TAX GUARD®
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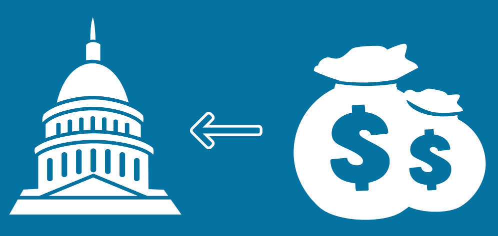
TOP FIVE MYTHS LENDERS HAVE ABOUT THE IRS

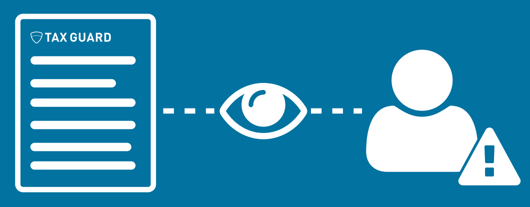
HOW WELL DO YOU KNOW ABOUT THE FOLLOWING IRS PITFALLS WHEN LENDING?

1. IF NO FEDERAL TAX LIEN HAS BEEN FILED, MY COLLATERAL IS SAFE

Using a public records search to assess your risk is understandable, but just looking for tax liens is not enough to protect you from IRS risk.



Many lenders don't realize that the IRS can seize assets, including bank accounts and receivables, even if a tax lien hasn't been filed.



Bottom line – credit risk begins when your client fails to pay taxes, NOT when a lien is filed.

2. THREE YEARS OF TAX RETURNS IS ENOUGH TO ASSESS IRS RISK

50% OF ALL IRS DEBT IS OLDER THAN FIVE YEARS

Requiring or reviewing only three years of tax return information can result in an incomplete understanding of your client's tax compliance.

MISSING RETURNS ARE LIABILITIES WAITING TO HAPPEN

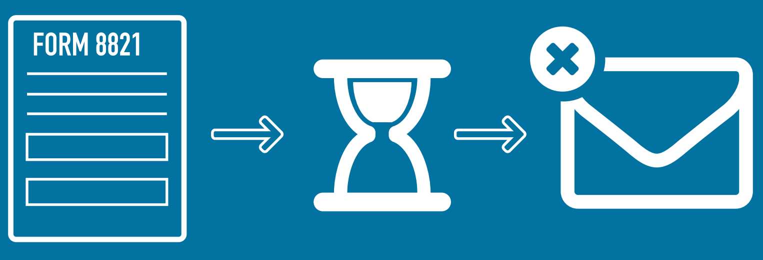
If you're only looking at three years of tax returns, you could be missing years of potential issues that require additional investigation. Significant tax liabilities can spring up overnight when a series of missing returns are filed without payment.

3. ARTICLES FILED WITH THE SECRETARY OF STATE WILL CONFIRM MY CLIENT'S IDENTITY AND GIVE ME THE CORRECT NAME FOR A PUBLIC RECORDS SEARCH

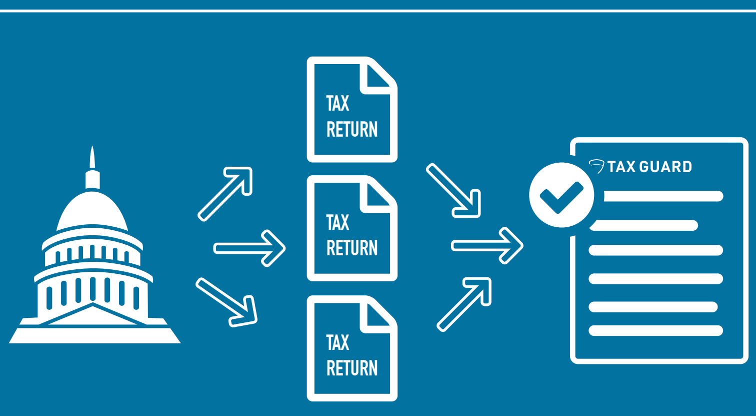
Secretary of State offices and the IRS don't communicate, and in fact, the IRS relies on taxpayers to provide updated information.

Unfortunately, your clients frequently provide incorrect information or fail to notify the IRS of changes, such as a business name change. This puts you at risk since a public records search for a business name listed with the Secretary of State can miss a federal tax lien if the IRS files it under a different name.

4. FORM 8821 HAS ME COVERED

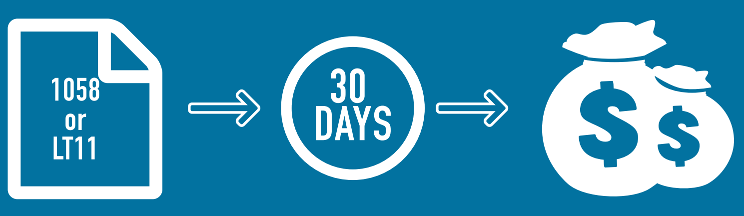


Filing Form 8821 and waiting for the IRS to send you a letter that may never come is a passive risk assessment tactic. The forms are often rejected without notification, and you may not be notified of any tax risk.



The IRS often makes mistakes when entering Form 8821 information into their system. Even if entered correctly, 25% of the time the IRS fails to issue correspondence. Being proactive and contacting the IRS directly is the only way to be sure of your client's tax compliance

5. I ONLY NEED TO WORRY ABOUT FEDERAL TAX LIENS



IRS levies may be even more important. A Final Notice of Intent to Levy (IRS Letter 1058 or LT11) is mailed 30 days before the IRS can begin seizing assets from a business or individual who owes taxes.

Knowing when this Final Notice is issued is the most important factor in determining whether your collateral is at risk. Remember Myth #1, the IRS does not have to file a lien before they can levy and seize assets.

PREVENT THESE PITFALLS

CONTACT TAX GUARD FOR A DEMO TODAY

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