



THE COMPLETE GUIDE TO **IRS FRESH START** PROGRAMS



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Disclaimer – This is a free guide that should be used for general information purposes only. It is not affiliated with or endorsed by the IRS. Nothing in this guide should be construed as legal advice. Before enrolling in any tax relief program, we strongly recommend seeking the advice of a tax resolution specialist. Visit <https://irsfreshstart.org> to schedule a free consultation or to learn more about your tax relief options.



IRS Fresh Start Program

The IRS Fresh Start Program, also known as the Fresh Start Initiative, is a set of tax code changes created during the 2008 financial crisis that helps individuals and small business owners pay their back taxes through various tax relief options. It essentially makes it easier for taxpayers to qualify and apply to several existing programs, such as an installment agreement or an Offer in Compromise.

IRS Fresh Start Qualifications

The Fresh Start Program is designed to help those struggling to pay their tax debt. Although the IRS made it easier to get relief, there are a few qualifications every individual taxpayer must meet before applying to any of the programs.

1. **Income Thresholds.** Single filers cannot earn more than \$100,000 annually. For joint filers, the threshold increases to \$200,000. If you are self-employed, you must also show a decrease of at least 25% in your net income.
2. **Outstanding Tax Balance.** To qualify, your outstanding tax balance must be below \$50,000 by the end of the year.
3. **Required Tax Filings.** Even if you meet the income and tax debt requirements, your application will be denied if you are behind on any required tax filings. Make sure you submit any unfiled tax returns (even if you can't pay) before you apply.
4. **Estimated Tax Payments.** You must be current on your estimated tax payments.
5. **No Bankruptcy.** Generally, you aren't eligible to apply if you're in an open bankruptcy proceeding.

If you meet the above requirements, you may be eligible for one or more of the IRS Fresh Start Programs. To help determine which one is best for you, take a look at the program overviews included in this guide. You can also visit our website at [IRSFreshStart.org](https://www.irs.gov/freshstart) to learn more or schedule a free consultation with one of our experienced tax partners.

Installment Agreements

Taxpayers who are unable to pay their tax debt in full may be eligible for an installment agreement or short-term payment plan under the Fresh Start Program. This will allow you to pay off your debt over time without the fear of IRS collection actions.

Short-Term Payment Plans

Short-term payment plans are limited to individual taxpayers who owe \$100,000 or less and can pay their taxes in full within a short period of time. Previously, you had 120 days to pay off your tax debt, but this was extended to 180 days under the [People First Initiative](#) in November 2020. There are zero setup fees, and you can make payments by check, money order, debit/credit card, or Direct Pay. Fees will apply when paying by credit card.



Installment Agreements

Long-term payment plans (installment agreements) are available to individuals and businesses with \$50,000 or less in tax debt. Payments are extended over 4 months or longer. Setup fees range between \$22 and \$178, depending on how you apply (online, phone, mail, or in-person) and the method of repayment. Certain low-income applicants may be eligible for a fee waiver.

You may qualify for a guaranteed installment agreement if you have filed and paid on time for the last five years, don't have a current installment agreement, and can pay your tax balance within the next three years. You must also be financially unable to pay in full at this time.

How To Apply

You can request a payment plan or installment agreement using the [online payment agreement \(OPA\) application](#), by postal mail, or by phone (800-829-1040 or 800-829-4933). To apply by mail, complete [IRS Form 9465, Installment Agreement Request](#) and mail to the address provided in the [instruction booklet](#) for your specific state and tax form. You can also reach out to a tax professional for assistance.



Offer in Compromise

An Offer in Compromise (OIC) is an agreement between you and the IRS that allows you to settle your tax debt for less than you owe. Although it's not as frequently used as an installment agreement, it is a legitimate tax relief option for those who qualify. And, thanks to the IRS Fresh Start Program, acceptance rates have increased over the last several years.

When reviewing your OIC application, the IRS will consider your anticipated income for the next one to two years. They will also review your assets and living expenses. It's important that the information you provide is accurate and honest. If the IRS believes it is unlikely to recover the full amount owed, or that doing so would cause extreme financial hardship, it may accept your offer.

Applying For an Offer in Compromise

To make an Offer in Compromise request, you must submit a \$205 application fee (non-refundable), [Form 433-A \(OIC\)](#) or [Form 433-B \(OIC\)](#), [Form 656](#), and the initial payment (non-refundable). The initial payment will depend on the amount of your offer and the payment option you choose.

Lump Sum Cash Offer

Your initial payment will be 20% of the total amount you are proposing to pay the IRS. For example, if your OIC is for \$10,000, you would include \$2,000. The remaining \$8,000 will be paid in five payments or less, if accepted.

Periodic Payment Offer

Under this type of repayment, your initial payment will be equal to one of your monthly payments. You must also make the proposed monthly payments while the IRS considers your OIC request. Once approved, payments continue until paid in full.

Getting approval for an Offer in Compromise is never guaranteed, but your chances increase dramatically if you are working with an experienced tax relief professional. Tax professionals have a thorough understanding of the IRS Fresh Start qualifications and can negotiate with the IRS on your behalf.

Currently Not Collectible

Currently Not Collectible (CNC) status is different than the other tax relief options offered under the IRS Fresh Start Program. Unlike an Offer in Compromise or installment agreement, it will not reduce or remove your existing tax debt. Instead, it places a hold on collection actions and gives you a break from making payments.

The IRS reserves this status for taxpayers who are facing extreme financial hardship. CNC should be considered a temporary fix. If your financial situation improves, the IRS will resume collection efforts and you'll need to apply for other tax relief options if you're still unable to pay your tax balance in full. If you remain in CNC status and the statute of limitation expires for collecting the debt, however, the IRS will write off your tax balance.

If you can't pay your taxes, CNC status can give you a break from IRS collection actions.

How to Request CNC Status

There are many things to consider before requesting CNC status. It's important to note that your tax balance will continue to grow since penalties and interest fees are not waived. Your idea of 'hardship' may also vary greatly from that of the IRS. Therefore, we strongly recommend speaking with a tax professional to determine if CNC status is right for you before taking the next step.

If you prefer to do it on your own, however, you can request CNC status by calling the IRS at the number listed on your most recent tax notice or by calling their main customer service line at 800-829-1040. There is no formal application to submit, but the IRS will want proof that you are experiencing significant financial hardship.

In most cases, you will need to complete [Form 433-F](#) or [Form 433-A](#) and provide documentation to support your case. They may waive this requirement, if you're incarcerated, unemployed, on welfare, or Social Security is your only source of income. If you are seriously ill, you may also be approved for CNC status without completing these forms.

Once approved for CNC status, the IRS will stop any active levies or wage garnishment actions. If you owe more than \$10,000, they will file a Notice of Federal Tax Lien. Each year, the IRS will also review your financial situation. If anything changes, they may ask you to submit additional documentation to maintain your CNC status. You will also receive [IRS Notice CP71A](#) annually. This simply provides an update on your current tax balance, including accrued interest and penalties. It is not a bill. Should you receive any tax refunds while under CNC status, those funds will be offset to pay down your outstanding tax balance.

Penalty Abatement

Under certain circumstances, you may be able to get your tax penalties removed from your tax balance. This type of tax relief is known as penalty abatement. It generally applies to the failure-to-file (FTF) and failure-to-pay (FTP) penalties but may be used for failure-to-deposit penalties, as well.

Generally, you must show the IRS that you acted in good faith and there was reasonable cause why you failed to file or pay on time. Although there are three types of penalty relief, First-Time Penalty Abatement and Reasonable Cause are the two most common.

First-Time Penalty Abatement

You may qualify for administrative relief from penalties under the First-Time Penalty Abatement policy if all of the following are true:

- You have no penalties from the three (3) tax years before you received the penalty or you weren't previously required to file a tax return.
- All of your required tax forms are filed or you have a filing extension.
- You have paid, or made arrangements to pay, any tax due.

If you have an outstanding tax balance, penalties and interest will continue to accrue until it is paid in full. It may be in your best interest to wait until your tax debt is paid off before you request penalty abatement for those fees.

Reasonable Cause

The IRS may waive your penalties under reasonable cause if there is a sound reason why you were unable to file, pay, or make a deposit on time. Acceptable reasons include, but are not limited to:

- Fire, floods, and other natural disasters
- Serious illness or incapacitation
- Death of an immediate family member
- Inability to obtain records

Not having the money to pay your tax obligations is not a reasonable cause by itself. The reasons why you have a lack of funds, however, may meet the criteria. For this type of abatement, you'll generally need to provide documentation to support your claim.

How to Apply

Many requests for abatement can be handled with a phone call to the IRS using the number listed on your tax notice. If your request cannot be approved by phone, you may submit [Form 843, Claim for Refund and Request for Abatement](#). There is no fee to request penalty abatement.

Why Work With IRSFreshStart.org?

Although the IRS Fresh Start Initiative can help taxpayers address their back taxes, navigating the complex application process can be daunting. It's not always easy to know which programs are best for you and communicating with the IRS is exhausting. This is where working with a tax relief company can be beneficial.

At IRSFreshStart.org, we partner with experienced tax professionals across the U.S. who have helped thousands of taxpayers get relief, and they can help you, too!

The Tax Relief Process

The tax relief process is simple. First, one of our tax partners will review your case and determine which program(s) are best suited for your specific situation. This is a 100% free, no-obligation consultation. Most tax companies charge \$250 or more for this service. Once they've gathered some initial information, they'll explain your potential tax relief options. At this point, you can choose to handle your tax debt on your own or work with them. There's absolutely no pressure, but here are a few things a tax pro can bring to the table:

- ✦ **Experience.** With nearly two decades of experience in the tax relief industry, our tax partners know what it takes to get things done right the first time.
- ✦ **Knowledge.** Their knowledgeable staff includes enrolled agents, CPAs, certified tax analysts, and tax attorneys. Many have 10+ years of experience!
- ✦ **Confidence.** Our tax partners are A+ rated with the Better Business Bureau and have won Torch Awards for Ethics. You can feel confident that they will get you the best results possible.
- ✦ **Respect.** Throughout your journey, you'll be treated with the utmost dignity and respect. We know that dealing with tax debt is overwhelming. Our job is to make it a little less stressful.

When negotiating with the IRS, it's best to work with an experienced tax relief professional.

If you're ready to lift the weight of tax debt off your shoulders, visit IRSFreshStart.org today and learn more about our tax relief services. You can also email us at info@irsfreshstart.org or call **855-518-1559** to schedule a free consultation with our tax partners.