Payback Time

April 15 is Tax Day. Here's a guide for the chronically noncompliant.

April 1, 1999

Q: I filed my income taxes for the past four years, but never paid them. A political protest against government inaction on AIDS? Not quite. I doubted I'd be around when the IRS called. Well, here I am—penniless! Now what?

A: Welcome to a crowded HIVer club, according to top tax experts we took your troubles to. Any tax-owing Lazarus with little or no income and few assets can seek economic redemption by asking the IRS to place your debt in "uncollectible status," which temporarily ceases all collection efforts. In determining whether a debt is "uncollectible," the IRS considers your health, finances and wage-earning potential.

But beware: When a debt is deemed uncollectible, it is not discharged or erased but remains, accruing interest and penalties. Many Lazaruses may wake up one day to discover that, say, a $4,000 debt from 1991 has grown to more than $8,000. And the IRS is one of the toughest collection agents in the land: It can grab almost all your income—even Social Security Disability—to collect a debt. No need to panic. If you can't pay in full, you have other options before they take your drugs away:

Payment Plan: You can apply to the IRS to pay in monthly installments. They'll "help" you arrive at a monthly payment based on the financial statement form you fill out. And they'll inform you within 30 days or so whether your request was approved. Finally, if you fail to make a payment on time, they'll cancel the plan, and the total amount goes back into the collection process.

Offer in Compromise: If you can convince the IRS that there's a good chance they'll never see the money, they may accept a portion of what is owed, and— voila!—end of debt. This solution presumes that you can actually show them the money.

Bankruptcy: If a tax debt dates back more than three years, it may be dischargeable in bankruptcy.

To be honest, I never filed my taxes at all. Should I change my identity?

Be a proud HIVer and face the music. And the sooner, the better: It's preferable to approach the

IRS before they approach you. Identify the years that need to be filed by calling them at 800.829.1040. Then, since tax debt is a messy matter, seek advice from a professional for your next step.

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