

TAX LIENS BLUES? READ BEFORE YOU PAY!

Tax Liens? You can still salvage your credit standing but you need to know how.

In today's economy, keeping a good credit score is more important than ever. A bad credit score can mean no car loan or mortgage or paying much higher rates. Tax liens can ruin your score. Even if you eventually pay the tax, the line filing remains as a black mark on your credit score. There is another way however.

The IRS does have a procedure to "withdraw" filed tax liens. Unlike a lien release, a withdrawn lien retroactively removes the lien as if it was never filed. Unfortunately, most people and many tax preparers do not know about the procedure and handling the paperwork without help can be difficult.

To have a lien withdrawn, one must convince the IRS of a valid reason to withdraw and one must seek withdrawal timely. Even if you can't pay tax immediately, you may still qualify for a withdrawal but you must act quickly.

Obviously, the IRS will withdraw a lien that was issued in error because the tax was already paid. Unfortunately, the IRS erroneously issues liens more times than people realize.

Assuming there was a valid unpaid tax debt, it is still possible to have the lien removed if the IRS has failed to follow all of its

administrative procedures. A good CPA or tax lawyer can help here.

Finally, the IRS may agree to remove the lien if you are able to work out an installment agreement or if you can convince them that withdrawing the lien will facilitate collection.

Once withdrawn, do not expect that the credit reporting agencies will automatically adjust your records. Often you must contact the 3 credit reporting agencies and make follow up until your records are corrected.

While its always best to avoid having the lien filed in the first place, the loss of a job or a catastrophic event can cause anyone to get behind. If you find yourself in this predicament, get help fast. Quick action can often save your good credit.

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Brian Mahany assists individuals and business with all types of tax problems.

