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How Much Does the IRS Let Delinquent Taxpayers Live On?

The IRS uses "Collection Financial Standards" to help determine a taxpayer's ability to pay a delinquent tax liability. Allowable living expenses include those that meet the test of being *necessary* to provide for a taxpayer's (and his or her family's) health and welfare, as well as his or her ability to produce income.

The IRS allowable living standards are designed to incorporate necessary items including a category for out-of-pocket health care expenses and an allowance for cell phones.

Higher costs may be allowed by the IRS if a taxpayer can prove that these amounts are inadequate.

Here are four categories showing the basic amounts allowed by the IRS in calculating delinquent tax payment amounts (effective March 31, 2014):



1. Food, Clothing and Miscellaneous Items

National monthly standards have been established for five necessary expenses of food, housekeeping supplies, apparel and services, personal care products and services, and miscellaneous items.

Monthly Expense	One Person	Two Persons	Three Persons	Four Persons*
Food	\$315	\$588	\$660	\$794
Housekeeping supplies	\$30	\$66	\$65	\$74
Apparel/ services	\$88	\$162	\$209	\$244
Personal care products/ services	\$34	\$61	\$64	\$70
Miscellaneous	\$116	\$215	\$251	\$300
Total	\$583	\$1,092	\$1,249	\$1,482
* For each additional person, add \$298 to the four-person total allowance				

2. Healthcare

National out-of-pocket healthcare standards have been established for out-of-pocket expenses including medical services, prescription drugs, medical supplies, eyeglasses, contact lenses, etc. This monthly amount is allowed per person in addition to what is paid for health insurance.

Age	Monthly Out-of-Pocket Health Costs
Under age 65	\$60
65 and older	\$144

3. Housing and Utilities

The monthly standards for housing and utilities are determined on a local basis. The amounts allowed for a particular area and family size cover a taxpayer's primary residence. They include mortgage or rent, property taxes, interest, insurance, maintenance, repairs, gas, electric, water, heating oil, garbage collection, telephone and cell phone.

As you might expect, the allowances vary widely across the nation. Here are a handful of examples:

Area	Family of 1	Family of 2	Family of 3	Family of 4	Family of 5 or more
Chicot County, Arkansas	\$957	\$1,124	\$1,184	\$1,320	\$1,341
Marin County, California	\$3,116	\$3,660	\$3,857	\$4,301	\$4,370
Anne Arundel County, Maryland	\$2,003	\$2,353	\$2,479	\$2,764	\$2,809
Merrimack County, New Hampshire	\$1,809	\$2,125	\$2,239	\$2,496	\$2,537
Philadelphia County, Pennsylvania	\$1,241	\$1,458	\$1,536	\$1,713	\$1,740
Polk County, Oregon	\$1,522	\$1,788	\$1,884	\$2,101	\$2,135
Juneau County, Wisconsin	\$1,205	\$1,415	\$1,491	\$1,662	\$1,689

4. Transportation

Transportation standards for taxpayers with a vehickel consist of two parts:

- Nationwide amounts for monthly loan or lease payments -- called ownership costs.
- Additional amounts for monthly operating costs, which include repairs, maintenance, insurance, fuel, registration, inspection, parking and tolls.

There is also a single nationwide public transportation allowance.

Monthly Transportation Allowances		
National Public Transportation -- Fares \$184		
National Vehicle Ownership Costs	\$517 for 1 car	\$1,034 for 2 cars

Operating Costs by Area	1 Car	2 Cars
Northeast Region including ME, NH, VT MA, RI, CT, PA, NY, NJ, except the following cities:	\$278	\$556
Boston	\$277	\$554

New York	\$342	\$684
Philadelphia	\$299	\$598
Midwest Region including ND, SD, NE, KS, MO, IL, IN, OH, MI, WI, MN, IA, except the following cities:	\$212	\$424
Chicago	\$262	\$524
Cleveland	\$226	\$452
Detroit	\$295	\$590
Minneapolis-St. Paul	\$217	\$434
South Region including TX, OK, AK, LO, MS, TN, KY, WV, VA, MD, DC, DE, NC, SC, GA, FL, AL, except the following cities:	\$244	\$488
Atlanta	\$256	\$512
Baltimore	\$250	\$500
Dallas-Ft. Worth	\$277	\$554
Houston	\$312	\$624
Miami	\$346	\$692
Washington, D.C.	\$277	\$554
West Region including NM, AZ, CO, WY, MT, NV, UT, WA, OR, ID, CA, AK, HI, except the following cities:	\$236	\$472
Los Angeles	\$295	\$590
Phoenix	\$291	\$582
San Diego	\$301	\$602
San Francisco	\$306	\$612
Seattle	\$192	\$384

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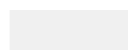
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845 Oakton Street Elk Grove Village, IL 60007