**Receiving a Federal Tax Lien: What the Recipient Should Know**

Receiving a tax lien can be unnerving. However, a tax lien is also a misunderstood document. Most citizens who get a lien are often unaware of exactly what a tax lien is and what it represents. This can cause fear and unease with the recipient. Understanding what a lien is and how to deal with it will reduce some of those fears.

Definition

A tax lien establishes that the government has a monetary interest in a person’s possessions. All property that the recipient owns will be covered by the lien. This is not a demand by the government to surrender property or a notification that the government is coming to seize it.

The Effects of a Lien

Being the subject of a tax lien can cause many disruptions in the life of the recipient. The effects will last until the lien is satisfied or some arrangement is made with the government.

Assets that have had a lien placed on them can no longer be sold or used as collateral when trying to secure a loan. Until the lien is satisfied, any assets purchased will automatically be attached and subject to the lien requirements. Once the lien is filed, the subject’s ability to acquire credit may suffer. Furthermore, tax liens are not necessarily discharged through a bankruptcy. Business property is also subject to a lien and this can make running a business difficult.

Dealing with a Lien

The easiest way to deal with a lien is to not get it in the first place. The IRS goes through a specific set of steps when it believes a taxpayer owes the government. Unlike in the past, the IRS is willing to work with someone who is faced with a tax liability. Setting up a payment plan and keeping current with the payments will stop the government from taking any further action.

Once a tax lien has been filed and received, there are certain options that the taxpayer can request to lessen the burden. It is important to note that each option has eligibility requirements and that the government does not have to grant them.

A common choice for relief is referred to as the Discharge of Property. This will allow certain assets to be removed from the lien. The Subordination program allows other creditors to take priority over the government's claims. This can help the taxpayer acquire credit.