



# Law Office Of J. Thomas Black, P.C.

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FEBRUARY 2014 BULLETIN

## DEAR FRIENDS AND COLLEAGUES: I.R.S. COLLECTION PROBLEMS? YOU HAVE OPTIONS!

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### IF YOU OWE UNCLE SAM, WE MAY BE ABLE TO HELP!

Quite a few of our clients owe the Internal Revenue Service a significant amount of money, for various reasons.

Some were self-employed and did not pay “estimated” quarterly taxes as they should have. Others received unemployment for which they now owe income taxes. Some just didn’t have enough withheld from their paychecks.

Other clients owe because they took out money from an IRA and owe income taxes on that. Or perhaps the client was a “responsible person” of a business that withheld payroll taxes from employees but did not pay it over to the I.R.S. as required.

The I.R.S. has a lot of power to collect taxes. They can levy on your wages, bank accounts, and money owed to you by others. They can seize and sell your property; they can file a lien that encumbers everything that you own. With a court order, they can even seize and sell your homestead in certain circumstances.

There are a number of ways to resolve serious I.R.S. tax problems. But to determine the best way, several things must be considered including the client’s assets, income, expenses, other debts, and many other considerations. What are some of the options?

- (1) **Don’t pay.** Frankly, some people are just not able to pay at all. The I.R.S. calls this “CNC” for “currently not collectible.” They send a bill once per year, but otherwise, they stop collection actions. The 10-year collections statute of limitations “CSED” continues to run, and eventually when it is over, the tax is forgiven.
- (2) **Installment Agreement.** If you can pay but just need more time, a payment plan can be negotiated to pay the tax over time.
- (3) **Offer in Compromise.** If you can pay something but cannot pay in full, an O.I.C. allows you to pay a negotiated smaller amount to settle your tax debt in full.

- (4) **Chapter 7 bankruptcy.** Income taxes over 3 years old, where the tax return was filed over 2 years ago, with certain other limitations, can be discharged or cancelled in chapter 7 bankruptcy.
- (5) **Chapter 13 bankruptcy.** Same discharge provisions as chapter 7, except chapter 13 can permit you to pay your “priority” or more recent taxes over time, in many cases stopping interest from accruing.

There are other options. If you or someone you know owes the I.R.S. a substantial amount of money and they cannot pay it, have them call the office and make an appointment with Mr. Black. ■



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### Quotes:

“The trick is to stop thinking of it as ‘your’ money.”

-IRS auditor

“The hardest thing in the world to understand is income tax.”

-Albert Einstein

“The income tax created more criminals than any other single act of government.”

-Barry Goldwater

*We are a federally designated Debt Relief Agency under the United States Bankruptcy Laws. We help people find answers to their debt and credit problems, including, when necessary, helping them file bankruptcy under the U.S. Bankruptcy Code.*

## A LITTLE HUMOR – the “Those were the days” edition

On their 60th anniversary, Mr. Jones looked at his wife and said, “You know, 60 years ago we had a two-room apartment, a used car, a 10-inch black-and-white TV, and a sofa bed. But every morning I woke up with a beautiful 23-year-old girl.

“Now we have a million-dollar home, a Mercedes and a Porsche, a big-screen TV, and a bedroom the size of our first apartment. But every morning I wake up with an 83-year-old woman. What’s up with that?”

“Well,” said Mrs. Jones, “I’ll tell you what. You go out and find a beautiful 23-year-old girl to wake up with, and I’ll make sure you’re living in a small apartment with an old car and a sofa bed again!” ■

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## Talking money with parents: Keep their dignity intact

If you’re concerned about an elderly relative’s ability to manage money wisely, you may want to take a guiding hand...

If you’re concerned about an elderly relative’s ability to manage money wisely, you may want to take a guiding hand. Here’s how to do it without wounding his or her dignity:

- **Don’t wait for a crisis.** Start talking before the situation gets critical (a parent loses money in a shady investment scheme, for instance). Begin a series of conversations while your relatives are still in good health.
- **Identify needed information.** As you talk things over, develop a list of assets: bank accounts, insurance policies, deeds, wills, and so forth. Locate them and ensure their security.
- **Prepare for emergencies.** Set up a power of attorney for health care, and another one for finances. Find out the name of your parents’ accountant, tax attorney, and any other advisor, and talk about options ahead of time so you don’t have to frantically solve problems in the midst of a crisis.
- **Keep them in the loop.** Tell your parents or relatives what you’re doing so they don’t feel like you’re just taking over their lives. If you go shopping for them, show them receipts. If you balance their checkbook, go through it with them instead of doing it by yourself. They’ll feel more secure if they know what’s going on. ■

## The Dangers of Parent PLUS Loans

If you are considering taking out a Parent PLUS loan for your college-bound student, consider a recent report by the National Consumer Law Center.

The NCLC says that PLUS loans can be very dangerous for borrowers because: (1) interest rates are higher than direct loans, and there are origination fees; (2) there are no borrowing limits, so you can borrow the full cost of attendance (and borrow way more than you can afford); (3) you are not eligible for “income-based repayment” or IBR, so you have fewer options for avoiding default; (4) PLUS loans, like all student loans, are very difficult to discharge in bankruptcy; (5) Parent PLUS loan borrowers in default face the full range of draconian government collection powers, including wage garnishment and Social Security and tax refund offsets; and (6) there is no statute of limitations on collection of PLUS loans (or any federal student loan). ■



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### **Thank you for your referrals! We accept cases in the following areas-**

Bankruptcy.  
Debt Collection Defense.  
Debt Collector Harassment.  
I.R.S. Collection Defense.  
Stop Foreclosure and Repossession.  
Student Loan Help.

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### **ARE YOU IN CHAPTER 13 NOW?**

Always keep the law office updated with your current address, telephone numbers, and email address. We may need to reach you quickly. You can check on the status of your Trustee payments, how much you still owe on your case, etc., by going to [www.13datacenter.com](http://www.13datacenter.com) to set up your user ID and password.

Lose job or overtime? Expenses increase? Want to give up property to lower payments? Call the office for a Motion to Modify worksheet. Complete it and email it or fax it to the office at 713-772-5058. We’ll review it and contact you if a change to your plan is possible.

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J. Thomas Black was licensed as an attorney in Texas by the Texas Supreme Court in May, 1982. Mr. Black is Board Certified in Consumer Bankruptcy Law by the Texas Board of Legal Specialization.