

Renegotiating IRS Tax Payment Plans in the face of COVID-19 Pandemic

As the COVID-19 Pandemic continues to impact the US and global economies, a taxpayer's ability to pay can become a major concern. Many taxpayers who have previously set up with the Internal Revenue Service (IRS) Installment Agreements, Offers In Compromise Agreements, or similar payment plans may face the difficult reality that they are no longer able to make their monthly payments. If your ability to pay has changed in light of the COVID-19 Pandemic, immediate action is needed to ensure you don't default on your payments and risk the IRS proceeding with garnishments, levies, and liens.

While the IRS has released new guidance in regard to COVID-19 and [postponed the deadline for 2019 tax payments](#), the IRS has yet to release specific statements or guidance related to relief for existing installment agreements or payment plans. Absent any specific future statements regarding COVID-19 and IRS payment agreements, there are still options a taxpayer can take to renegotiate or modify the conditions of their agreement with the IRS; furthermore, there are even specific options a taxpayer can take before or after a deadline is missed.

If you do miss a payment deadline from your installment agreement, you will receive IRS Notice CP523 "Notice of Intent to Levy" or "Intent to Terminate your Installment Agreement." When you receive Notice CP523 it means your installment agreement is now in a "default status," but is not yet terminated. Per the date printed on the Notice CP523 a 30-day window of default status begins before the termination of your agreement. If you take no action and let the 30-day window default status lapse, the IRS will use all means available to settle the debt including, but not limited to, levy or garnishments.

During the default status timeframe, a taxpayer has several options to address their inability to make their payments. Options include, but are not limited to:

- Renegotiating and lowering monthly installment agreement amounts
- Renegotiating and applying for an Offer in Compromise
- Obtaining an IRS Hardship Status to defer making payments

While these options can help to alleviate the burden of your monthly payments, the IRS could respond by requesting a financial statement and full disclosure of all financial documentation to determine the new payment plan.

Additionally, whenever the IRS sends notice to terminate an installment agreement, the taxpayer has the right to appeal. By law, while the appeal is pending, the IRS is prohibited from taking any action to levy wages or garnishments. This also can allow for additional time to assess your financial payment abilities.

While the process may seem daunting, the attorneys at Vandenack Weaver LLC have the experience and knowledge to help you renegotiate and seek a more plausible resolution to your payment issues with the IRS. Additionally, attorneys at Vandenack Weaver stay up-to-date on the latest information and guidance from the Department of Treasury and IRS and can work with your individual payment plans to seek a solution that is most favorable for you.