

Teaching/Discussion:

Discuss as a group some situations that may lead a person to owe a lot in income taxes. Some situations include: withholding too little from their paychecks, filing late, changes in tax code, an increase in income, or changes in deductions. Invite conversation and questions.

Using the information in the Student Guide, go through the different options for paying taxes, writing them on the whiteboard as they come up:

1. Pay the IRS in full with a debit or credit card, by mailing a check, or direct deposit
2. Arrange a payment plan with the IRS
3. Request a temporary delay in the collection process
4. Submit an Offer in Compromise form to the IRS, which allows you to settle your tax debt for less than the full amount you owe
5. Take out a private loan to pay your tax obligation. This is a last-resort option and is not recommended

Brainstorm as a group pros and cons to each. Pay special attention to payment plans, which are the recommended option if you can't pay your tax debt in full. Ask if there are any questions.

Important Things to Keep in Mind

Facilitator:

Suggested time: 10 minutes

Materials: PowerPoint slides; Student Guide p. 168; whiteboard

Teaching:

Remind participants that the deadline to file income tax returns is always around April 15. Check the IRS website to determine when Tax Day is for the current year.

Using the information in the Student Guide, discuss the possibility of requesting an extension from the IRS, how it works, and why you may need one. Brainstorm pros and cons to tax extensions. Leave space for questions.

Finally, go over the definition of back taxes, emphasizing how serious they can become. Discuss ways to avoid the interest, penalties, and possibility of asset seizure from back taxes. Ask the participants if they have any questions.