

Tax Relief Companies Consumer Information

Tax relief companies use the radio, television and the internet to advertise help for taxpayers in distress. If you pay them an upfront fee, which can be thousands of dollars, these companies claim they can reduce or even eliminate your tax debts and stop back-tax collection by applying for legitimate IRS hardship programs. The truth is that most taxpayers don't qualify for the programs these fraudsters hawk, their companies don't settle the tax debt, and in many cases don't even send the necessary paperwork to the IRS requesting participation in the programs that were mentioned. Adding insult to injury, some of these companies don't provide refunds, and leave people even further in debt.

Some taxpayers who filed complaints with the Federal Trade Commission (FTC) reported that, after signing up with some of these companies and paying thousands of dollars in upfront fees, the companies took even more of their money by making unauthorized charges to their credit cards or withdrawals from their bank accounts.

If you owe back taxes and don't know how you're going to pay the debt, the FTC, the nation's consumer protection agency, says don't panic, take a deep breath, and consider your options. If you are having trouble paying bills, it's often better to try to work out a payment plan with the creditor yourself than to pay someone else to negotiate a plan for you. The same is true when you owe money to the IRS or your state comptroller.