

Collecting The Levy

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IRS garnishment refers to the notice issued by the IRS department to withhold all or some part of the money to the court or to the person who has won the lawsuit to claim the money. The IRS garnishment is limited by law according to which only up to 25% of the disposable earning of a particular period can be garnished. Also, the amount by which the disposable earnings exceed thirty times the Federal minimum hourly wage in effect at the time earnings are payable.

If someone has a problem regarding the payment of the taxes he can approach the IRS department and seek relaxation in payments of the dues. Mostly IRS garnishment is levied as the last resort. In most of the cases IRS accepts some sort of payment plan if some basic information is provided. This information includes the returns filed till date. This is required to state that although there are dues pending but the exact financial status has been stated to the government.

All assets need to be disclosed including all cash, bank accounts, investments, etc. This is to certify that there is not enough cash available to pay to the IRS department as tax. Therefore details of all checking accounts, savings account, money market or brokerage account should be clearly stated. The person should also be not in a position to borrow the amount owed to the IRS department. There should not be enough liquidity in the retirement account as well from which money can be borrowed or liquidated.

In case of IRS garnishment the IRS officers do not handle the cases, which are less than \$25,000. According to the IRS garnishment law the person requires to pay the amount which is the difference between the monthly income and expenses required for the month. This amount needs to be submitted to the IRS department for the clearance of tax dues. The IRS has already determined the monthly expenses for any individual. They need to be matched with the person's monthly expense. This is done on the basis of form completed by any individual as stipulated by the IRS department. If the person is a businessman then a financial statement of the business also needs to be attached with the completed form stating the personal financial assessment.

Thus after the filing the returns and completing the form, IRS determines the monthly amount payable towards IRS garnishment. But it is to be noted that all along the payment period IRS shall continue to add penalties and interest on the amount outstanding. This eventually leads to larger payout than the actual sum due towards taxes. This is due to the reason that along with the principal amount due the person also keeps on paying the charges levied as interest or penalty.

Thus it is better to avoid IRS garnishment so as to keep the government at bay. This is payment conditions are usually not explained by the IRS department. Further, IRS also warns the tax payers to look in to the promoter's claim which states that tax debts can be settled for less through Offer in Compromise program. This program is only beneficial when the tax payer is eligible as per the rules stated in the program. Henry Byers, Retired IRS Manager and IRS Garnishment expert - focusing on Wage Garnishment Law and Garnishment