

# Community Legal Aid

A non-profit law firm serving the legal needs of low-income individuals and families in central northeast Ohio



[www.communitylegalaid.org](http://www.communitylegalaid.org)

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## Hardship Status

### **WHAT IS HARDSHIP STATUS?**

Hardship status (or Currently Not Collectible status) is a debt relief option for taxpayers who owe federal taxes. It places the collection process on hold, meaning the IRS will cease efforts to collect and will release any garnishment on your wages or levies against your property.

### **WHO QUALIFIES FOR HARDSHIP STATUS?**

If you have difficulty paying for basic living expenses, you may qualify. It is designed for people who cannot afford to pay the IRS without suffering a financial hardship.

### **DOES HARDSHIP STATUS ELIMINATE MY DEBT?**

No. Hardship status simply keeps the IRS from collecting on your debt. Your debt to them still exists and continues to accrue interest and penalties.

### **HOW DO I APPLY FOR HARDSHIP STATUS?**

Generally, you must complete financial form 433-F. This form will ask you for detailed financial information. If you cannot pay tax liability without encountering financial hardship, Legal Aid may be able to help you apply for hardship status.

### **HOW LONG CAN I STAY IN HARDSHIP STATUS?**

As long as your financial situation does not change, you should remain in hardship status until the time period for the IRS to collect your debt expires. However, if your financial situation improves, you may no longer qualify for hardship status, and you may be removed and have to pay.

### **DO I NEED TO REAPPLY EVERY YEAR?**

No. Once you are placed in hardship status, you can stay there unless your financial situation

changes.

### **HOW LONG CAN THE IRS COLLECT ON MY TAX DEBTS?**

Generally, the IRS has 10 years from the date they start trying to collect. Once this time period is up, they never will be able to collect on the debt, and you no longer will need to be in hardship status.

### **CAN I STILL RECEIVE MY TAX REFUNDS OR STIMULUS MONEY?**

No. The IRS will collect that money and apply it toward your debt.

*Disclaimers: The LITC is funded in part by a grant from the Internal Revenue Service. All conversations with your attorney are confidential. We are not a tax preparation service; the LITC does not generally provide tax return preparation.*

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