

HOW TO RELEASE AN IRS WAGE GARNISHMENT OR BANK LEVY



Tax Relief Advisers



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This guide will provide you more information than you need, but the more you understand about the process the easier it will be. Use what applies and ignore the rest. Chances are you won't get into most of this with the IRS, but if you do, you will be prepared.

Tax resolution companies charge thousands of dollars for this service and you can often do it yourself. Use a tax resolution company if your case is complicated, you owe payroll taxes, you are dealing with a Revenue Officer, you owe a substantial amount of money, or your tax returns are complex and/or need amending. Tax Relief Services www.taxreliefservices.lawyer has extensive knowledge and experience in these areas.

Rule one: don't panic. Keep in mind the IRS does not want publicity about people moving into a box under the bridge because of their collection efforts.

Let me point out a distinction between a wage garnishment and a bank levy. A wage garnishment is continuous. It stays in place until released. It is sent to your employer. A bank levy goes to your bank and freezes the money in your account at that **point in time**. The funds are held by the bank for 21 days, then they are sent to the IRS. Once this happens it is almost impossible to get your money back. You can continue

to use the account but the IRS can issue another levy at any time. And, be prepared for the bank to charge \$135 for the privilege of letting the IRS take your money.

The intention of a bank levy or wage garnishment is to get your attention. It is a way for the IRS to say 'contact us'. And it works right! If you have IRS issues you need to get a resolution on all of your problems, not just get the garnishment/levy released. That is a short term fix and they'll be back if you don't have a plan in place.

AUTOMATED COLLECTION SERVICE VS REVENUE AGENT

Your employer should provide you a copy of your garnishment notice, or the bank in the case of a bank levy. Look at the notice. Somewhere (usually top left corner) it should say Automated Collection Service “ACS”. Once you determine you are dealing with ACS understand that you will be talking to an administrative person at the IRS. These folks operate at a basic level and are charged with getting some type of plan in place.

If the notice does not have ACS on it, and is signed by a “Revenue Officer” you have a more serious problem. If you have a Revenue Officer, it might be a good idea for you to speak to a specialist in tax resolution www.taxreliefadvisers.com

If you want to go it alone with the Revenue Officer, there will be a phone number on your notice. Keep in mind a Revenue Officer is a step up from the automated collection group. They can ask for a lot more information and come to your home or place of work. They can also make demands. Also, be careful you don’t muddy the waters if you plan to hire someone if you are unsuccessful.

If you owe payroll taxes (940, 941) you will always have a Revenue Officer.



INCOME AND EXPENSES

Income

Calculate your base income and provide that amount. You have to include overtime or bonus if it is on-going and will continue. It could be argued that overtime is never guaranteed. It would be helpful to have a pay stub handy when you make your call and know how much you earn. You may be asked to disclose 'household income'. Household income is all income from everyone living in the home.

Expenses

Household expenses for food, clothing are set by the IRS and are different depending on the number of people in your household. Here is a link to the national allowable limits.

https://www.irs.gov/pub/irs-utl/national_standards.pdf

Allowable expenses are all the expenses you need to maintain your home/life. It includes: food, clothing, household items, personal care items, miscellaneous, rent/mortgage, homeowner/renter insurance, car payments, utilities (gas, electric, water, sewer, garbage, cable/internet, cell phone), property tax, auto expense & insurance, health insurance, prescriptions, co-pays, child support, student loans, state local & federal taxes, life insurance, 401k loan payments, medical bills, restitution or any court ordered payments. Essentially everything except payments for leisure and some unsecured debt. Even credit card payments if used to pay household/living or medical expenses can be used.

Here is a guide to help you:

[GUIDE](#)

In removing a wage garnishment or bank levy you need to show that it is creating an economic hardship. This means you cannot pay your bills to live with the garnishment in place.

The IRS may want you to complete a 433A form <https://www.irs.gov/pub/irs-pdf/f433a.pdf>. If this is the case complete it and call the IRS right back. Get a fax number and see if they will stay on the line while you fax the form. It's a good idea to put your SS# on every page. Try to get a resolution while on the phone. You don't want to fall into the IRS black hole and each time you hang up you have to start over with someone new, and wait on hold for two hours.

If after calculating your income and expenses, you have money left over the IRS will want you to make a monthly payment. You can set this up over the phone which should release the garnishment/levy immediately.





WHAT'S MY HARDSHIP

- I can't pay needed living expenses. I have no extra money.
- I need money to file/prepare the taxes.
- I want to pay but need time.
- Family member or other needs my financial help.
- I have medical issues and paying a lot of out-of-pocket medical expenses.
- I need medication.
- I am taking care of relative/friend, caring for special needs person etc.
- Recent life changing event (divorce, death, baby, separated, car accident etc.)
- You or a family member have recently been diagnosed with a medical issue.
- You lost health coverage requiring you to purchase expensive insurance; or you can't afford new insurance and medical expenses are going to sky rocket.
- You or other contributor is going to be cut back at work, or the job is at risk.
- Overtime or bonuses are going to stop.
- You were unemployed, sick etc. and are just getting back on your feet.
- Relative is moving in with little/no income, or moving out reducing household income.
- You paid medical treatment for a family member, or other.
- You are going to school and paying tuition.
- You are paying tuition for child, or other.
- One/both of your parents are in/going to assisted living.
- You have student loans you are paying or that are coming out of forbearance.
- You have to drive excessive distance for some reason.
- You have needed auto repairs.
- You have needed home repairs.
- Anything that reduces your income or increases your expenses, including items in the foreseeable future.

Before you call be prepared. Have reasons for asking to remove your garnishment or levy. Explain why it is an economic hardship, or that you can make some monthly payment but not what they are taking. Sound desperate because you are! Have your income and expenses calculated (and this will make it easy to complete the 433-A if required). Be prepared to explain what you are going to do to fix the problem. This is NOT a deposition. Just have your thoughts and information organized. You may qualify for a settlement for less than what you owe. Contact www.taxreliefadvisers.com if you want to explore additional options.

Silver bullet #1. If you have any way to pay off what you owe (family, friends, settlement, sale of item, borrow) then you can promise to full pay, which in most cases will release the garnishment immediately. There are companies who use this technique all the time knowing there is no way the taxpayer can pay the debt. Not really ethical?

GETTING COMPLIANT



If you have unfiled back tax returns be prepared to tell the IRS what steps you will take to get these filed. If it is a simple return, HR Block or other similar companies can prepare them inexpensively (don't have these services prepare complicated returns or amend returns). Bringing your returns current is referred to as being 'compliant'. Typically, the IRS will only require you file for the last 7 years. Hooray! What happened in 1972 is no longer relevant.

If you have complicated tax returns (this includes amending complex returns), or are self-employed where the information is going to be hard to obtain/discern, you should use a professional who can maximize your deductions, and also negotiate your best resolution www.taxreliefadvisers.com

Bear in mind if you mail your returns it can take weeks for them to show up. So if you need proof of filing quickly, hand carry the returns to your local IRS office and have the IRS "date stamp" them as filed.

If you have unfiled returns the IRS will want to know when they will be filed.

Silver Bullet #2. If it's not going well hang up. Seriously. IRS is a big bureaucracy with lots of personalities. Some good, some not so good. If you are not getting anywhere drop the call and call back. Guaranteed you won't get the same person.



HERE ARE THE STEPS

1. Call the number on your notice. If you can't find a number call the general number; 800-829-1040 (hold for two hours).
2. Be respectful. They should provide you their ID number. Write it down with the time, date, name of the employee and what was discussed.
3. Tell them why you are calling and that you need help.
4. Plead your case. It doesn't hurt to sound desperate.
5. You must stress an immediate economic hardship.
6. Advise the employee that you can't survive with the garnishment in place. Be prepared to break down your financial situation, if they ask. Or, if you have disposable income tell them you can pay something but not what they are taking.
7. Be prepared to outline a plan to resolve the issue.
8. Don't take no for an answer.
9. If you are denied ask specifically "on what basis are you denying my request to have this garnishment/levy released." Write down their answer and dispute it.
10. If you can't get the release ask them for your options, and write down the response.

NOTE: Be sure you have the name, phone # and fax number for the person in your payroll or HR department; or if it's a bank levy the bank's information and it's always a good idea to have the fax go to a particular person. Make sure you tell the IRS the release must be faxed immediately and you cannot wait for the mail. Follow up with HR to make sure they received the release (they blow it about 50% of the time). Ask them if they will fax you a copy also. They may or may not.

Here is some good information directly from the IRS website that you may find helpful:

<https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Levy>

Contact the IRS immediately to resolve your tax liability and request a levy release. The IRS can also release a levy if it determines that the levy is causing an immediate economic hardship. If the IRS denies your request to release the levy, you may appeal this decision. You may appeal before or after the IRS places a levy on your wages, bank account, or other property....

<https://www.irs.gov/uac/What-if-a-levy-on-my-wages-is-causing-a-hardship%3F>

Contact the IRS at the telephone number on the levy or correspondence immediately and explain your financial situation. Service is available from 8 a.m. to 8 p.m. local time, Monday through Friday. If the levy is **creating an immediate economic hardship** the levy may be released....



OK THAT DIDN'T WORK NOW WHAT?

Silver Bullet #3. Contact the taxpayer advocate service: <https://www.irs.gov/Advocate/Local-Taxpayer-Advocate> Click on your state and call the number. Taxpayer advocates are IRS employees, but they will advise you and they are there to help. See info below.

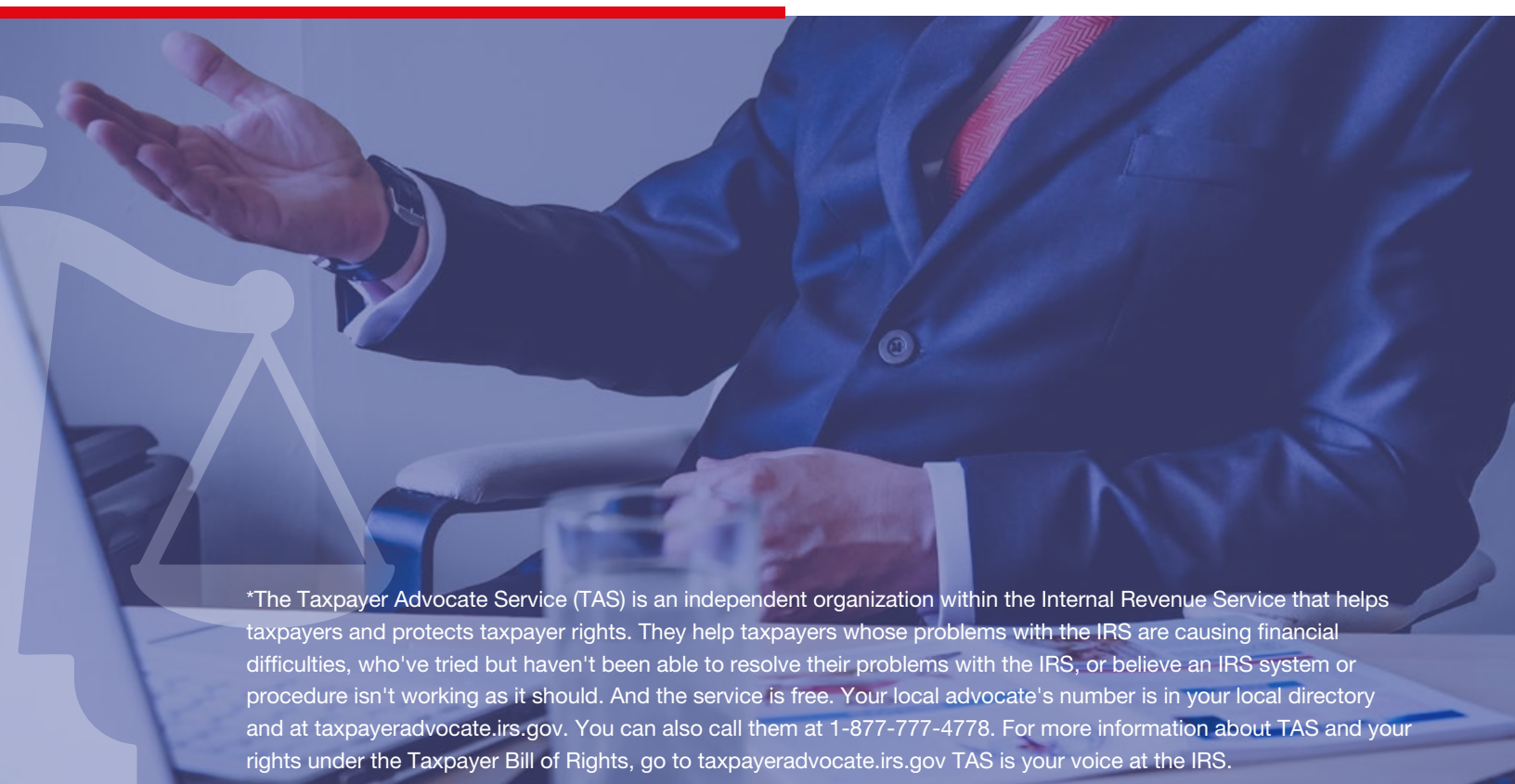
1. You can request a hearing but there are time restrictions to do this, and obviously this route is going to take time. For a full explanation of your appeal rights see: [Publication 1660, Collection Appeal Rights](#) You will need to fill out a Request for a Collection Due Process or Equivalent Hearing <https://www.irs.gov/pub/irs-pdf/f12153.pdf>

2. Contact: www.taxreliefadvisers.com They have been doing IRS resolution since 1988.

3. Pay the tax.

4. Move to Nigeria.

Good luck and if you reach a roadblock call me at 877-501-2220
Lance Herndon, J.D.



*The Taxpayer Advocate Service (TAS) is an independent organization within the Internal Revenue Service that helps taxpayers and protects taxpayer rights. They help taxpayers whose problems with the IRS are causing financial difficulties, who've tried but haven't been able to resolve their problems with the IRS, or believe an IRS system or procedure isn't working as it should. And the service is free. Your local advocate's number is in your local directory and at taxpayeradvocate.irs.gov. You can also call them at 1-877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to taxpayeradvocate.irs.gov TAS is your voice at the IRS.



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