

Unpaid Federal Taxes, Lead to Federal Tax Liens

By C.J. Griffin on February 14th, 2012 Posted in Federal Tax information, IRS, Tax Liability, Taxes, Uncategorized, Unpaid

Proving that celebrities are not above the law, the IRS recently served rapper Lil' Kim with a tax lien for allegedly dodging more than \$1 million in taxes.

While it is celebrity tax stories that most often make the headlines, businesses and individuals frequently face the serious consequences of having a tax lien filed against them when the IRS determines that federal taxes have gone unpaid. A lien gives the IRS a legal claim to all of a taxpayer's property as security for tax debt.

The IRS will send a Notice of Federal Tax Lien only after:

- It assesses a tax liability;
- It sends the taxpayer a Notice and Demand for Payment, which details the amount of taxes owed; and
- The taxpayer neglects or refuses to fully pay the debt within 10 days after the Notice and Demand for Payment is sent.

The filing of a Notice of Federal Tax Lien is detrimental to a business or individual's credit rating and can restrict one's ability to obtain financing or to secure a commercial lease. Moreover, because an IRS tax lien is a public record and thus accessible by tabloids and news media, the filing of a tax lien can be quite embarrassing and harmful to the reputation of celebrities, politicians, high-profile citizens, and well-known corporations. Therefore, taxpayers who receive any correspondence or notices from the IRS alleging unpaid taxes should immediately consult with counsel and seek to resolve the issue before a Notice of Federal Tax Lien is filed.