

Indiana Legal Services, Inc

Tax Help For Survivors

Using the law to fight poverty, empower clients, and improve access to justice.

www.indianalegalservices.org

Tax Help For Survivors of Domestic Abuse

OVERVIEW OF SURVIVOR'S TAX PROBLEMS

The ILS Low Income Taxpayer Clinic is proud to partner with the Center for Survivor Agency & Justice. Together, we seek to provide education, representation, and advocacy to survivors on a range of consumer-finance issues, including taxes. Much of the content of this page is adapted from a chapter to an upcoming guidebook for survivors published by the CSAJ, the Guidebook on Consumer and Economic Civil Legal Advocacy for Survivors.

Survivors of domestic abuse often struggle with significant tax problems. These problems materialize just when the survivors think they have put the worst behind them. Unfortunately, tax problems can have profound effects on survivors, denying them access to essential resources and reminding them of their abuse in a highly stressful manner.

However, though survivors face significant tax problems, there are many resources available to assist them in overcoming such obstacles. Our hope is to connect survivors with these resources help these families put their lives back together – and put the troubles of their past behind them.

TAX PROBLEMS CAN COMPOUND THE PROBLEMS OF DOMESTIC VIOLENCE

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Tax problems may not be immediately obvious, but they can have profound effects on survivors. For example, many survivors depend on refundable tax credits, such as the Additional Child Tax Credit and the Earned Income Tax Credit, to help them make ends meet after they escape their abuse.

However, they may find that rather than getting these valuable refunds, they receive notices from

the IRS that they owe taxes for past years or must provide substantiation for their return - and that no refund is coming. They may even find that they are subject to wage garnishments and liens on their property.

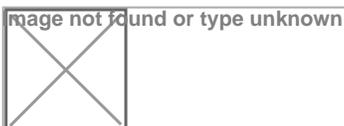
Furthermore, a survivor may struggle not only with the fear that an IRS examination brings, but also with the way it serves as a reminder of their abuse. Survivors who were kept in the dark about their finances and lived in fear of questioning their spouse often feel that they relive those feelings with every impersonal IRS notice.

LEAH'S STORY

Leah's story is a fictional account that describes the types of tax problems that survivors frequently face. Although "Leah" is not real, her story is experienced every day by many survivors. Click [here](#) to read Leah's story.

Leah married John shortly after high school. However, after years of abuse, Leah left John and took custody of their children. Not long after, she discovered that her ex-husband had concealed significant tax problems from her – and IRS was coming to her to pay the price.

TAXES ARE INTENDED TO PROVIDE ECONOMIC SECURITY FOR SURVIVORS



The tax code includes many provisions that are intended to provide benefits to low- and middle-income families, especially those with children.

Access to these tax benefits can substantially improve a survivor's economic stability and security. Even a refund composed entirely of tax withheld from a survivor's paycheck can be a great help.

The EITC alone can be worth over \$6,000 to a survivor with three or more qualifying children.

The primary tax benefits generally associated with claiming children on a tax return are the dependent exemption, the Child Tax Credit, the Additional Child Tax Credit, the Child and Dependent Care Credit, and the Earned Income Tax Credit (EITC). Learn more [here](#).

EFFECT OF ABUSIVE SPOUSES

Survivors' tax problems may be the direct result of their abuse. For example, their abusing spouse withheld financial information from the survivor and failed to pay the full tax owed, and now IRS is coming after both taxpayers for the full amount because the returns were filed jointly."

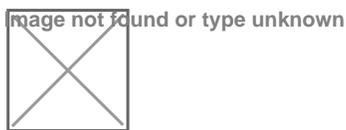
These problems can also be an indirect result of the abuse. Survivors may struggle to adequately prepare tax returns after separation because they have never done so before or because they left their home without taking documents important for preparing returns.

Tax problems that go unaddressed can severely undermine a survivor's economic stability and security.

Once tax problems surface, many survivors are afraid to address the problems directly because they believe it will require a confrontation with their abuser. Additionally, many abusers insist on wrongfully claiming the children on future tax returns, or even fraudulently filing "joint" tax returns using the survivor's personal information.

Thus, many survivors continue to experience the effects of abuse through the tax system - the exact opposite of Congress's intended effect and a prime reason why remedies are specifically provided to innocent spouses.

IRS COLLECTION PRACTICES



The IRS employs a number of collection strategies that may impair survivors' ability to provide for themselves or their families. IRS can and will levy (garnish) a tax debtor's wages, Social Security benefits and other income, will levy on bank and retirement accounts, and will retain refunds to apply to existing tax debts.

In addition, a record of tax debts, even those that have been paid, can impair a survivor's credit for years.

These collection actions often come at a time when these resources are badly needed by

Leah's Story:
Leah was unaware that John misstated his income and business expenses on their joint return for five years. However, because they were joint returns, IRS also pursued her for the full amount of the debt.

survivors.

LONG-TERM IMPACT OF TAX ISSUES AFFECTING SURVIVORS

There are immediate as well as long-term impacts from the tax issues survivors face. Many survivors use tax refunds for transportation, relocating or securing housing, covering legal fees, or getting a leg-up on other basic needs. Missing out on tax benefits and refunds restricts survivors' access to financial resources needed for safety.

Leah's story...
Leah had planned to buy a car and cover some basic needs for her children with the refund that was garnished. In the long term, tax debt can damage survivors' credit, restricting access to housing, employment, utilities, and other basic needs. It also can also restrict access to future income assistance, such as SSI and disability benefits.

The tax system was designed to deliver a range of benefits to low- and moderate-income taxpayers and, yet, survivors often miss out on these benefits while grappling with the consequences of tax issues generated by abusive partners.

CONFRONTING TAX PROBLEMS

COMMON TAX TERMS

Click [here](#) to view a list of common tax terms and their definitions.

**WHERE TAX ISSUES START: FILING A
TAX RETURN**

**WHO IS REQUIRED TO
FILE?**

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The tax return is the starting point for

understanding tax issues faced by survivors. Many survivors have not had the opportunity to make their own decisions or participate in the decision-making process related to filing a tax return.

All potential taxpayers face a range of questions and choices related to the filing of a tax return, the answers to which may have profound financial implications for the individual and the individual's family. Taxpayers also face the question of what information they will need to prepare a tax return correctly.

Click [here](#) to learn more about this topic

DEALING WITH IRS COLLECTIONS

Tax law establishes who is required to file a tax return, based on factors such as income, filing status, age, whether they received the advance premium tax credit (Obamacare), and more.

Unfortunately, the rules for determining who has to file a tax return can be confusing. They are particularly challenging for survivors who have been prevented from being engaged in tax preparation in the past, and are therefore unfamiliar with the tax

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system.

Click [here](#) to learn more about this topic

INNOCENT SPOUSE RELIEF

IRS begins its collection efforts by sending the taxpayer a notice of tax due followed by bills with increasingly urgent requests for payment. If the taxpayer does not pay or set up an installment agreement, the case will move to collections

Collection action can be particularly difficult for survivors. Click [here](#) to learn more about this subject.

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A survivor can request that "innocent spouse relief" be considered as an alternative to collection. Innocent spouse relief offers a procedure by which survivors, and other taxpayers, may request partial or complete relief from the tax debt they believe should more fairly be the responsibility of their spouse.

Click [here](#) to learn more.

FILING STATUS FOR SURVIVORS

TAX BENEFITS FOR CHILDREN

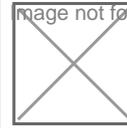
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Survivors may be uncertain of which filing status they should choose (married filing separately, head of household, single, etc.). For many survivors, the answer is not so straightforward.

Click [here](#) to learn more about this topic.

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Survivors, particularly those with earnings, can receive a significant economic benefit if they are able to claim their children for tax purposes. Unfortunately, many survivors lose out on these benefits due to a number of factors, such as being unrepresented in family law court or as a result of past or continuing abuse.

Click [here](#) to learn more about this subject.

IRS AUDITS/EXAMINATIONS

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A potential tax problem faced by survivors is an IRS audit. An audit is an examination by IRS of a taxpayer's accounts, documents, and other information to determine the correctness of a tax return filed by the taxpayer.

Resolving an IRS audit may be particularly difficult for a survivor who is busy dealing with issues other than taxes, or who has very limited (or no) access to the documents IRS is requesting.

Click [here](#) to learn more about this subject.

THE INVALID TAX RETURN

Sometimes a survivor will discover, often after getting a notice of tax due from IRS, that a joint return has been filed by their abuser, without the survivor's knowledge or consent. Fortunately, there are remedies available to the



survivor.

Click [here](#) to learn more about this subject.

TAX RETURNS AND PRIVACY

Some survivors worry that filing a tax return will increase the likelihood that their abuser will be able to locate them. Fortunately, a provision in the tax law provides that all tax return information, including the filer's address, is kept confidential from anyone who did not file the tax return.

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There are some exceptions to the confidentiality rules including individuals or entities specifically designated by the survivor who filed the return, state tax departments, law enforcement agencies, and other similar entities. In cases where survivors have filed joint tax returns, the other taxpayer can get information contained on the original return as well as copies of subsequent correspondence from IRS.

FINDING TAX HELP

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Many resources and organizations exist to support taxpayers who need help with their tax problems. Whether a survivor needs help preparing a tax return, disputing a charge by the IRS, learning why their refund was taken, or simply trying to have a voice with the IRS, there is FREE HELP available.

Click [here](#) to learn more.

REMEMBER!

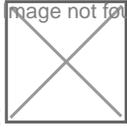
As daunting as it may seem to address these problems, there are solutions available to relieve survivors from the tax-related financial burdens of their abusers.

[Contact us](#) if you (or someone you know) need help resolving a tax problem with the IRS. We may be able to provide FREE legal help!

Federal Tax Advocacy for Survivors

You can view a webinar on Federal Tax Advocacy for Survivors [here](#). This webinar was presented by the LITC Director, and CSAJ Expert Advisor, Jamie Andree.

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In partnership with:

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<http://www.indianalegalservices.org/taxhelpforsurvivors>

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