

**S**erious debt problems usually require long-term plans to consolidate and manage what is owed. Anyone can use IRS tax services as a part of their long-term strategy to reduce and control debt. However, many feel that their debts are too large or that tax services cannot help them. This is far from the truth. A professional can offer guidance in formulating a plan that can solve one's debt. Devising a tax strategy can help anyone to reduce taxable income, obtain tax credits, and reduce overall debt.

### **Reduce Your Taxable Income**

There are several ways that one can reduce their taxable income. Itemizing specific expenses incurred during the year lowers your taxable income. Specific expenses include such items as state and local taxes, personal property taxes, healthcare, gifts to charities, job-related expenditures, mortgage interest, and even tax preparation fees. The combined amounts of such expenses can equal more than the standard deduction offer by the government.



### **Tax Credits to Clear Debt**

A tax professional can advise you as to which tax credits you may qualify to receive. When these credits are applicable, they often result in providing taxpayers with refunds. This is especially the case with the Earned Income Tax Credit or EIC. If tax credits are aligned with a long-term debt strategy, they can provide a sizable source of income to settle debts. An IRS tax services specialist can assist those in debt by showing them how to prepare for tax credits annually.

### **Reduce Overall Debt**

For successful resolution of debt problems, it is essential to eliminate additional taxes. Inadvertent extra taxes can slow down your debt goals and even cause them to grow. For instance, taking an early withdrawal from a 401k retirement savings will increase taxable income and have immediate taxes withheld. Although the money may be used to solve one debt, it could hinder your ability to pay others. Therefore, it is always best to consider how to alleviate overall debt instead of shortsightedly fulfilling immediate ones.

Building and sticking to a long-term debt strategy can start with filing taxes. The income gained from tax refunds can seed plans to get rid of debt. Tax specialists are trained to assist people in planning taxes years ahead of time and documenting ways to achieve debt freedom. Even when one does not receive a tax refund, properly filed taxes can serve as a stepping-stone to relieving debt.

Not a solicitation for legal services.

