



MERCY TAX
SOLUTIONS
FEARLESS ADVOCACY.
FIERCE RELIEF.

Tips for Gig Workers to Avoid IRS Garnishments

As a gig worker, you get to enjoy the flexibility of setting your own schedule, choosing what you work on and who you work with, but with that independence comes the responsibility of managing your taxes.

In fact, there are a lot of gig workers that are surprised to learn that if they don't pay their taxes, they may be at risk of IRS wage garnishment, an action that can severely disrupt your income and finances.

In this article, we will review how IRS garnishment works, what steps you can take to avoid it, and how tax relief professionals like the ones at Mercy Tax Solutions can help you prevent or stop garnishments if they've already begun.

What Is IRS Wage Garnishment?

IRS wage garnishment occurs when the government takes a portion of what you earn to settle unpaid tax debt. For example, if you owe the IRS and do not address the debt, they can take action to collect the money you owe by garnishing your wages.

For gig workers, this can mean having a percentage of your income withheld directly from the payments you receive for your work, which can cause immediate financial strain and snowball into many other issues.

While it's more common for employees to have taxes withheld automatically, self-employed individuals, like gig workers, are still very much responsible for paying their taxes, including self-employment taxes, throughout the year. If you fail to make estimated tax payments or underreport your income, the IRS may begin the garnishment process.

How Wage Garnishment Happens

Wage garnishment is not an immediate action – it's a process that builds up over time. The first step involves the IRS sending notices to inform you of the tax debt and giving you the chance to settle the amount owed.

If these notices are ignored, the IRS may issue a Final Notice of Intent to Levy, which is your final warning that they intend to garnish your wages.

It's always important not to ignore any communication from the IRS. In this scenario, once the Final Notice of Intent to Levy is issued, the IRS can begin the garnishment process.

For gig workers, this usually means that the IRS will contact your clients or payment processors to withhold a portion of your earnings. This can make it difficult to access your income, as the money is withheld directly before you receive it.

Steps to Avoid IRS Garnishment

The best way to avoid wage garnishment is to stay proactive and address your tax obligations early. Here are a few key actions you can take to ensure you don't find yourself facing garnishment:

Paying Estimated Taxes on Time

As a self-employed individual, you are required to pay self-employment taxes in addition to regular income taxes. The IRS expects you to pay estimated taxes on a quarterly basis. If you miss these payments, the IRS can assess penalties and, eventually, initiate garnishment. To avoid this, make sure to set aside money throughout the year and pay your taxes quarterly. Keeping track of your income and setting aside funds can make quarterly payments easier to handle.

File Your Tax Return On Time

Even if you can't pay the full amount you owe, filing your taxes on time is crucial. If you fail to file, the IRS can assess additional penalties, making the situation worse.

Filing on time, even if you're unable to pay, shows the IRS that you're making an effort to comply with the law, which may help you in negotiating a payment plan or other resolution options.

Set Up a Payment Plan

If you can't pay your tax debt in full, it's important to explore payment options. The IRS offers installment agreements that allow you to pay your debt in manageable monthly payments. Setting up a payment plan before garnishment begins can protect your income and prevent further collection actions. Make sure to stay current with your payments to avoid any additional penalties or collection efforts.

Keep Track of All Income and Expenses

It's essential to keep accurate records of your income, especially as a gig worker. The IRS will only garnish your wages if they know you owe taxes, so the more organized you are, the easier it is to comply with tax regulations.

By staying organized and maintaining detailed financial records, you reduce the chance of any issues found in your filings that could lead to back taxes and, eventually, garnishment.

What to Do if You Receive a Garnishment Notice

If you've already received a garnishment notice, don't panic. While garnishment is a serious matter, it is not the end of the road. There are steps you can take to resolve the issue before the garnishment takes effect.

First, contact the IRS immediately. Ignoring the notice will only make matters worse. You have the right to appeal the garnishment, and in some cases, the IRS may be willing to halt the garnishment if you show that it would cause undue financial hardship. Additionally, you may be able to request a payment plan or even an Offer in Compromise, which could reduce the total amount you owe.

However, it's important to note that negotiating with the IRS on your own may be an uphill battle, and that's where a tax relief professional can help. They specialize in negotiating with the IRS, and they can advocate on your behalf to stop garnishments and set up a manageable solution. They can also help you explore other options, such as applying for Currently Not Collectible status, which temporarily suspends collection actions.

How Tax Relief Professionals Can Help

Tax relief professionals are experts at navigating the complexities of IRS tax laws and can help you prevent or stop wage garnishment. If you're already facing garnishment, a tax relief professional can:

- **Negotiate with the IRS** – A tax relief professional will work with the IRS to negotiate a payment plan, reduce penalties, or potentially settle your tax debt for less than you owe (Offer in Compromise).
- **Stop Garnishments** – They can file appeals to stop garnishment actions and help you secure more favorable terms.
- **Represent You in IRS Communications** – A professional can handle all communications with the IRS on your behalf, taking the stress off you and ensuring that the process moves smoothly.
- **Offer Long-Term Solutions** – Beyond just stopping garnishments, tax relief professionals can help you avoid future tax issues by providing advice on managing your tax responsibilities and avoiding pitfalls in the future.

As a gig worker, it's essential to understand the potential risks of IRS garnishment and take steps to avoid it. By staying on top of your estimated tax payments, filing your returns on time, and keeping accurate records, you can prevent tax issues before they arise.

If you're already facing a garnishment notice, call the tax relief professionals at [Mercy Tax Solutions](#) at 423-825-8104 to provide you with the expertise and support you need to resolve the situation and protect your income.

If you're struggling with tax debt or facing IRS garnishment, don't hesitate to reach out to our office. With our assistance, you can take control of your tax situation and avoid the financial strain of garnishments.