



THIS MONTH:

- ◆ IRS Direct Pay Is Now Available
- ◆ Challenges Facing Aging Taxpayers
- ◆ Know Your Rights as a Taxpayer

IRS Direct Pay is Now Available

On May 24th, the IRS announced the successful start of its new web-based system, known as **IRS Direct Pay**, on IRS.gov. The system allows taxpayers to pay their tax bills or make tax payments directly from checking or savings accounts without any fees or pre-registration and offers a 30-day advance payment scheduling, rescheduling or cancellations, as well as a payment status search. IRS Direct Pay simplifies the payment process by allowing taxpayers to establish an account with no waiting period and receive instant confirmation of their payment on a system that is available 24 hours a day, seven days a week. Currently, **IRS Direct Pay** accepts only 1040 series return payments, including estimated tax payments, proposed tax assessments, extension payments, and amended return payments spanning from tax years 1993-2014. To use this program, the IRS must first verify the taxpayer's name, address, filing status, social security number and date of birth from a prior year tax return. Contact your local Padgett office to see how this new system can simplify your life!

Challenges Facing Aging Taxpayers

Retirement planning has grown increasingly difficult due to demographic, social, and financial factors. From rising health care costs to longer life expectancy rates, and an estimated 10,000 Baby Boomers turning 65 each day, future retirees are faced with many challenges. So, what is the best strategy for aging taxpayers to ensure that they will have enough money to sustain their lifestyle after retirement and cover possible long-term health care costs as they age? Unfortunately, there is not a simple answer. Financial planners do suggest considering the following factors.

- If you believe that Social Security will be a viable benefit when you retire, you will want to determine the best strategy to maximize these benefits. AARP and T.Rowe Price have free online calculators to help taxpayers determine how and when to claim benefits. You may also, for a nominal fee, use certain websites such as www.maximizeMySocialSecurity.com and www.SocialSecurityChoices.com.
- As long-term care costs continue to rapidly increase, do your current assets allow for self-insuring or should you consider purchasing Long Term Care Insurance?
- If you are more concerned with "running out of money" or "dying with too much money leftover", you may want to begin monitoring your expenditures closely and re-evaluating your financial positions quarterly.
- What are your options for the money that is in your employer's retirement plan? The amount of the monthly payout will depend on the amount in the account and your age. Remember to consider your tax bracket when you begin taking distributions as these are taxed at your ordinary income tax rate.



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Contact us if you need further info on these or any other acct/tax issues

Know Your Rights as a Taxpayer

On June 10th, the Internal Revenue Service adopted a “Taxpayer Bill of Rights” to help the public understand their rights when dealing with the IRS. These rights have been grouped into ten categories as follows:

1. *The Right to Be Informed:* Taxpayers have the right to know what they need to do to comply with the tax laws and are entitled to clear explanations of IRS procedures in all tax forms, instructions, publications, notices, and correspondence. They have the right to be informed of IRS decisions about their tax accounts.
2. *The Right to Quality Service:* Taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS, to be spoken to in a way they can easily understand, to receive clear and easily understandable communications from the IRS, and to speak to a supervisor about inadequate service.
3. *The Right to Pay No More than the Correct Amount of Tax:* Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.
4. *The Right to Challenge the IRS's Position and Be Heard:* Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and documentation promptly and fairly, and to receive a response if the IRS does not agree with their position.
5. *The Right to Appeal an IRS Decision in an Independent Forum:* Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including many penalties, and have the right to receive a written response regarding the Office of Appeals' decision. Taxpayers generally have the right to take their cases to court.
6. *The Right to Finality:* Taxpayers have the right to know the maximum amount of time they have to challenge the IRS's position as well as the maximum amount of time the IRS has to audit a particular tax year or collect a tax debt. Taxpayers have the right to know when the IRS has finished an audit.
7. *The Right to Privacy:* Taxpayers have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary, and will respect all due process rights, including search and seizure protections and will provide, where applicable, a collection due process hearing.
8. *The Right to Confidentiality:* Taxpayers have the right to expect that any information they provide to the IRS will not be disclosed unless authorized by the taxpayer or by law. Taxpayers have the right to expect appropriate action will be taken against employees, return preparers, and others who wrongfully use or disclose taxpayer return information.
9. *The Right to Retain Representation:* Taxpayers have the right to retain an authorized representative of their choice to represent them in their dealings with the IRS. Taxpayers have the right to seek assistance from a Low Income Taxpayer Clinic if they cannot afford representation.
10. *The Right to a Fair and Just Tax System:* Taxpayers have the right to expect the tax system to consider facts and circumstances that might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels.

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