving you, and that's the Bottom Line!*

