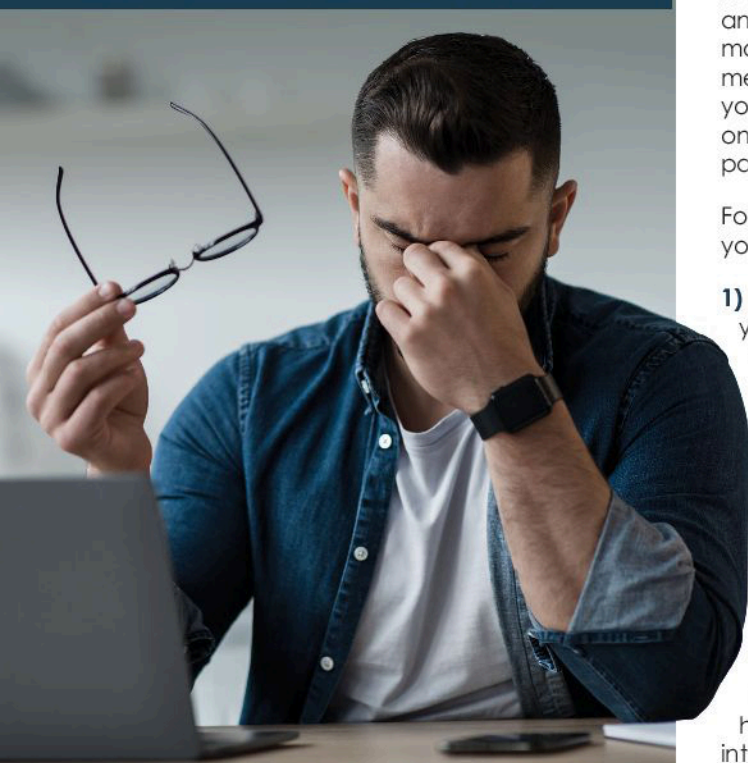


HELP

I CAN'T PAY MY TAXES!

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The extended deadline to file an individual income tax return for 2025 is October 15, 2026. However, the deadline to pay your 2025 tax liability is April 15, 2026. Although many taxpayers receive a refund, those owing additional taxes has been steadily increasing over recent years.

Just imagine..... you've been working for hours, or longer, on your annual income tax returns. You're just about done and beginning to dream of the things you're going to do with your refund. Perhaps you will finally go on that dream cruise vacation, pay off a student loan or credit card balance, or use it to cover the property tax bill that will be coming in a few months. You get ready to hit "Submit" only to realize that instead of a tax refund, this year you owe money. And it's a LOT of money.

Whatever the reason may be, you now owe money to the IRS, and you don't have that kind of cash available. What do you do?

A common response is to panic, or to put your head in the sand and wish the IRS would just go away. Doing this will only make matters worse. Not paying your tax liability on a timely basis could mean additional interest and penalties being charged the longer you delay. Even worse yet, if you ignore your tax bill altogether, not only will interest and penalties pile up, but the IRS may garnish your paycheck or file a lien against your property.

Fortunately, there are a number of options to explore that may help you with any shortfall.

- 1) If you are merely experiencing a temporary lull in cash flow and you anticipate being able to pay your tax liability in full within a matter of just a few months, pay as much as you can afford when you file your return. This will help to keep the penalties and interest lower. The IRS will send you a bill for the remaining balance due in approximately 45 to 60 days. Ideally, by this time, you will have the funds available to pay your debt in full. Just remember that interest and penalties will be assessed on the unpaid balance.
- 2) Another option is to borrow money from a relative or friend or take out a loan. By paying your tax liability in full, you will avoid incurring interest and penalties to the IRS. Bonus if your relative or friend doesn't charge you any interest. If that is not an option, consider taking out an unsecured bank loan or tapping into your home equity line of credit. This interest rates may be higher than that to relative or friend, but it will likely be less than the interest and penalties owed on the liability due to the IRS.



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3) The IRS will allow you to pay your taxes with a credit card, preferably one with a low interest rate. You may even be able to split your payments between two cards. This allows you to pay your tax bill on time, avoiding penalties and interest for the late payment of taxes. However, the interest rate on your credit card balance may be higher than the IRS rate on installment or late payments, plus there may be processing fees.

4) An installment agreement is a monthly payment plan that you can apply for with the IRS, for a fee, that will allow you to spread out payments for tax debt, up to \$50,000, over 72 months. These installment agreements are requested by filing IRS Form 9465 or by applying online at [IRS.gov/OPA](https://www.irs.gov/opa). These agreements are generally accepted if your total tax liability is \$10,000 or less, and you are able to meet a few other requirements. You will still incur interest and penalties, but you can avoid the more severe IRS collection actions.

5) Under certain circumstances, such as if there is a doubt as to the collectability of the tax liability, you may want to propose an offer in compromise to the IRS on Form 656. This is a more formal arrangement where you negotiate a settlement between yourself and the IRS. The IRS may accept a lower figure from you if you can commit to fully

satisfying your tax debt. There is no guarantee that the IRS will accept your offer and there is usually a fair amount of financial documentation to be submitted in support of your offer. However, if after reviewing your paperwork, the IRS feels that you can pay your taxes in full or through an installment agreement, they will likely decline your offer.

6) Filing bankruptcy should be a last resort action taken to resolve your debts. While many taxes can't be discharged through bankruptcy, it will suspend most collection activities by the IRS. By reducing unsecured debt through bankruptcy, such as credit card balances, you will have more funds available to pay your IRS tax liability.

Remember, filing an extension request only extends the time you have to file your tax return, it does not extend the time to pay your tax liability. So, whatever you do, be sure to file your tax return(s) on time to reduce potential penalties.

Tax strategies should be tailored to your specific situation. If you think one or more fits your situation, we would love to discuss it with you further. Give us a call at (309) 276-0977 or visit us online and check out the free resources available at www.SaveMooreTax.com.