

## Chapter 13 filing and Income Taxes

Income tax debts can strangle your financial freedom. The heavy burden of state or IRS income tax problems can strain your resources and put you on a roller coaster of penalties and interest charges that make it nearly impossible to fix. The IRS and the state can levy your bank accounts, garnish your wages, and put liens against your property. When this happens, your assets are in danger of seizure or foreclosure. The IRS can even take your social security payments when you retire.

Our consumer bankruptcy attorneys can help you alleviate your stress and your financial burdens with effective strategies and thorough preparation. We will help you get your tax transcript from the agency and if we determine that you will not get a discharge of the tax debt in Chapter 7, we may be able to do a personal reorganization in Chapter 13 Bankruptcy. Chapter 13 bankruptcy allows us to negotiate with the IRS and/or the state Department of Revenue to spread your tax arrearage over a three-to-five-year period and pay it without further interest or penalties.

The taxing authority must file a proof of claim that breaks out your tax debt when you file for bankruptcy. We will closely examine the proof of claim and help you create a repayment plan that is more manageable and which you can afford. As long as you stick to the repayment plan, your remaining debt will be discharged at the close of your plan. And you can stretch the debt out from three to five years. Our knowledgeable attorneys have extensive experience with tax law and consumer bankruptcy that can benefit your specific situation.

As soon as you file for bankruptcy, state and federal tax collection agencies can no longer charge interest or other fees on your unsecured tax debt. Every payment you make pays off the principal.

All of the other benefits of Chapter 13 still apply, including an automatic stay to protect your property and assets from continued collection actions, elimination of unsecured debts, including second mortgages and home equity loans at the close of your payment plan. Our attorneys will work on your behalf to provide you with every protection under the law.