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**NEWSLETTER**  
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**I CAN'T PAY IRS MY 2009 TAXES. WHAT SHOULD I DO?**

First of all, file your return to avoid failure to file penalties. Secondly, pay as much as you can to mitigate failure to pay penalties and interest. Third, pay what you owe using your credit card. Fourth, consider financing your tax liability through loans, e.g., home equity loan or a credit card cash advance. Fifth, ask IRS for additional time, up to 120 days, to pay your 2009 taxes in full. Lastly, enter into an installment agreement with IRS which will cost you a one-time installment agreement fee of \$105.

**I OWE IRS PRIOR YEAR TAXES AND CAN'T PAY. WHAT CAN I DO?**

Depending on your circumstances, you may qualify for an Offer in Compromise. This procedure is rather complicated and IRS charges a \$150 application fee along with a 20% payment on a lump sum offer or the first installment payment on a periodic payment offer. Failure to do so will cause your Offer in Compromise to be rejected. If you are a debtor in an open bankruptcy proceeding, you are not qualified to submit an Offer in Compromise.

**WILL FILING BANKRUPTCY ERASE TAXES I OWE IRS?**

If you file for bankruptcy under Chapter 7 of the Bankruptcy Code, only your income tax liability will be discharged if you miss stringent requirements. Exceptions are payroll taxes, the 100% penalty, Trust Fund Recovery penalty. Remember that in a Chapter 7 Bankruptcy, you risk the loss of the equity in your house, stocks, bonds, IRA, etc. The Bankruptcy law does allow you to keep some property, e.g., clothing, personal effects, furniture, appliances, household goods and your tools used in your trade or business (so called Exempt Property). CONSULT A BANKRUPTCY LAWYER before contemplating filing bankruptcy.

**CREDIT CARD BALANCE REDUCED - WHAT TAX EFFECTS ARE THERE?**

Surprise! The lender will issue you a FORM 1099-C showing the amount of credit card debt that was forgiven. That amount is taxable and included on your federal and state income tax returns unless some special exclusion applies.

**UP TO \$2,400 IN UNEMPLOYMENT BENEFITS TAX FREE IN 2009 ON FEDERAL RETURN ONLY.**

**LOST YOUR JOB? YOU MAY QUALIFY FOR REDUCED COBRA HEALTH INSURANCE PREMIUMS FOR UP TO 15 MONTHS.**

*Thank you for your business and we do appreciate your referrals.*

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