

TRI Tax Resolution Institute
...where tax debt is your power!

“Busy Season”

...all year long

(800) 658-7590

www.taxresolutioninstitute.org

Our speakers



Peter Y. Stephan
TRI - Director



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Geoffrey Gan
KBKG



Matthew Cohen
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TRI Essentials 250A

Why are we here today?

The Tax Resolution Institute prides itself in assisting accounting, legal and other professionals resolve their client's tax problems and grow their businesses

Take advantage of one of our many programs

- We help you make more money
- We teach you how to become a tax resolution specialist
- We become your partner working side-by-side to fix your client's IRS and State income, payroll (collection issues) and tax audit issues
- Or...we become your trusted referral source

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WHY TAX RESOLUTION?

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26 Million of 153 Million U.S. taxpayers...

Can't afford to pay
or disagree with the amount they owe the IRS

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Three Professions with Tax Problems

- Real estate brokers
- Attorneys
- Self employed taxpayers (both income & payroll tax issues)

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What will be covered today (Day 1)

- Solving income and payroll taxes
- Sequence of events
- Powers of attorney
- Transcripts
- Anatomy of payroll taxes
- IRS National and Local Standards
- Installment Agreements
- Offers in compromise (basics)
- Low Hanging Fruit
- Marketing
- Cost segregation
- Estate planning
- Audits

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What will be covered tomorrow (Day 2)

- Review of day 1
- Advanced offers in compromise
- Taxes and bankruptcy
- Selling your services
- Canopy
- Innocent Spouse
- Appeals (various types)
- IRS criminal investigation (CI)

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Today's Keynote Speaker



Peter Y. Stephan, CPA
Director of the Tax Resolution
Institute

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What is tax resolution?

Tax Resolution

The practice of resolving a person's or business's Federal or State tax issues using one or more of the various methods available.

The two main areas of tax liability that will be covered in this course are income taxes and payroll taxes.

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Solving Income Tax Issues

5 most common methods:

- Installment agreement
- Currently Not Collectible ("CNC") Status
- Partial-pay installment agreement ("PPIA")
- Offer in compromise ("OIC")
- Discharging taxes in bankruptcy

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Solving Payroll Tax Issues

4 most common methods:

- Installment agreement
- Partial-pay installment agreement (PPIA)
- In-business offer in compromise (“OIC”)
- Hybrid Bulk-Sale and OIC

Polling Question 1

Do you currently have clients with tax collection issues?

Sequence of Events

Step 1: Meet with the client (*by telephone or in person*)

- Identify and define issues
- Discuss the process and expectations from the client
- Estimate fees (lots more on this later today)

Step 2: Prepare Documents

- Letter of Engagement (work agreement)
- Power of Attorney Form/s
- Payment Forms – ACH, credit card, PayPal

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Step 3: Contact Government

- Fax power of attorney (east or west coast CAF unit)
- Call government representative (ACS or R/O)
- Assess client's (actual) situation
- Request hold on collection (if applicable)

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Step 4: Obtain or Prepare Tax Returns

- Collect information
- Prepare delinquent tax returns
- Obtain duplicate original copies of all prepared tax returns
- Calculate total estimated tax liability including penalties and interest

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Step 5: Prepare Collection Information Statement

- Obtain draft copy from client
- Prepare 433A, 433F, 433B, etc.
- If applicable contact the client to discuss options to lower Monthly Disposable Income (“MDI”)

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Step 6: Negotiate with the Government

- Have all paperwork (including IRS auto debit form i.e. 433D) prepared prior to call
- Be ready to submit documents via fax if requested
- If you are on the phone with Automated Collections (“ACS”), and it is not going well, end the call and try again

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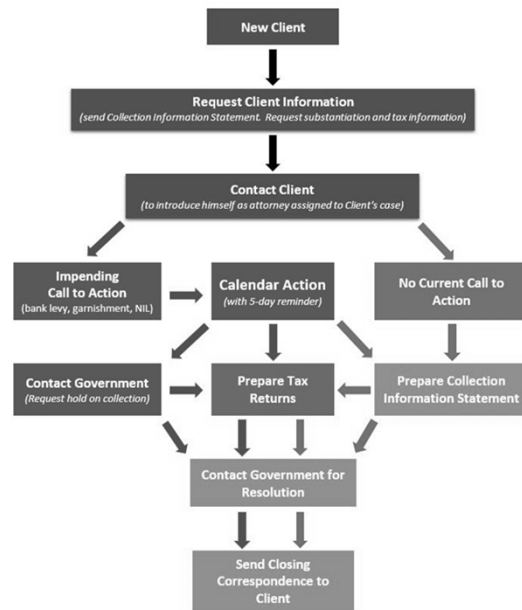
Step 7: Provide the client a comprehensive summary

- Let the client know the agreed upon terms
- Provide specific instructions relating to payment dates and amounts
- Let the client know that if automated payments do not start when expected, they should make interim payments until the auto-pay kicks in

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Typical Tax Resolution Case Workflow



Polling Question 2

What is the most common tax collection issue you face on an annual basis?

Powers of Attorney

Form **2848** **Power of Attorney and Declaration of Representative** OMB No. 1545-0040
 (Rev. March 2002) Department of the Treasury Internal Revenue Service

Part I Power of Attorney
 Caution: A separate Form 2848 should be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.
 Taxpayer name and address: John Doe, 1234 Memory Lane, Anytown, USA 12345
 Taxpayer identification number(s): 987-65-4321
 District telephone number: (818) 555-1212
 Plan number (if applicable):

2 Representative(s) must sign and date this form on page 2, Part II.
 Name and address: My CPA, 1234 Business Court, Anytown, USA 12345
 CAF No.: P0000000
 PTIN: P0000000
 Telephone No.: (818) 555-0000
 Fax No.: (818) 555-9999
 Check if to be sent notices and communications: Check if new: Address Telephone No. Fax No.

Name and address: _____
 CAF No.: _____
 PTIN: _____
 Telephone No.: _____
 Fax No.: _____
 Check if to be sent notices and communications: Check if new: Address Telephone No. Fax No.

Name and address: _____
 CAF No.: _____
 PTIN: _____
 Telephone No.: _____
 Fax No.: _____
 Check if to be sent notices and communications: Check if new: Address Telephone No. Fax No.

to represent the taxpayer before the Internal Revenue Service for the following matters:

3 Matters

Description of Matter (Income, Employment, Rents, Social Sec. Etc. Withdrawals, Real Estate, Charitable, etc.) (see instructions for box 2)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions for box 3)
Income	1040, 540	2005 through 2015

4 Specific use not recorded on Certain Authorized File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. **Specific Use Not Recorded on CAF**

5 Acts authorized. Unless otherwise provided below, the representative(s) generally are authorized to receive and report confidential tax information and to perform any and all acts that I can perform with respect to the tax matters described on line 3. For example, the authority to sign any agreements, consents, or other documents. The representative(s), however, is/are not authorized to receive or negotiate any amounts paid to the client in connection with this representation (including refunds by either electronic means or paper check). Additionally, unless the appropriate boxes below are checked, the representative(s) is/are not authorized to execute a request for disclosure of tax returns or return information to a third party, substitute another representative or add additional representatives, or sign certain tax returns.

Disclose to third parties; Substitute or add representative(s); Signing a return;

Other acts authorized: _____ (see instructions for more information)

Examples. An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. An enrolled actuary may only represent taxpayers to the extent provided in section 10315 of Treasury Department Circular No. 200 (Circular 200). An enrolled retirement plan agent may only represent taxpayers to the extent provided in section 10.316 of Circular 200. A registered tax return preparer may only represent taxpayers to the extent provided in section 10.315 of Circular 200. See the line 5 instructions for restrictions on tax matters partners. In most cases, the student practitioner's (level II) authority is limited (for example, they may only practice under the supervision of another practitioner).

List any specific deletions to the acts otherwise authorized in this power of attorney: _____

6 **Renunciation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same nature and years or periods covered by this document. If you **do not want** to revoke a prior power of attorney, check here. **YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

7 **Signature of taxpayer.** If a tax matter concerns a year in which a joint return was filed, the husband and wife must each file a separate power of attorney even if the same representative(s) is (are) being appointed. If signed by a corporate officer, partner, guardian, tax matter partner, executor, trustee, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED TO THE TAXPAYER.

Signature _____ Date _____ Title (if applicable) _____
John Doe _____ Print Name _____ PIN Number _____
Past name of taxpayer from line 1 if other than individual

Part III Declaration of Representative

- Under penalty of perjury, I declare that:
- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
 - I am aware of regulations contained in Circular 230 (31 CFR, Part 101), as amended, concerning practice before the Internal Revenue Service;
 - I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
 - I am one of the following:
 - **Attorney**—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - **Certified Public Accountant**—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - **Enrolled Agent**—enrolled as an agent under the requirements of Circular 230.
 - **Officer**—a bona fide officer of the taxpayer's organization.
 - **Full-Time Employee**—a full-time employee of the taxpayer.
 - **Family Member**—a member of the taxpayer's immediate family (for example, spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - **Enrolled Actuary**—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 the authority to practice before the Internal Revenue Service is limited by section 10.216 of Circular 230.
 - **Unenrolled Return Preparer**—Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. See **Notice 2011-4 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.**
 - **Registered Tax Return Preparer**—registered as a tax return preparer under the requirements of section 104 of Circular 230. Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. See **Notice 2011-4 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.**
 - **Student Attorney or CPA**—receives permission to practice before the IRS by virtue of his/her status as a law, business, or accounting student working in LTC or STCP under section 10.765 of Circular 230. See instructions for Part II for additional information and requirements.
 - **Enrolled Retirement Plan Agent**—enrolled as a retirement plan agent under the requirements of Circular 230 the authority to practice before the Internal Revenue Service is limited by section 10.356).

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. REPRESENTATIVES MUST SIGN IN THE CIRCLES LISTED IN LINE 2 ABOVE. See the instructions for Part II.

Note: For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column. See the instructions for Part II for more information.

Designation—Insert above letter (a-f)	Licensing jurisdiction (state or other governing authority) (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable). See instructions for Part II for more information.	Signature	Date
b	CA	999999		

IRS Transcripts

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Internal Revenue Service E-services
DEPARTMENT OF THE TREASURY

This Product Contains Sensitive Taxpayer Data

Account Transcript

Request Date: 06-12-2009
Response Date: 05-12-2009
Tracking Number: 100046052838
FORM NUMBER: 1040A TAX PERIOD: Dec 31, 2001

TAXPAYER IDENTIFICATION NUMBER: [REDACTED]

<<<<POWER OF ATTORNEY/TAX INFORMATION AUTHORIZATION (POA/TIA) ON FILE>>>>
--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT ---

ACCOUNT BALANCE: 94,263.33
ACCRUED INTEREST: 13,959.66
ACCRUED PENALTY: 0.00

ACCOUNT BALANCE PLUS ACCRUALS
(this is not a payoff amount): 88,225.00

** INFORMATION FROM THE RETURN IS ADJUSTED **

EXEMPTIONS: 04 FILING STATUS: Single
ADJUSTED GROSS INCOME: 80,102.00
TAXABLE INCOME: 63,962.00
TAX PER RETURN: 0.00
SE TAXABLE INCOME TAXPAYER: 80,400.00
SE TAX/BLSE INCOME SPOUSE: 0.00
TOTAL SELF EMPLOYMENT TAX: 12,308.00

RETURN DUE DATE OR RETURN RECEIVED DATE (WHICHEVER IS LATER)
PROCESSING DATE

TRANSACTIONS

CODE	EXPLANATION OF TRANSACTION	CYCLE	DATE	AMOUNT
150	Substitute tax return prepared by IRS		12-29-2003	\$0.00

49210-334-28288-3				
140	Inquiry for non-filing of tax return		03-17-2003	\$0.00
370	Additional account action pending		12-23-2003	\$0.00
420	Examination of tax return		12-23-2003	\$0.00
170	Penalty for not pre-paying tax	20043508	09-13-2004	\$936.00
160	Penalty for filing tax return after the due date	20043508	09-13-2004	\$5,832.00
300	Additional tax assessed by examination	20043508	09-13-2004	\$50,034.00
49247-639-02138-4				
336	Interest charged for late payment	20043508	09-13-2004	\$7,868.74
276	Penalty for late payment of tax	20043508	09-13-2004	\$7,254.93
976	Duplicate return filed		08-13-2004	\$0.00
89221-228-31849-4				
977	Amended return filed		08-13-2004	\$0.00
49277-445-01093-5				
161	Reduced or removed penalty for filing tax return after the due date		09-13-2004	-\$5,425.65
163	Penalty for filing tax return after the due date	20043508	09-13-2004	\$5,425.65
171	Reduced or removed penalty for not pre-paying tax		09-13-2004	-\$1,044.00
173	Penalty for not pre-paying tax	20043508	09-13-2004	\$1,044.00
291	Prior tax abated		03-14-2005	-\$24,114.00
49254-445-00168-5				
277	Reduced or removed penalty for late payment of tax		03-14-2005	-\$2,719.93
197	Reduced or removed interest for late payment		03-14-2005	-\$2,771.19
530	Balance due account currently not collectable		04-28-2005	\$0.00
960	Appointed representative		04-27-2005	\$0.00
531	Account currently considered collectable		05-02-2005	\$0.00
480	Offer in compromise received		05-21-2005	\$0.00
971	Tax period blocked from automated levy program		07-11-2005	\$0.00
481	Denied offer in compromise		08-18-2005	\$0.00
582	Lien placed on assets due to balance owed		09-23-2005	\$0.00
961	Removed appointed representative		12-08-2005	\$0.00
480	Offer in compromise received		01-17-2006	\$0.00
483	Removed offer in compromise		01-27-2006	\$0.00
960	Appointed representative		03-02-2006	\$0.00
971	Tax period blocked from automated levy program		05-08-2006	\$0.00
480	Offer in compromise received		06-14-2006	\$0.00
481	Denied offer in compromise		01-22-2007	\$0.00
530	Balance due account currently not collectable		03-06-2007	\$0.00

Payroll Taxes

Find us on the web at www.taxresolutioninstitute.org

Payroll Taxes

- “Borrowing” from the Government
- Section 6672 of the tax code makes individuals personally liable
- The withheld amounts constitute a “fund” one holds in “Trust” for the government.

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Components of Payroll Taxes

Comprised of:

- Trust fund portion (employee withholdings including taxes, Social Security and Medicare)
- Non trust fund portion
- Interest (compounded daily)
- Penalties

Not Dischargeable in Bankruptcy

Trust Fund portion assessed personally to Responsible Person/s

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US Code § 6672 (IRM 8.25.1)

A person will be held personally liable for the withheld taxes if...

they are responsible for its collection and payment
Their failure to collect the tax and pay it over is
“willful”

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Polling Question 3

Have you ever submitted a streamlined installment agreement?

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Introduction to Installment Agreements

Installment Agreement

- A payment plan between taxpayer and the Government
- Some agreements require the full payment of the tax liability
- Other agreements allow the taxpayer to partially pay their liability in monthly installments based upon their ability (or inability) to pay over time
- Taxpayer must be in and remain in compliance
- IRS has ten-year statute of limitations on “active” collection

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Streamlined Installment Agreement

- Taxpayer is in compliance and able to full-pay their liability over time (up to 72 months)
- Taxpayer owes less than \$25,000
- Taxpayer owes less than \$50,000
- Representation fees are lower but installment payments are typically higher
- If client is “uncollectable” this type of agreement will not work

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Installment Agreement Forms

433A

Collection information statement for individuals (Revenue Officer)

433F

Abridged collection information statement for individuals (automated collections)

433B

Collection information statement for businesses

9465/FS

Installment agreement request form

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Tips & Traps

Installment Agreements

1. Be sure to complete Form 433-F or 433-A before you contact the IRS.
2. The information in Form 433-F is often supplied to the IRS over the phone. Be sure to fill on all boxes in sections that apply to you. The IRS does not like blanks.
3. Create a separate sheet showing your income and expenses. Calculate your take-home income minus your living expenses prior to contacting the IRS. This will be the amount the IRS will expect you to pay on a monthly basis.
4. The installment agreement calculation may be negative. If the amount is less than zero, request to be placed into Currently Non Collectable status.
5. If your calculation is too low (i.e. substantially below zero) then the IRS may not consider your expenses to be real.
6. The IRS will compare your bank account deposits with the amount you claim as take-home income. Be sure that either these amounts match or that you can trace excess deposits as non-income (i.e. loans, transfers from savings, transfers from other accounts listed on the 433).
7. Provide three months billing statements, invoices, etc. to substantiate living expenses. Also include proof of payment either as copies of checks or bank statements showing the paid expenses. Simply owing the money is not enough to make an expense allowable.
8. If you have more Monthly Disposable Income ("MDI") than you are able to pay to the IRS as an ongoing installment payment, you can increase your expenses to lower your MDI. For example you could:
 - a. Trade in a car you own outright and lease or purchase another car. Note that leasing a car will add a new allowable expense without adding an additional asset.
 - b. If you are self-employed you can make or increase estimated tax payments for the current tax year. This will lower your disposable income and increase the chance of staying in compliance moving forward.
 - c. If you are an employee you can increase your withholding tax if you typically owe taxes at the end of the year. Be careful not to over withhold as refunds will be kept by the IRS and applied to the back taxes owed.
 - d. Buy term life insurance. This is an allowable expense that carries no cash value.
9. Ask for 72 months to pay. If your MDI is too high, try taking your total liability and dividing it by 72. If the amount is less than your MDI, you may request that your full liability be paid over the 6-year period. This does not always work but it is worth a try.



Find these tips and other valuable materials on the web at www.taxresolutioninstitute.org/250A tab or by emailing us at info@taxresolutioninstitute.com

IRS National & Local Standards

Food, Clothing and Other Items

Expense	1 Person	2 Persons	3 Persons	4 Persons
Food	\$307	\$583	\$668	\$815
Housekeeping supplies	\$30	\$60	\$60	\$71
Apparel & services	\$80	\$148	\$193	\$227
Personal care products & services	\$34	\$61	\$62	\$74
Miscellaneous	\$119	\$231	\$266	\$322
Total	\$570	\$1,083	\$1,249	\$1,509

More than 4 persons	Additional Persons Amount
For each additional person, add to four-person total allowance:	\$341

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Housing and Utilities

	Housing and Utilities for a Family of 1	Housing and Utilities for a Family of 2	Housing and Utilities for a Family of 3	Housing and Utilities for a Family of 4	Housing and Utilities for a Family of 5 or more
Kings County	1,450	1,703	1,794	2,000	2,033
Lake County	1,473	1,730	1,823	2,033	2,065
Lassen County	1,509	1,772	1,867	2,082	2,115
Los Angeles County	2,146	2,521	2,656	2,961	3,009
Madera County	1,482	1,740	1,834	2,045	2,078
Marin County	3,050	3,582	3,775	4,209	4,277

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Transportation

Public Transportation		
National		\$173
Ownership Costs		
	1 Car	2 Cars
National	\$471	\$942
Operating Costs		
	1 Car	2 Cars
West Region	\$213	\$426
Los Angeles	\$266	\$532
Phoenix	\$262	\$524
San Diego	\$271	\$542
San Francisco	\$276	\$552
Seattle	\$173	\$346

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Out-of-Pocket Health Care

Ownership Costs	Out of Pocket costs
Under 65	\$54
65 and Older	\$130

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Polling Question 4

When you receive an acceptance of an installment agreement to you consider it a success regardless of the payment amount?

Case Study 1

Installment Agreement

Case Study (CS-2)

Installment Agreement

- Family of 4
- Living in Los Angeles
- Husband is a self-employed salesperson (expects to earn substantially more income in the near future)
- Wife works and is a W-2 wage earner
- Taxes are withheld from Wife's paycheck and Husband is making estimated tax payments.
- Wife owns a vehicle with a small amount of equity
- Husband leases another vehicle
- They own a single family home with some equity
- Wife has an IRA with a relatively low value (\$12,858)
- They owe approximately \$487,000 in unpaid taxes.

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Collection Information Statement

Name(s) and Address John and Jane Doe 1234 Memory Lane Anytown, USA 12345		Your Social Security Number or Individual Taxpayer Identification Number 123-45-6789		
<input type="checkbox"/> If address provided above is different than last return filed, please check here		Your Spouse's Social Security Number or Individual Taxpayer Identification Number 987-65-4321		
County of Residence Los Angeles	Your Telephone Numbers Home: (818) 555-1212 Work: _____ Cell: _____	Spouse's Telephone Numbers Home: _____ Work: _____ Cell: _____		
Enter the number of people in the household who can be claimed on this year's tax return including you and your spouse. Under 65 <u>4</u> 65 and Over _____				
If you or your spouse are self employed or have self employment income, provide the following information:				
Name of Business	Business EIN	Type of Business	Number of Employees (not counting owner)	
N/A				
A. ACCOUNTS / LINES OF CREDIT Include checking, online, mobile (e.g., PayPal) and savings accounts, Certificates of Deposit, Trusts, Individual Retirement Accounts (IRAs), Keogh Plans, Simplified Employee Pensions, 401(k) Plans, Profit Sharing Plans, Mutual Funds, Stocks, Bonds and other investments. If applicable, include business accounts. (Use additional sheets if necessary.)				
Name and Address of Institution	Account Number	Type of Account	Current Balance/Value	Check if Business Account
Main Bank 111 Main Bank Ave. Anytown, USA	11-11111-11	Checking	1,208	<input type="checkbox"/>
Retirement Bank, 123 Retirement Ave. Anytown, USA	123-456789	IRA	6,429	<input type="checkbox"/>
Business Bank, 222 Business Way. Anytown, USA	22-222222	Checking	227	<input checked="" type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

Enter the # of persons in household here. The # should be the same as declared on client's tax return

B. REAL ESTATE Include home, vacation property, timeshares, vacant land and other real estate. (Use additional sheets if necessary.)						
Description/Location/County	Monthly Payment(s)	Financing		Current Value	Balance Owed	Equity
Single Family Residence 1234 Memory Lane Anytown, USA 12345 Los Angeles <input checked="" type="checkbox"/> Primary Residence <input type="checkbox"/> Other	3,028	Year Purchased	Purchase Price	850,000	678,000	172,000
		2012	785,000			
		Year Refinanced	Refinance Amount			
<input type="checkbox"/> Primary Residence <input type="checkbox"/> Other		Year Purchased	Purchase Price			
		Year Refinanced	Refinance Amount			
C. OTHER ASSETS Include cars, boats, recreational vehicles, whole life policies, etc. Include make, model and year of vehicles and name of Life Insurance company in Description. If applicable, include business assets such as tools, equipment, inventory, etc. (Use additional sheets if necessary.)						
Description	Monthly Payment	Year Purchased	Final Payment (mo/yr)	Current Value	Balance Owed	Equity
Nissan Maxima	350	2014	1 / 19	26,380	23,150	3,230
Ford Edge	471	2015	7 / 19	0	16,956	0
			/			
			/			
			/			
			/			
NOTES (For IRS Use Only)						

Housing Note: If equity was negative enter "0"

Credit Cards

Credit card payments are considered "allowable" as part of "Miscellaneous" below in Section H1. Any amount above the \$300 allowance below will not be considered

D. CREDIT CARDS (Visa, MasterCard, American Express, Department Stores, etc.)			
Type	Credit Limit	Balance Owed	Minimum Monthly Payment
None			

E. BUSINESS INFORMATION Complete E1 for Accounts Receivable owed to you or your business. (Use additional sheets if necessary.) Complete E2 if you or your business accepts credit card payments.		
E1. Accounts Receivable owed to you or your business		
Name	Address	Amount Owed
N/A		
List total amount owed from additional sheets		
Total amount of accounts receivable available to pay to IRS now		
E2. Name of individual or business on account		
Credit Card (Visa, MasterCard, etc.)	Issuing Bank Name and Address	Merchant Account Number
N/A		

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F. EMPLOYMENT INFORMATION If you have more than one employer, include the information on another sheet of paper. (If attaching a copy of current pay stub, you do not need to complete this section.)		
Your current Employer (name and address) Self Employed	Spouse's current Employer (name and address)	
How often are you paid? (Check one) <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Semi-monthly <input type="checkbox"/> Monthly	How often are you paid? (Check one) <input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly <input type="checkbox"/> Semi-monthly <input checked="" type="checkbox"/> Monthly	
Gross per pay period	Gross per pay period 4,768	
Taxes per pay period (Fed) (State) (Local)	Taxes per pay period 1,616 (State) 202 (Local)	
How long at current employer 2 years 7 months	How long at current employer 1 year 3 months	
G. NON-WAGE HOUSEHOLD INCOME List monthly amounts. For Self-Employment and Rental Income, list the monthly amount received after expenses or taxes and attach a copy of your current year profit and loss statement.		
Alimony Income	Net Rental Income	Interest/Dividends Income
Child Support Income	Unemployment Income	Social Security Income
Net Self Employment Income 8,662	Pension Income	Other:
H. MONTHLY NECESSARY LIVING EXPENSES List monthly amounts. (For expenses paid other than monthly, see instructions.)		
1. Food / Personal Care <i>See instructions. If you do not spend more than the standard allowable amount for your family size, fill in the Total amount only.</i>	3. Housing & Utilities	5. Other
Food 815	Rent 133	Child / Dependent Care 219
Housekeeping Supplies 71	Electric, Oil/Gas, Water/Trash 100	Estimated Tax Payments 3,586
Clothing and Clothing Services 227	Telephone/Cell/Cable/Internet 74	Term Life Insurance 135
Personal Care Products & Services 74	Real Estate Taxes and Insurance (if not included in B above)	Retirement (Employer Required)
Miscellaneous 322	Maintenance and Repairs	Retirement (Voluntary)
Total 1,509	Total 233	Union Dues
		Delinquent State & Local Taxes (minimum payment)
		Student Loans (minimum payment)
		Court Ordered Child Support
		Court Ordered Alimony
		Other Court Ordered Payments
2. Transportation	4. Medical	
Gas/Insurance/Licenses/Parking/Maintenance etc. 532	Health Insurance 1,012	Other (specify)
Public Transportation	Out of Pocket Health Care Expenses 216	Other (specify)
		Other (specify)
Under penalty of perjury, I declare to the best of my knowledge and belief this statement of assets, liabilities and other information is true, correct and complete.		
Your Signature	Spouse's Signature	Date

Wages
Be sure to calculate the wages minus taxes based upon a month when determining how much to offer as an installment amount.

Transportation
IRS Standard

IRS Form 9465-
Installment Agreement
Request

9465 **Installment Agreement Request**
OMB No. 1545-0074

Form 9465 (Rev. December 2013)
Department of the Treasury
Internal Revenue Service

Information about Form 9465 and its separate instructions is at www.irs.gov/form9465.
If you are filing this form with your tax return, attach it to the front of the return.
See separate instructions.

Tip: If you owe \$50,000 or less, you may be able to establish an installment agreement online, even if you have not yet received a bill for your taxes. Go to irs.gov to apply to pay online. **Caution:** Do not file this form if you are currently making payments on an installment agreement or can pay your balance in full within 120 days. Instead, call 1-800-829-1040. Do not file if your business is still operating and owes employment or unemployment taxes. Instead, call the telephone number on your most recent notice. If you are in bankruptcy or we have accepted your offer-in-compromise, see **Bankruptcy or offer-in-compromise**, in the instructions.

Part I
This request is for Family (for example, Form 1040 or Form 941) and for tax year(s) for example, 2012 and 2013

1a Your first name and initial: **John Doe** Your social security number: **123-45-6789**
If a joint return, spouse's first name and initial: **Jane Doe** Spouse's social security number: **987-65-4321**
Last name: **Doe** Apt. number:
Current address (number and street). If you have a P.O. box and no home delivery, enter your box number:
1234 Memory Lane
City, state, and ZIP code, and ZIP code: If a foreign address, also complete the spaces below (see instructions):
Anytown, USA Foreign country name: Foreign province/state/country: Foreign postal code:

1b If this address is new since you filed your last tax return, check here

2 Name of your business (must be no longer operating): Employer identification number (EIN):

3 213.565-1234 afternoon Your home phone number: Best time for us to call:
5 Name of your bank or other financial institution:
Met Bank
Address:
111 Main Bank Avenue
City, state, and ZIP code:

4 213.565-1234 afternoon Your work phone number: Best time for us to call:
6 Your employer's name:
John Doe Sales Co. (S Employer)
Address:
1234 Memory Lane
City, state, and ZIP code:

7 Enter the total amount you owe (as shown on your tax return(s) (or not(s))): **7 487,000.00**
8 Enter the amount of any payment you are making with your tax return(s) (or not(s)). See instructions: **8 0.00**
9 Subtract line 8 from line 7 and enter the result: **9 487,000.00**
10 Enter the amount you can pay each month. Make your payments as large as possible to limit interest and penalty charges. The charges will continue until you pay in full. If no payment amount is listed on line 10, a payment will be determined for you by dividing the balance due by 72 months: **10 121.00**
11 Divide the amount on line 9 by 72 and enter the result: **11 6,708.33**
• If the amount on line 10 is less than the amount on line 11 and you are unable to increase your payment to the amount on line 11, complete and attach Form 433-F, Collection Information Statement.
• If the amount on line 10 is equal to or greater than the amount on line 11 but the amount you owe is greater than \$25,000 but not more than \$50,000, you must complete either line 13 or 14, if you do not wish to complete Form 433-F.
• If the amount on line 9 is greater than \$50,000, complete and attach Form 433-F, Collection Information Statement.

12 Enter the date you want to make your payment each month. Do not enter a date later than the date: **2014**

13 If you want to make your payments by direct debit from your checking account, see the instructions and fill in lines 13a and 13b. This is the most convenient way to make your payments and it will ensure that they are made on time.
a Routing number: **01010101010101**
b Account number: **0111111111111111**

I authorize the U.S. Treasury and its designated Financial Agent to initiate a monthly ACH debit (electronic withdrawal) entry to the financial institution account indicated for payments of my Federal taxes owed; and the financial institution to debit the entry to this account. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To revoke this authorization, I must contact the U.S. Treasury Financial Agent at 1-800-829-1040 no later than 14 business days prior to the payment (settlement) date. Also authorize the financial institution involved in the processing of the electronic payments of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payments.

14 If you want to make your payments by payroll deduction, check this box and attach a completed Form 2159, Payroll Deduction Agreement:

Your signature: _____ Date: _____ Spouse's signature, if a joint return, both must sign: _____ Date: _____

Visit
www.taxresolutionintitute.org/forms
to access the most
current version of these forms

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Installment Agreement - Family of Four (Case Study 1)

Analysis

<u>Item</u>		<u>Monthly Amount</u>	<u>Notes</u>
Income			
Gross Wages	Taxpayer	8,662	Actual
	Spouse	4,768	Actual
Taxes	Federal	(3,586)	Actual
	State	(2,018)	Actual
	Take-home pay:	<u>7,826</u>	
Expenses			
Housing and Utilities	Mortgage	3,028	Actual
	Utilities	233	Actual
Food/Clothing/Etc		1,509	Standard
Transportation	Payments	821	Actl/Std
	Maintenance/gas/insurance	532	Standard
Medical	Health insurance	1,012	Actual
	Out-of-pocket health care	216	Standard
Other	Childcare	219	Actual
	Life insurance	135	Actual
	Living expenses:	<u>7,705</u>	
	Proposed installment amount:	121	

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Installment Agreement Success Stories

IRS Installment Agreement

\$282,142 Liability

POA Copy



Department of the Treasury
Internal Revenue Service
Small Business / Self-Employed Division
225 W BROADWAY
GLENDALE, CA 91204-1331

Date: 01/07/2015
Taxpayer ID number: [REDACTED]
Person to contact: [REDACTED]
Employee ID number: [REDACTED]
Contact telephone number: [REDACTED]

We have approved your request to pay your taxes in installments. Your first payment of \$100.00 is due on 01/28/2015. You agreed to make future payments of \$100.00 on the 28th of each following month until you have paid the full amount you owe.

The amount you owe as of 01/05/2015 is \$282,142.05. This amount does not include penalties and interest. We will charge penalties and interest until you pay the full amount you owe. You don't pay your total tax when it was due.

Please send your monthly payments to reach us by the due date. If you change your security number or employer identification number clearly on your check or money order. If you change your address, please send your new address with your next payment.

Note: If the IRS is charging backup withholding on your accounts, you must have an installment agreement doesn't interrupt backup withholding.

Although we have established an installment plan for you, we still have a lien against the government's interest. Therefore, a Tax Lien HAS ALREADY BEEN FILED.

A Notice of Federal Tax Lien is a public notice that the government has a claim against your property to satisfy a debt. We will release the lien when you finish paying what you owe. We have the legal right to collect this money for our debt.

CONDITIONS OF THIS AGREEMENT:

- We must receive each payment by the date shown above. If you have a problem, contact us immediately.
- This agreement is based on your current financial condition. We may change or cancel it if our information shows that your ability to pay has changed significantly.
- We may cancel this agreement if you don't give us updated financial information when we ask for it.
- While this agreement is in effect, you must pay any federal taxes you owe on time.
- We will apply your federal tax refunds (if any) to the amount you owe until it is fully paid.
- If you don't meet the conditions of this agreement, we will cancel it, and may collect the entire amount you owe by levy on your income, bank accounts or other assets, or by seizing your property.
- We may cancel the agreement at any time if we find that collection of the tax is in jeopardy.
- There is a \$120.00 installment agreement fee (\$52.00 Direct Debit installment agreement).
- If agreement defaults, you must pay a \$50.00 reinstatement fee if agreement is reinstated.

**\$100 per month
payment!!!**

IRS Installment Agreement

IRS Department of the Treasury
Internal Revenue Service
PO Box 9941 Stop 5500
Ogden UT 84409

In reply refer to: 0674011040
May 27, 2016 LTR 2273C 3
201412 30 1
00019200
BDDC: SB

OWED \$151,771

5 PETER Y STEPHAN
21700 DUNARD ST STE 1160
WOODLAND HILLS CA 91367-7576

53923

Social security number: [REDACTED]
Forms: 1040
Tax periods: Dec. 31, 2014

Dear Taxpayer:

This letter responds to our conversation on May 18, 2016, when you asked about ways to resolve your account balance.

Based on your proposal, we established your installment agreement for \$360.00. Your payment is due on the 28th of each month, beginning on June 28, 2016.

WHAT YOU NEED TO KNOW ABOUT YOUR INSTALLMENT AGREEMENT

We charge a \$120.00 user fee to cover the cost of providing installment agreements. **\$360/mo PAYMENT** Even though your approved installment agreement payment may be less, your first payment must be at least \$120.00 to cover the fee.

We can reduce the installment agreement user fee for individuals whose income falls at or below levels in the IRS Installment Agreement Low Income Guidelines. You may qualify for this one-time reduction to your fee.

If your income is at or below the established levels (based on the Department of Health and Human Services poverty guidelines), you can apply for the reduced user fee of \$43 for new agreements. This reduction also applies to agreements that have payments deducted directly from a bank account.

You can find the income levels and instructions on how to apply for the reduced user fee on Form 13844, Application For Reduced User Fee For Installment Agreements.

If you qualify, complete and mail Form 13844 within 30 days to:

CA FTB Installment Agreement

STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 2922
SACRAMENTO CA 95815-2922
Telephone: (916) 834-4776

Notice Date: [REDACTED]

OWED \$63,064
INSTALLMENT AGREEMENT AND ELECTRONIC FUNDS
TRANSFER (EFT) AUTHORIZATION

Account Number: [REDACTED]

We approved your installment agreement for a monthly payment of **\$650.00**. The next step is for you to complete the information below and return it to us in the enclosed envelope within 15 days of the date of this notice. If you do not, we can proceed with collection action. Interest and penalties will continue to accrue until your account is paid in full. Failure to provide complete information will delay the process of your EFT request.
After we process your EFT, we will send you an FTB 4024, *Installment Agreement EFT - Approval notice*. In addition, a \$20.00 fee will be charged for establishing the installment agreement.

EFT Authorization

I authorize an electronic funds withdrawal for the above amount, from the bank account identified below, on the _____ (please specify) day of the month. The day must be the **1st through the 20th**. If this day falls on a Saturday, Sunday, or state holiday, the transfer is authorized for the next business day.

1. Payment Amount	2. Day for Monthly EFT Withdrawal <small>(Enter the date from above.)</small>	3. Bank Routing Number <small>(This is the first nine-digit number at the bottom left of your check.)</small>	4. Bank Account Number <small>(This is the number after the bank routing number.)</small>
5. Bank Name and Address <small>(Check One: <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Other)</small>			

\$650/mo PAYMENT

I certify that I have the authority to request an electronic funds withdrawal from the bank account identified above and I authorize the Franchise Tax Board (FTB) to initiate and process electronic funds withdrawal entries to the above bank account. This authorization remains in effect until: 1) all unpaid tax liabilities due or becoming due during the course of this agreement are paid; 2) FTB cancels the installment agreement; or 3) FTB receives written notice of cancellation of this EFT authorization within five business days prior to the payment due date.

I request that the payment amount in box 1 be debited from my bank account each month on the date specified in box 2. If this day falls on a Saturday, Sunday, or state holiday, I authorize the transfer for the next business day.

If FTB cannot debit the monthly payment from my bank account because of insufficient funds or because my bank account is closed, FTB may cancel my installment agreement. In that event, I understand that FTB may charge me a dishonored payment penalty and a collection fee. I will also be responsible for any overdraft fees charged by my bank.

Authorized Signature	Daytime Telephone Number
Signer's Name (Print)	Ext. Date

By initialing the box below, I agree to the Taxpayer Installment Agreement Conditions provided on PAGE 2.

Please review them thoroughly:

Please initial this box after you have read all the conditions on PAGE 2. If you do not initial the box, we will not process this electronic funds transfer authorization form.

FTB 4023-CZ ARCS (REV 06-2016) PAGE 1

Polling Question 5

Have you ever prepared a non-streamlined installment agreement?

Morning Break

This book is a must for tax resolution practitioners....

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for the next 15 minutes

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TRI The Ultimate Guide to Tax Resolution

By Peter Y. Stephan & Matthew Cohen



Textbook

Hardcover: ~~\$149.00~~ / \$74.50
PDF: ~~\$99.00~~ / \$49.50

Offers in Compromise

Find us on the web at www.taxresolutioninstitute.org

Offer in Compromise

Submitting an Offer in Compromise is the process in which a taxpayer requests to reduce their Internal Revenue Service or State tax debt by negotiating for an amount less than the actual amount they owe...

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The IRS has the authority to settle or “compromise” tax liability by accepting less than full payment under certain circumstances

A Federal tax debt may be legally compromised under one of the three following conditions...

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Doubt as to Collectability

- Taxpayer is unable to pay their tax liability (accounting for income and assets) within the statute of limitations on collection

Doubt as to Liability

- The taxpayer is not responsible for paying the tax liability in question and should not have been assessed

Effective Tax Administration

- The taxpayer owes the tax, has the ability to pay (i.e. equity in their home) but collecting from the taxpayer would be unjust

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A determination of doubt as to collectability will include a determination of ability to pay. The determination of the amount of such basic living expenses will be founded upon an evaluation of the individual facts and circumstances presented by the taxpayer submitting a collection information statement (Form 433A OIC)

To formulate this determination, guidelines published on National and Local living expense standards are taken into account

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Polling Question 6

If you submit an offer in compromise on behalf of a client and it gets rejected, what would you do next?

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Case Study 2 Offer in Compromise

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Case Study (CS-2)

Offer in Compromise

- Family of 4
- Living in Los Angeles
- Husband is a self-employed salesperson (expects to earn substantially more income in the near future)
- Wife works and is a W-2 wage earner
- Taxes are withheld from Wife's paycheck and Husband is making estimated tax payments.
- Wife owns a vehicle with a small amount of equity
- Husband leases another vehicle
- They own a single family home with some equity
- Wife has an IRA with a relatively low value (\$12,858)
- They owe approximately \$487,000 in unpaid taxes.

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Case Study 2 Offer in Compromise (part 1) IRS Form 433A-OIC

Find us on the web at www.taxresolutioninstitute.org

Form **433-A (OIC)** (Rev. February 2016) Department of the Treasury — Internal Revenue Service
Collection Information Statement for Wage Earners and Self-Employed Individuals

Use this form if you are:

- An individual who owes income tax on a Form 1040, U.S. Individual Income Tax Return
- An individual with a personal liability for Excise Tax
- An individual responsible for a Trust Fund Recovery Penalty
- An individual who is self-employed or has self-employment income. You are considered to be self-employed if you are in business for yourself, or carry on a trade or business.
- An individual who is personally responsible for a partnership liability (only if the partnership is submitting an offer)
- An individual who operates as a disregarded single member Limited Liability Company (LLC) based as a sole proprietor
- An individual who is submitting an offer on behalf of a deceased person

Note: Include attachments if additional space is needed to respond completely to any question.

Section 1 Personal and Household Information

Last Name	First Name	Date of Birth (mm/dd/yyyy)	Social Security Number			
Doe	John	01/01/1980	123 - 45 - 6789			
Marital status	Home Address (Street, City, State, ZIP Code)	Do you:				
<input type="checkbox"/> Unmarried <input checked="" type="checkbox"/> Married	1234 Memory Lane Anytown, USA 12345	<input checked="" type="checkbox"/> Own your home <input type="checkbox"/> Rent <input type="checkbox"/> Other (specify e.g., share rent, live with relative, etc.)				
County of Residence	Primary Phone	Mailing Address (if different from above or Post Office Box number)				
Los Angeles	(123) 555 - 1234					
Secondary Phone	Fax Number					
() -	() -					
Provide information about your spouse.						
Spouse's Last Name	Spouse's First Name	Date of Birth (mm/dd/yyyy)	Social Security Number			
Doe	Jane	12/31/1985	987 - 65 - 4321			
Provide information for all other persons in the household or claimed as a dependent.						
Name	Age	Relationship	Claimed as a dependent on your Form 1040?		Contributes to household income?	
Jimmy Doe	10	Son	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Jeanie Doe	8	Daughter	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Dependents included in OIC should appear on applicant's tax return

Section 2 Employment Information for Wage Earners

Complete this section if you or your spouse are wage earners and received a Form W-2. If you or your spouse have self-employment income (that is you file a Schedule C, E, F, etc.) instead of, or in addition to wage income, you must also complete Business Information in Sections 4, 5, and 6.

Your Employer's Name	Employer's Address (street, city, state, zip code)
Self Employed (dba John Doe Sales)	1234 Memory Lane Anytown, USA 12345
Do you have an ownership interest in this business?	If yes, check the business interest that applies:
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Partner <input type="checkbox"/> Officer <input checked="" type="checkbox"/> Sole proprietor
Your Occupation	How long with this employer
Salesperson	2 (years) 7 (months)
Spouse's Employer's Name	Employer's Address (street, city, state, zip code)
Acme Inc.	9999 Industrial Way Anytown, USA 12345
Does your spouse have an ownership interest in this business?	If yes, check the business interest that applies:
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Partner <input type="checkbox"/> Officer <input type="checkbox"/> Sole proprietor
Spouse's Occupation	How long with this employer
Salesperson	1 (years) 3 (months)

Enter employment information here

Section 3 Personal Asset Information

Use the most current statement for each type of account, such as checking, savings, money market and online accounts, stored value cards (such as, a payroll card from an employer), investment and retirement accounts (IRAs, Keogh, 401(k) plans, stocks, bonds, mutual funds, certificates of deposit), life insurance policies that have a cash value, and safe deposit boxes. Asset value is subject to adjustment by IRS based on individual circumstances. Enter the total amount available for each of the following (if additional space is needed include attachments).

Round to the nearest dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

Cash and Investments (domestic and foreign)

<input type="checkbox"/> Cash <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	
Main Bank	11-111111-11	(1a) \$ 1,208
<input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(1b) \$
Total of bank accounts from attachment		(1c) \$
Add lines (1a) through (1c) minus (\$1,000) =		(1) \$ 208
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Minus Loan Balance	
\$ X .8 = \$	- \$	= (2a) \$
Investment Account: <input type="checkbox"/> Stocks <input type="checkbox"/> Bonds <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Minus Loan Balance	
\$ X .8 = \$	- \$	= (2b) \$
Total investment accounts from attachment. [current market value X.8 minus loan balance(s)]		(2c) \$
Add lines (2a) through (2c) =		(2) \$

Bank Information

This amount should be \$1,000 less than the actual bank account balance(s)

Retirement Account: <input type="checkbox"/> 401K <input checked="" type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Retirement Bank	123-4566789	
Current Market Value	Minus Loan Balance	
\$ 6,429 X .8 = \$ 4,500	- \$ 0	= (3a) \$ 4,500
Retirement Account: <input type="checkbox"/> 401K <input type="checkbox"/> IRA <input type="checkbox"/> Other		
Name of Financial Institution	Account Number	
Current Market Value	Minus Loan Balance	
\$ X .8 = \$	- \$	= (3b) \$
Total of retirement accounts from attachment. [current market value X .8 minus loan balance(s)]		(3c) \$
Add lines (3a) through (3c) =		(3) \$ 4,500
Cash Value of Life Insurance Policies		
Name of Insurance Company	Policy Number	
N/A		
Current Cash Value	Minus Loan Balance	
\$	- \$	= (4a) \$
Total cash value of life insurance policies from attachment. Minus Loan Balance(s)		
\$	- \$	= (4b) \$ 0
Add lines (4a) through (4b) =		(4) \$

Retirement

Taxpayer is approximately 45 years old and not near retirement, thus its current market value reflects half of the IRA's total value

Always put "N/A" with a "0" amount when an item does not apply

Section 3 (Continued)		Personal Asset Information	
Real Estate (Enter information about any house, condo, co-op, time share, etc. that you own or are buying)			
Property Address (Street Address, City, State, ZIP Code) 1234 Memory Lane Anytown, USA 12345	Primary Residence <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Date Purchased 06/15/2012	
County and Country Anytown, USA	Date of Final Payment 06/15/2042		
How title is held (joint tenancy, etc.) Joint tenancy	Description of Property Single family residence		
Current Market Value \$ 850,000	Minus Loan Balance (Mortgages, etc.) X .8 = \$ 680,000	– \$ 678,000	(Total Value of Real Estate) = (5a) \$ 2,000
Property Address (Street Address, City, State, ZIP Code)	Primary Residence <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Date Purchased	
County and Country	Date of Final Payment		
How title is held (joint tenancy, etc.)	Description of Property		
Current Market Value \$	Minus Loan Balance (Mortgages, etc.) X .8 = \$	– \$	(Total Value of Real Estate) = (5b) \$
Total value of property(s) from attachment [current market value X .8 minus any loan balance(s)]			(5c) \$
Add lines (5a) through (5c) =			(5) \$ 2,000

Housing
Small amount of equity in home (note - if the equity is a negative enter "0")

Vehicles (Enter information about any cars, boats, motorcycles, etc. that you own or lease)			
Vehicle Make & Model Nissan Maxima	Year 2014	Date Purchased 01/19/2014	Mileage 31,770
<input type="checkbox"/> Lease <input checked="" type="checkbox"/> Loan	Name of Creditor Nissan Credit	Date of Final Payment 01/19/2019	Monthly Lease/Loan Amount \$350.00
Current Market Value \$ 30,218	Minus Loan Balance (Mortgages, etc.) X .8 = \$ 24,174	– \$ 23,150	Total value of vehicle (if the vehicle is leased, enter 0 as the total value) = (6a) \$ 1,024
Subtract \$3,450 from line (6a) (If line (6a) minus line (6b) is a negative number, enter "0")			(6b) \$ 0
Vehicle Make & Model Ford Edge	Year 2015	Date Purchased 7/19/2015	Mileage 22,060
<input checked="" type="checkbox"/> Lease <input type="checkbox"/> Loan	Name of Creditor Ford Credit	Date of Final Payment 07/19/2019	Monthly Lease/Loan Amount \$471.00
Current Market Value \$ N/A	Minus Loan Balance (Mortgages, etc.) X .8 = \$ N/A	– \$ N/A	Total value of vehicle (if the vehicle is leased, enter 0 as the total value) = (6c) \$ 0
If you are filing a joint offer, subtract \$3,450 from line (6c) (If line (6c) minus line (6d) is a negative number, enter "0")			(6d) \$ 0
Total value of vehicles listed from attachment [current market value X .8 minus any loan balance(s)]			(6e) \$
Total lines (6a) through (6e) =			(6) \$ 0

Vehicles
The taxpayers are allowed \$3,450 in equity per vehicle owned

Section 3 (Continued) Personal Asset Information

Other valuable items (artwork, collections, jewelry, items of value in safe deposit boxes, interest in a company or business that is not publicly traded, etc.)
Note: Do not include clothing, furniture and other personal effects.

Description of asset:			
Fixtures			
Current Market Value	Minus Loan Balance		
\$ 1,375	- \$ 0	= (7a) \$	1,100
Description of asset:			
Jewelry, etc			
Current Market Value	Minus Loan Balance		
\$ 985	- \$ 0	= (7b) \$	788
Total value of valuable items listed from attachment [current market value X .8 minus any loan balance(s)]		(7c) \$	
Add lines (7a) through (7c) =		(7) \$	1,888
Do not include amount on the lines with a letter beside the number. Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line.		Box A Available Individual Equity in Assets	
Add lines (1) through (7) and enter the amount in Box A =		\$	8,596

Other Assets

These amounts should be based upon the quick sale value of assets. Not the retail value

Total assets per form

NOTE: If you or your spouse are self-employed, Sections 4, 5, and 6 must be completed before continuing with Sections 7 and 8.

Section 4 Self-Employed Information

If you or your spouse are self-employed (e.g., files Schedule(s) C, E, F, etc.), complete this section.

Is your business a sole proprietorship? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Address of Business (if other than personal residence)	
Name of Business John Doe Sales			
Business Telephone Number (213) 555 - 1234	Employer Identification Number	Business Website	Trade Name or DBA
Description of Business Sales	Total Number of Employees 0	Frequency of Tax Deposits	Average Gross Monthly Payroll \$
Do you or your spouse have any other business interests? Include any interest in an LLC, LLP, corporation, partnership, etc. <input type="checkbox"/> Yes (Percentage of ownership:) Title: <input checked="" type="checkbox"/> No		Business Address (Street, City, State, ZIP code)	
Business Name		Business Telephone Number () -	Employer Identification Number
Type of business (Select one) <input type="checkbox"/> Partnership <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input type="checkbox"/> Other			

Enter self employment information here

Section 5 Business Asset Information (for Self-Employed)

List business assets such as bank accounts, tools, books, machinery, equipment, business vehicles and real property that is owned/leased/rented. If additional space is needed, attach a list of items. Do not include personal assets listed in Section 3.

Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

<input type="checkbox"/> Cash <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name Business Bank	Account Number 22-222222	(8a) \$ 227
<input type="checkbox"/> Cash <input type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market/CD <input type="checkbox"/> Online Account <input type="checkbox"/> Stored Value Card		
Bank Name	Account Number	(8b) \$
Total bank accounts from attachment		(8c) \$

Section 5 (Continued) Business Asset Information (for Self-Employed)	
Description of asset: Computer	
Current Market Value \$ 1,500 X .8 = \$ 1,200	Minus Loan Balance - \$ 0
<i>(if leased or used in the production of income, enter 0 as the total value)</i>	
= (9a) \$ 1,200	
Description of asset: Sales books	
Current Market Value \$ 430 X .8 = \$ 344	Minus Loan Balance - \$ 0
<i>(if leased or used in the production of income, enter 0 as the total value)</i>	
= (9b) \$ 344	
Total value of assets listed from attachment [current market value X .8 minus any loan balance(s)]	
= (9c) \$ 1,544	
Add lines (9a) through (9c) = (9) \$ 1,544	
IRS allowed deduction for professional books and tools of trade = (10) \$ 4,560	
Enter the value of line (9) minus line (10). If less than zero enter zero. = (11) \$ 0	
Notes Receivable Do you have notes receivable? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, attach current listing that includes name(s) and amount of note(s) receivable.	
Accounts Receivable Do you have accounts receivable, including e-payment, factoring companies, and any bartering or online auction accounts? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, you may be asked to provide a list of your account(s) receivable.	
Do not include amounts from the lines with a letter beside the number [for example: (9c)]. Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line.	
Add lines (8) and (11) and enter the amount in Box B = \$ 227	

Business Assets

IRS allows a deduction for professional books and tools of the trade.

Items on this page are for currently self-employed individuals. If a business is entering into an OIC they would use form 433B (OIC)

Section 6 Business Income and Expense Information (for Self-Employed)

If you provide a current profit and loss (P&L) statement for the information below, enter the total gross monthly income on line 17 and your monthly expenses on line 29 below. Do not complete lines (12) - (16) and (18) - (28). You may use the amounts claimed for income and expenses on your most recent Schedule C; however, if the amount has changed significantly within the past year, a current P&L should be submitted to substantiate the claim.

Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative number, enter "0".

Business Income (You may average 6-12 months income/receipts to determine your Gross monthly income/receipts.)	
Gross receipts	(12) \$ 10,851
Gross rental income	(13) \$
Interest income	(14) \$
Dividends	(15) \$
Other income	(16) \$
Add lines (12) through (16) = (17) \$ 10,851	
Business Expenses (You may average 6-12 months expenses to determine your average expenses.)	
Materials purchased (e.g., items directly related to the production of a product or service)	(18) \$
Inventory purchased (e.g., goods bought for resale)	(19) \$
Gross wages and salaries	(20) \$
Rent	(21) \$
Supplies (items used to conduct business and used up within one year, e.g., books, office supplies, professional equipment, etc.)	(22) \$ 1,865
Utilities/telephones	(23) \$ 137
Vehicle costs (gas, oil, repairs, maintenance)	(24) \$
Business Insurance	(25) \$ 187
Current Business Taxes (e.g., Real estate, excise, franchise, occupational, personal property, sales and employer's portion of employment taxes)	(26) \$
Secured debts (not credit cards)	(27) \$
Other business expenses (include a list)	(28) \$
Add lines (18) through (28) = (29) \$ 2,189	
Round to the nearest whole dollar.	
Subtract line (29) from line (17) and enter the amount in Box C = \$ 8,662	

Business P&L

Place self-employment income and expenses here

Section 7 Monthly Household Income and Expense Information

Enter your household's gross monthly income. The information below is for yourself, your spouse, and anyone else who contributes to your household's income. The entire household includes spouse, non-liable spouse, significant other, children, and others who contribute to the household. This is necessary for the IRS to accurately evaluate your offer.

Monthly Household Income

Round to the nearest whole dollar.

Primary taxpayer					
Wages	Social Security	Pension(s)	Other Income (e.g. unemployment)	Total primary taxpayer income =	(30) \$
\$ _____	+ \$ _____	+ \$ _____	+ \$ _____		
Spouse					
Wages	Social Security	Pension(s)	Other Income (e.g. unemployment)	Total spouse income =	(31) \$
\$4,765	+ \$ _____	+ \$ _____	+ \$ _____		4,768
Additional sources of income used to support the household, e.g., non-liable spouse, or anyone else who may contribute to the household income, etc.					(32) \$
Interest and dividends					(33) \$
Distributions (e.g., income from partnerships, sub-S Corporations, etc.)					(34) \$
Net rental income					(35) \$
Net business income from Box C					(36) \$
					8,662
Child support received					(37) \$
Alimony received					(38) \$
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line. Add lines (30) through (38) and enter the amount in Box D =					Box D Total Household Income \$
					13,430

Household Income
Enter the total household gross income here

Monthly Household Expenses

Enter your average monthly expenses.

Note: For expenses claimed in boxes (39) and (45) only, you should list the full amount of the allowable standard even if the actual amount you pay is less. You may find the allowable standards at <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Collection-Financial-Standards>.

Round to the nearest whole dollar.

Food, clothing, and miscellaneous (e.g., housekeeping supplies, personal care products, minimum payment on credit card). A reasonable estimate of these expenses may be used.	(39) \$	1,509
Housing and utilities (e.g., rent or mortgage payment and average monthly cost of property taxes, home insurance, maintenance, dues, fees and utilities including electricity, gas, other fuels, trash collection, water, cable television and internet, telephone, and cell phone).	(40) \$	2,961
Vehicle loan and/or lease payment(s)	(41) \$	821
Vehicle operating costs (e.g., average monthly cost of maintenance, repairs, insurance, fuel, registrations, licenses, inspections, parking, tolls, etc.). A reasonable estimate of these expenses may be used.	(42) \$	532
Public transportation costs (e.g., average monthly cost of fares for mass transit such as bus, train, ferry, taxi, etc.). A reasonable estimate of these expenses may be used.	(43) \$	
Health insurance premiums	(44) \$	1,012
Out-of-pocket health care costs (e.g. average monthly cost of prescription drugs, medical services, and medical supplies like eyeglasses, hearing aids, etc.)	(45) \$	216
Court-ordered payments (e.g., monthly cost of any alimony, child support, etc.)	(46) \$	
Child/dependent care payments (e.g., daycare, etc.)	(47) \$	219
Life insurance premiums	(48) \$	135
Current monthly taxes (e.g., monthly cost of federal, state, and local tax, personal property tax, etc.)	(49) \$	5,604

Household Expenses
Food/clothing/misc., vehicle operating costs and out-of-pocket health costs are based upon IRS standards. No substantiation is required for these items

Taxpayers' actual housing and utilities cost is \$300 more than the IRS standard at \$3,261

Section 7 Monthly Household Income and Expense Information (Continued)

Secured debts (e.g., any loan where you pledged an asset as collateral not previously listed, government guaranteed Student Loan)	(50) \$
Enter the amount of your monthly delinquent State and/or Local Tax payment(s)	(51) \$
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line. Add lines (39) through (51) and enter the amount in Box E =	Box E Total Household Expenses \$ 13,009
Round to the nearest whole dollar. Do not enter a negative number. If any line item is a negative, enter "0" on that line. Subtract Box E from Box D and enter the amount in Box F =	Box F Remaining Monthly Income \$ 421

Section 8 Calculate Your Minimum Offer Amount

The next steps calculate your minimum offer amount. The amount of time you take to pay your offer in full will affect your minimum offer amount. Paying over a shorter period of time will result in a smaller minimum offer amount.

Round to the nearest whole dollar.

If you will pay your offer in 5 or fewer payments within 5 months or less, multiply "Remaining Monthly Income" (Box F) by 12 to get "Future Remaining Income" (Box G). Do not enter a number less than \$0.

Enter the total from Box F \$ 421	X 12 =	Box G Future Remaining Income \$ 5,052
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If you will pay your offer in 6 to 24 months, multiply "Remaining Monthly Income" (Box F) by 24 to get "Future Remaining Income" (Box H). Do not enter a number less than \$0.

Enter the total from Box F \$ 421	X 24 =	Box H Future Remaining Income \$ 10,104
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Determine your minimum offer amount by adding the total available assets from Box A and Box B (if applicable) to the amount in either Box G or Box H.

Enter the amount from Box A plus Box B (if applicable) \$ 8,823	+	Enter the amount from either Box G or Box H \$ 5,052	=	Offer Amount Your offer must be more than zero (\$0). Do not leave blank. Use whole dollars only. \$ 13,875
--	---	---	---	--

If you cannot pay the Offer Amount shown above due to special circumstances, explain on the Form 656, Offer in Compromise, Section 1, Low Income Certification. You must offer an amount more than \$0.

Offer Calculation

Monthly disposable income equals gross income minus allowable expenses

It rarely makes sense to choose the 24-month option

The proposed offer amount based upon 12 times disposable income plus the quick-sale value of assets.

Section 9 Other Information

Additional information IRS needs to consider settlement of your tax debt. If you or your business are currently in a bankruptcy proceeding, you are not eligible to apply for an offer.

Are you the beneficiary of a trust, estate, or life insurance policy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Are you currently in bankruptcy? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Have you filed bankruptcy in the past 10 years? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Discharge/Dismissal Date (mm/dd/yyyy)	Location Filed	
Are you or have you been party to a lawsuit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, date the lawsuit was resolved: (mm/dd/yyyy)		
In the past 10 years, have you transferred any assets for less than their full value? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, date the asset was transferred: (mm/dd/yyyy)		
Have you lived outside the U.S. for 6 months or longer in the past 10 years? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Do you have any funds being held in trust by a third party? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, how much \$ Where:		

Other Information

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Section 10 Signatures

Under penalties of perjury, I declare that I have examined this offer, including accompanying documents, and to the best of my knowledge it is true, correct, and complete.

Signature of Taxpayer	Date (mm/dd/yyyy)
Signature of Taxpayer	Date (mm/dd/yyyy)

Remember to include all applicable attachments listed below.

- Copies of the most recent pay stub, earnings statement, etc., from each employer
- Copies of the most recent statement for each investment and retirement account
- Copies of the most recent statement, etc., from all other sources of income such as pensions, Social Security, rental income, interest and dividends (including any received from a related partnership, corporation, LLC, LLP, etc.), court order for child support, alimony, and rent subsidies
- Copies of bank statements for the three most recent months
- Copies of the most recent statement from lender(s) on loans such as mortgages, second mortgages, vehicles, etc., showing monthly payments, loan payoffs, and balances
- List of Notes Receivable, if applicable
- Verification of State/Local Tax Liability, if applicable
- Documentation to support any special circumstances described in the "Explanation of Circumstances" on Form 656, if applicable
- Attach a Form 2848, *Power of Attorney*, if you would like your attorney, CPA, or enrolled agent to represent you and you do not have a current form on file with the IRS.

Checklist
Be sure to include all items as requested on the form that apply to your client

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Visit
www.taxresolutioninstitute.org/forms
to access the most
current version of these forms

Polling Question 7

Have you ever lost a client because of
an IRS collection issue?

(800) 658-7590

www.taxresolutioninstitute.org

Offer in Compromise
Success Stories...

IRS Offer in Compromise

Amount Owed: \$4,240,000

Department of the Treasury
INTERNAL REVENUE SERVICE
JMC-Stop 480
20 West 2nd St
Memphis, TN 38130-0834

Date of this Letter: 6/24/2007
Person to Contact: Beverly Robinson
Robinson Employee #: 43-02064
Phone: (901)440-4809
Taxpayer ID: [REDACTED]
Offer Number: 1006403939

Dear Mr. & Mrs. [REDACTED]:

We have accepted your offer in compromise signed [REDACTED] by you on 06/11/2007. The date of acceptance is the date of this letter and our acceptance is subject to the terms and conditions on the enclosed Form 656, Offer in Compromise.

Please note that the conditions of the offer require you to file and pay all required taxes for five tax years or the period of time payments are being made on the offer, whichever is longer. This will begin on the date shown in the offer at the top right hand corner of this letter.

Additionally, please note that the conditions of the offer include the provision that you must file and pay any additional consideration for the offer, we will retain any refund credits that you may be entitled to receive for 2007 or for any subsequent years. This includes refunds you receive in 2008 for any overpayments you made toward tax year 2007 or toward earlier tax years. The Notice of Federal Tax Lien will be released when the offer amount is paid in full.

If you are required to make any payments under this agreement, make your check or money order payable to the United States Treasury and send it to:

Internal Revenue Service
P.O. Box 24015
Tresno, CA 95379

Please send all other correspondence to:

Internal Revenue Service PO
Box 77 Memphis, TN 38101-0077

You must promptly notify the Internal Revenue Service of any change in your address of marital status. This will ensure we have the proper address to advise you of the status of your offer.

continued on next page

Compromised for \$5,000

IRS Offer in Compromise

Owed \$177,942

Department of the Treasury
Internal Revenue Service
Brookhaven Service Center
P.O. Box 9011 Stop 681
Holtzville, NY 11742

Date of this Letter: DEC 21 2015
Person to Contact: [REDACTED]
Employee #: [REDACTED]
Phone: [REDACTED]
08:00am-08:00pm Mon-Fri
Taxpayer ID#: [REDACTED]-6442
Offer Number: 1001275119

Dear [REDACTED]:

We have accepted the offer in compromise you signed and dated on 09/28/2015. The acceptance date is the date of this letter and our acceptance is subject to the terms and conditions on the enclosed Form 656, Offer in Compromise.

We applied \$1,300.80 as payment toward your debt. The last payment we received was for \$1,202.40 on 09/28/2015. The conditions of the offer require you to file and pay all required taxes for five tax years (including any extensions). This requirement begins on the date shown in the offer.

Under the conditions of the offer, we will keep any refunds or credits you may be entitled to receive for 2015 or for earlier tax years, including refunded tax year 2015 or earlier tax years. We will apply any refund or credits to your liability, not to your account. We filed a Notice of Federal Tax Lien against you, we will release it when you pay the offer in full. If you make the final payments by credit or debit card, we won't be able to release the Notice of Federal Tax Lien for up to 120 days from the date of the credit or debit payment.

If you are required to make any payments under this agreement, make your check or money order payable to the United States Treasury and send it to:

Internal Revenue Service
P.O. Box 24015
Tresno, CA 95379

Please send all other correspondence to:

Internal Revenue Service
PO Box 9006
Holtzville, NY 11742-9006

continued on next page

Compromised for \$6,504

California FTB Offer in Compromise



Owed \$462,011

12.19.2008
Stephan & Stain, Inc., CPAs
Peter Stephan
21700 Orland Street, Suite 1160
Woodland Hills CA 91367

In Reply Refer To:
622-081-756

Subject: Offer in Compromise
Taxpayer: [REDACTED]
Account Number: 110 94253 02
Tax Years: 1994-1997,2000,2004
Liability: \$462,011.52
Offer: \$13,000.00

Dear Mr. Stephan,

The Franchise Tax Board has accepted your offer in compromise for the liability owed for the 1994-1997,2000, and 2004 tax years. Your offer shall serve as their confirmation of acceptance and should be retained in their records.

We have made adjustments to their account and have released all liens. Copies of the lien releases are enclosed.

Please note that pursuant to Revenue and Taxation Code Section 19443, the terms and conditions for acceptance of an offer include, but are not limited to, requirements that he:

- A. File required returns and pay all tax liabilities in a timely manner in the future.
- B. Comply with all terms and conditions relative to the offer, including the requirements of any collateral agreement signed in consideration of acceptance of this offer. If you are required to make any payments pursuant to a collateral agreement, please make the check or money order payable to the Franchise Tax Board and send it to:

FRANCHISE TAX BOARD
Office in Compromise Group, MS A-433
P. O. Box 2966
Rancho Cordova, CA 95741-2966

Compromised for \$13,000

IRS Offer in Compromise

Owed: \$45,681

Department of the Treasury
INTERNAL REVENUE SERVICE
AMC-Stop 880
PO Box 30834
Memphis, TN 38130-0834

Date of this Letter: MAR 7, 2013

Person to Contact: Beverly
Robinson Employee
#:49-02054
Phone#: (901)546-4803 EXT.
6:00AM-2:30PM Mon-Fri

Taxpayer ID#: [REDACTED]
Offer
Number:1001040033

Dear [REDACTED],

We have accepted your offer in compromise signed and dated by you on 01/07/2013. The date of acceptance is the date of this letter and our acceptance is subject to the terms and conditions on the attached Form 656, Offer in Compromise.

Please note that the conditions of the offer require you to file and pay all required taxes for five tax years or the period of time payments are being made on the offer, whichever is longer. This will begin on the date shown in the upper right hand corner of this letter.

Additionally, please remember that the conditions of the offer include the provision that as additional consideration for the offer, we will retain any refunds or credits that you may be entitled to receive for 2013 or for earlier tax years. This includes refunds you receive in 2014 for any overpayments made toward tax year 2013 or toward earlier tax years. These refunds or credits will be applied to your liability, not to your remaining offer amount. If a Notice of Federal Tax Lien was filed on your account, it will be released when the offer amount is paid in full. If the final payment is by credit or debit card, the Notice of Federal Tax Lien will not be released for up to 120 days from the date of your credit/debit payment.

If you are required to make any payments under this agreement, make your check or money order payable to the United States Treasury and send it to:

Internal Revenue
Service P.O. Box 24015
Fresno, CA 93779

Please send all other correspondence to:

Internal Revenue Service
PO Box 77
Memphis, TN 38101-0077

continued on next page

Compromised for \$45,681

Case Study 2 Offer in Compromise (part 2) IRS Form 656

Find us on the web at www.taxresolutioninstitute.org

Form 656 (Rev. February 2016)		Department of the Treasury — Internal Revenue Service Offer in Compromise	
To: Commissioner of Internal Revenue Service			
In the following agreement, the pronoun "we" may be assumed in place of "I" when there are joint liabilities and both parties are signing this agreement. I submit this offer to compromise the tax liabilities plus any interest, penalties, additions to tax, and additional amounts required by law for the tax type and period(s) marked in Section 1 or Section 2 below.			
Did you use the Pre-Qualifier tool located on our website at http://irs.treasury.gov/olc_pre_qualifier/ prior to filling out this form? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Note: The use of the Pre-Qualifier tool is not mandatory before sending in your offer. However, it is recommended.			
Include the \$186 application fee and initial payment (personal check, cashier's check, or money order) with your Form 656. You must also include the completed Form 433-A (OIC) and/or 433-B (OIC) and supporting documentation. You should fill out either Section 1 or Section 2, but not both, depending on the tax debt you are offering to compromise.			
Section 1		Individual Information (Form 1040 filers)	
If you are a 1040 filer, an individual with personal liability for Excise tax, individual responsible for Trust Fund Recovery Penalty, self-employed individual, individual personally responsible for partnership liabilities, and/or an individual who operates as a single member LLC or a disregarded entity taxed as an sole proprietorship you should fill out Section 1. You must also include all required documentation including the Form 433-A (OIC), the \$186 application fee, and initial payment.			
Your First Name, Middle Initial, Last Name	Social Security Number (SSN)	IRS Received Date	
John Doe	123 - 45 - 6789		
If a Joint Offer, Spouse's First Name, Middle Initial, Last Name	Social Security Number (SSN)		
Jane Doe	987 - 65 - 4321		
Your Physical Home Address (Street, City, State, ZIP Code) 1234 Memory Lane Anytown, USA 12345			
Mailing Address (if different from above or Post Office Box number)			
Employer Identification Number			

Enter general client information here

Individual Tax Periods

If Your Offer is for Individual Tax Debt Only

1040 Income Tax- Year(s) 2011, 2012, 2013, 2014, 2015

Trust Fund Recovery Penalty as a responsible person of (enter business name) _____
for failure to pay withholding and Federal Insurance Contributions Act taxes (Social Security taxes), for period(s) ending _____

941 Employer's Quarterly Federal Tax Return - Quarterly period(s) _____

940 Employer's Annual Federal Unemployment (FUTA) Tax Return - Year(s) _____

Other Federal Tax(es) [specify type(s) and period(s)] _____

Note: If you need more space, use attachment and title it "Attachment to Form 656 dated _____." Make sure to sign and date the attachment.

Tax Periods

Choose the type of tax owed and enter ALL applicable years or periods.
Any year or period left out will not be included if the offer is accepted

Low-Income Certification (Individuals and Sole Proprietors Only)

Do you qualify for Low-Income Certification? You qualify if your gross monthly household income is less than or equal to the amount shown in the chart below based on your family size and where you live. If you qualify, you are not required to submit any payments during the consideration of your offer. Businesses other than sole proprietors or disregarded single member LLCs taxed as a sole proprietor do not qualify for the low income waiver.

Check this box if your household's gross monthly income is equal to or less than the monthly income shown in the table below.

Size of family unit	48 contiguous states and D.C.	Hawaii	Alaska
1	\$2,475	\$2,848	\$3,092
2	\$3,338	\$3,840	\$4,171
3	\$4,200	\$4,831	\$5,250
4	\$5,063	\$5,823	\$6,329
5	\$5,925	\$6,815	\$7,408
6	\$6,788	\$7,806	\$8,488
7	\$7,652	\$8,798	\$9,567
8	\$8,519	\$9,794	\$10,650
For each additional person, add	\$867	\$996	\$1,083

This section is for low income applicants

Section 2 Business Information (Form 1120, 1065, etc., filers)

If your business is a Corporation, Partnership, LLC, or LLP and you want to compromise those tax debts, you must complete this section. You must also include all required documentation including the Form 433-B (OIC), and a separate \$186 application fee, and initial payment.

Business Name _____
 Business Address (Street, City, State, ZIP Code) _____
 Employer Identification Number (EIN) _____ Name and Title of Primary Contact _____ Telephone Number _____

Business Tax Periods
If Your Offer is for Business Tax Debt Only

1120 Income Tax-Year(s) _____
 941 Employer's Quarterly Federal Tax Return - Quarterly period(s) _____
 940 Employer's Annual Federal Unemployment (FUTA) Tax Return - Year(s) _____
 Other Federal Tax(es) [specify type(s) and period(s)] _____

Note: If you need more space, use attachment and title it "Attachment to Form 656 dated _____." Make sure to sign and date the attachment.

Section 3 Reason for Offer

Doubt as to Collectibility - I have insufficient assets and income to pay the full amount.
 Exceptional Circumstances (Effective Tax Administration) - I owe this amount and have sufficient assets to pay the full amount, but due to my exceptional circumstances, requiring full payment would cause an economic hardship or would be unfair and inequitable. I am submitting a written narrative explaining my circumstances.

Explanation of Circumstances (Add additional pages, if needed. The IRS understands that there are unplanned events or special circumstances, such as serious illness, which prevent the full amount of the minimum offer amount might impair your ability to provide for you and your family. If this is the case, you can provide documentation to prove your situation, then your offer may be accepted despite your financial profile. Describe your situation below and attach appropriate documents to this offer application.)

I am a self employed salesperson who experienced hardship due to a downturn in the economy. Things have improved slightly and my wife and I are now able to cover our monthly living expenses. However, based upon our current situation, we would like to settle our tax debt and request that the past liability be compromised.

If a business is entering into an OIC they would enter ALL applicable years or periods. Any year or period left out will not be included if the offer is accepted.

Offer Reason

Choose why the offer is being submitted. Below include a written explanation. You can include an addendum if you need more room

Section 4 Payment Terms

Check one of the payment options below to indicate how long it will take you to pay your offer in full. You must offer more than \$0. The offer amount should be in whole dollars only.

Lump Sum Cash

Check here if you will pay your offer in 5 or fewer payments within 5 or fewer months from the date of acceptance:
 Enclose a check for 20% of the offer amount (waived if you are an individual or sole proprietor and met the requirements for Low Income Certification) and fill in the amount(s) of your future payment(s).

Total Offer Amount	20% Initial Payment	=	Remaining Balance
\$ 13,875	\$ 2,775	=	\$ 11,100
You may pay the remaining balance in one payment after acceptance of the offer or up to five payments, but cannot exceed 5 months.			
Amount of payment \$	2,220	payable within	1 Month after acceptance
Amount of payment \$	2,220	payable within	2 Months after acceptance
Amount of payment \$	2,220	payable within	3 Months after acceptance
Amount of payment \$	2,220	payable within	4 Months after acceptance
Amount of payment \$	2,220	payable within	5 Months after acceptance

Periodic Payment

Check here if you will pay your offer in full in 6 to 24 months.
 Enter the amount of your offer \$ _____

Note: The total amount must equal all of the proposed payments including the first and last payments.

Enclose a check for the first month's payment.

\$ _____ is included with this offer then \$ _____ will be sent in on the _____ day of each month thereafter for a total of _____ months with a final payment of \$ _____ to be paid on the _____ day of the _____ month.

Note: The total months may not exceed a total of 24 months, including the first payment. Your first payment is considered to be month 1; therefore, the remainder of the payments must be made within 23 months for a total of 24.

You must continue to make these monthly payments while the IRS is considering the offer (waived if you met the requirements for Low Income Certification). Failure to make regular monthly payments will cause your offer to be returned with no appeal rights.

IRS Use Only

Attached is an addendum dated (insert date) _____ setting forth the amended offer amount and payment terms.

Payment Terms

This amount is carried over from the 433A (OIC)

Section 5 Designation of Payment and Deposit

Designation of Payment

If you want your payment to be applied to a specific tax year and a specific tax debt, such as a Trust Fund Recovery Penalty, please tell us the tax year/quarter _____. If you do not designate a preference, we will apply any money you send to the government's best interest. If you wish to designate any payments not included with this offer, you must designate a preference for each payment at the time the payment is made. However, you cannot designate the \$186 application fee or any payment after the IRS accepts the offer.

Deposit

If you are paying more than the initial payment when you submit your offer and want any part of that payment treated as a deposit, check the box below and insert the amount. Deposits will be returned to you if the offer is rejected, returned, or withdrawn, unless you provide a request in writing that you want your payment(s) to be applied to your tax debt.

My payment of \$ _____ includes the \$186 application fee and \$ _____ for my first month's payment. I am requesting the additional amount of \$ _____ be held as a deposit.

CAUTION: Do NOT designate the amounts sent in with your offer to cover the initial payment and application fee as "deposits." Doing so will result in the return of your offer with no right to appeal.

Payment Designation

We recommend you leave this portion blank

Section 6 Source of Funds, Making Your Payment, Filing Requirements, and Tax Payment Requirements

Source of Funds

Tell us where you will obtain the funds to pay your offer. You may consider borrowing from friends and/or family, taking out a loan, or selling assets.

We will borrow the amount necessary to pay for the offer in compromise from family and friends.

Making Your Payment

Include separate checks for the payment and application fee.

Make checks payable to the "United States Treasury" and attach to the front of your Form 656, Offer in Compromise. All payments must be in U.S. dollars. Do not send cash. Send a separate application fee with each offer; do not combine it with any other tax payments, as this may delay processing of your offer. Your offer will be returned to you if the application fee and the required payment are not included, or if your check is returned for insufficient funds.

Filing Requirements

- I have filed all required tax returns.
- I was not required to file a tax return for the following years: _____

Tax Payment Requirements (check all that apply)

- I have made all required estimated tax payments for the current tax year.
- I am not required to make any estimated tax payments for the current tax year.
- I have made all required federal tax deposits for the current quarter.
- I am not required to make any federal tax deposits for the current quarter.

Source of Funds

This is where you explain from where the funds to pay the offer will come

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Visit
www.taxresolutionintitute.org/forms
to access the most
current version of these forms

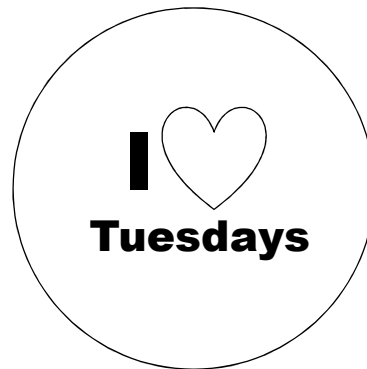
103

Polling Question 8

Would you benefit from a no cost monthly forum to have
you tax resolution questions answered?

TRI Tax Tuesdays...

- Free Courses
- Practitioner's Forum
- Featured Courses
- Discounts



Visit www.taxresolutioninstitute.org/courses to see upcoming offers...

More Offer in Compromise Success Stories...

IRS Offer in Compromise

Owed: \$66,362

Department of the Treasury
INTERNAL REVENUE SERVICE
PO BOX 77
MEMPHIS, TN 38101

Date of this Letter: APR 19 2011
Person to Contact:
Rhonda Paige
Employee #: 49-13106
Phone#: (901) 546-4157 EXT
Taxpayer ID#: [REDACTED]
Offer Number: 1000846498

Dear Ms. [REDACTED],

Thank you for your payment. You have met the payment provisions for your Offer in Compromise contract. Please remember that we will apply any overpayments from the year we accepted your Offer in Compromise to the tax periods specified in your offer contract.

REMINDER: Compliance is an important part of your Offer in Compromise contract. You must file and pay your taxes timely for five years following the date we accepted the offer or during an extended payment offer payment period, whichever is later. If you do not comply, we will terminate your offer and reinstate the original amount of your liability, less payments made.

If you write, please include your telephone number, the hours we can reach you, and a copy of this letter. Keep a copy of this letter for your records. We have enclosed an envelope for your convenience.

If you have any questions, please contact the person whose name and telephone number are shown in the upper right hand corner of this letter.

Sincerely,

Beverly Y. Robinson Team
Manager, MOIC

Compromised for \$3464

California State Board of Equalization Offer in Compromise

Owed \$118,379

STATE OF CALIFORNIA
STATE BOARD OF EQUALIZATION
400 N STREET, SACRAMENTO, CALIFORNIA 95833-0002
916 322-7271 • FAX 916 322-7240
WWW.SBOE.CA.GOV

September 13, 2013



BETTY T. LEE
Five-Digit Box Number
MRS. DEBORAH BLUMBERG (MAIL)
THIRD-DIGIT BOX NUMBER
MICHELLE STEEL
Third-Digit Box Number
JEROME E. HORTON
Fourth-Digit Box Number
JOHN CHAMBERLAIN
Fifth-Digit Box Number
CYNTHIA BRIDGES
Executive Director

[REDACTED]

The Offer in Compromise Section (OIC) of the Board of Equalization (BOE) has reviewed your request for an offer in compromise on your current sales tax liability of \$118,379.57.

We will forward our recommendation for approval of your offer once we receive a cashier's check or money order for the offered amount of \$32,727.00. The funds should be mailed to the address listed below with a copy of this letter on or before Friday, September 27, 2013. The BOE will place the funds in a non-interest bearing account pending approval of the offer.

MAILING ADDRESS
State Board of Equalization
Offer in Compromise Section
200 N Street, M/C: 32
Sacramento, CA 95814

If for some reason your offer is denied, you have the option of having the funds refunded or applied to the tax liability. Please select an option below:

- Retain any amount deposited and credit it to the current tax liability.
- Return the amount deposited.

If you have any additional questions or concerns, please contact me at (916) 322-1984.

Sincerely,
Adriane D. Sessa
Adriane D. Sessa
Business Taxes Specialist

Compromised for \$34,727

New York State Offer in Compromise

NY State Offer in Compromise



New York State Department of
Taxation and Finance
Offer in Compromise Unit
P.O. Box 9100
Albany, New York 12255-0100

October 18, 2013

Amount Owed: \$81,760

Norman Kreisman
21700 Oxnard Street, Suite 1160
Woodland Hills, CA 91367

RE: Offer in Compromise - [REDACTED]

Dear Mr. Kreisman:

I am pleased to inform you that the Department of Taxation and Finance has accepted your client's offer in compromise contingent upon full payment of the agreed upon amount.

Upon receipt of the sum of \$26,276.65, which includes the agreed upon offered amount of \$24,000.00 plus \$2,276.65 in accrued interest, the balances of the delinquent liabilities will be canceled and any warrants docketed will be satisfied. The delinquent liabilities included in the Offer in Compromise are as follows:

Tax Type	Period Ending Date	Assessment Identification Number
Personal Income	12/31/2004	L036665293-6
Personal Income	12/31/2005	L036665294-5
Personal Income	12/31/2006	L036665293-4
Personal Income	12/31/2007	L036665296-3
Personal Income	12/31/2008	L036491940-9
Personal Income	12/31/2010	L036551350-4
Personal Income	12/31/2011	L038199659-2
Personal Income	12/31/2012	L039109773-5

The \$26,276.65 is payable as follows: a \$5,000.00 down payment due within 60 days of this letter, plus 26 monthly payments of \$591.02 due the 15th of each month, starting February 15, 2013.

Compromised for \$26,277

Tips & Traps

Offers in Compromise

- It can take up to two years for an Offer to be accepted or rejected. By IRS definition an Offer is deemed accepted if no answer is given within the 2-year period. The Tax Resolution Institute has yet to see an Offer be accepted based upon this rule.
- A typical Offer takes 12-18 months to be accepted.
 - It can take up to 6 months for an Offer just to be deemed processable.
 - If an Offer is not processable, the taxpayer must correct the items that deem it non-processable and resubmit the Offer.
 - The chance of having an Offer accepted is much lower than the chance of entering into a manageable installment agreement.
- There is a 10-year statute of limitation for the IRS to actively collect against a tax assessment. Submitting an Offer freezes the statute for the time the Offer is under consideration plus a time period following if the Offer is rejected or accepted and then the taxpayer defaults on the Offer.
- If a taxpayer is near the end of their collection statute, it may make sense to forgo an Offer and request an installment agreement based upon hardship.
- Acceptance of an Offer is based upon a taxpayer's ability to pay over the life of the statute of limitations on collection. Just because a taxpayer is unable to pay at the time an Offer is submitted, does not mean that their situation will not improve within the 10-year collection period. One example of this may be a realtor in a down market or a Lawyer that has been laid off by previously earned a significant salary.
- A taxpayer must stay in compliance for 5 years after an Offer has been accepted. If they default on the Offer, the original liability, penalties and interest are placed back on the taxpayer's account and they will again be exposed to collection.
- A taxpayer is often required to resubmit financial substantiation within the time period an Offer is being considered.
- The IRS will often negotiate certain parts of an Offer in lieu of rejecting an Offer outright.
- When an Offer is rejected, the IRS' reason is almost always that the taxpayer has the ability to full-pay their liability within the collection statute.
- The amount to be paid for an Offer is formula based. That is 12 or 24 times one's monthly disposable income plus the quick-sale value of their assets. Some people, in planning for an Offer may try and sell, give away or transfer their assets in order to lower the Offer amount. If this is done solely with the intention of lowering one's Offer amount or done within a certain period of time prior to submission of the Offer, the asset in question may still be included in the Offer calculation by the IRS. For example, if a person refinances their home to pay off credit card debt, the IRS may include the cash taken out of the refinance as a dissipated asset for Offer purposes. Their contention is that Federal taxes should be paid prior to credit card companies.
- When entering bank balances on Form 433-A (OIC) it is prudent to put the ending balance of the most current bank statement if the amount is relatively low. If not include the lowest average daily balance within the three-month period of the statements being submitted.



Find these tips and other valuable materials on the web at www.taxresolutioninstitute.org/250A tab or by emailing us at info@taxresolutioninstitute.com

A brief message from the Tax Resolution Institute

Back by popular demand...

Low Hanging Fruit

How to make "real" money in the next 12 months

Solving income tax collection issues *(review)*

Solving Income Tax Issues

5 most common methods:

- Installment agreement
- Currently Not Collectible (“CNC”) Status
- Partial-pay installment agreement (“PPIA”)
- Offer in compromise (“OIC”)
- Discharging taxes in bankruptcy

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Low Hanging Fruit #1

Streamlined Installment Agreements

Earn \$1,000 - \$2,500 each

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Solving payroll tax collection issues

(review)

Payroll Taxes

- “Borrowing” from the Government
- Section 6672 of the tax code makes individuals personally liable
- The withheld amounts constitute a “fund” one holds in “Trust” for the government.

Components of Payroll Taxes

Comprised of:

- Trust fund portion (employee withholdings including taxes, Social Security and Medicare)
- Non trust fund portion
- Interest (compounded daily)
- Penalties

Payroll taxes are not Dischargeable in Bankruptcy

Trust Fund portion is assessed personally to Responsible Person/s

US Code § 6672 (IRM 8.25.1)

A person will be held personally liable for the withheld taxes if...

- They are responsible for its collection and payment
- Their failure to collect the tax and pay it over is “willful”

Solving Payroll Tax Issues

4 most common methods:

- Installment agreement
- Partial-pay installment agreement (PPIA)
- In-business offer in compromise (“OIC”)
- Hybrid Bulk-Sale and OIC

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Low Hanging Fruit #2

Represent your client in a Trust Fund
Recovery Penalty 4180 interview

Earn \$4,000 - \$6,000 each

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Low Hanging Fruit #3

Status 63 – keep the Trust Fund recovery
penalty from hitting you client's credit

Earn \$1,000/hr

Summary of Low Hanging Fruit

- Streamlined installment agreements
- Represent your client in a Trust Fund Recovery Penalty 4180 interview
- Status 63 – keep the Trust Fund recovery penalty from hitting you client's credit
- More coming tomorrow...

“Sell knowledge not time...”

Polling Question 9

Do you charge a standard rate or fixed fee regardless of what your client expects to pay?

Marketing *for Professionals*

Today's Marketing Speaker



Matthew Cohen
Chief Strategy Officer
Tax Resolution Institute

(800) 658-7590

www.taxresolutioninstitute.org

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Why Market?

The foundation of business
success lies in marketing



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Marketing

Question 1

How do you currently get your business?

128

Marketing

The #1 response...

word of mouth

129

Marketing

YOU CAN'T RELY SOLELY ON
REFERRALS TO FILL YOUR PIPELINE

Why Market

CPA work – Seasonal

EA work – Seasonal

Legal work (attorneys) - Transactional

Why Market

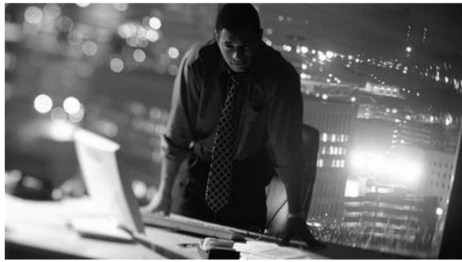
Break out of the “bipolar” cycle
of extreme up’s
and down’s



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Why Market

Instead of working day and night...



some of the time

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Why Market

Work at a comfortable pace



all year long!

Marketing

Where is your next case coming from?

Let's bring clients...
right to your doorstep



YOU NEED A SYSTEM

What system is right for you?

- Easy to use
- Provides results right away
- Investment of a minimum amount of time

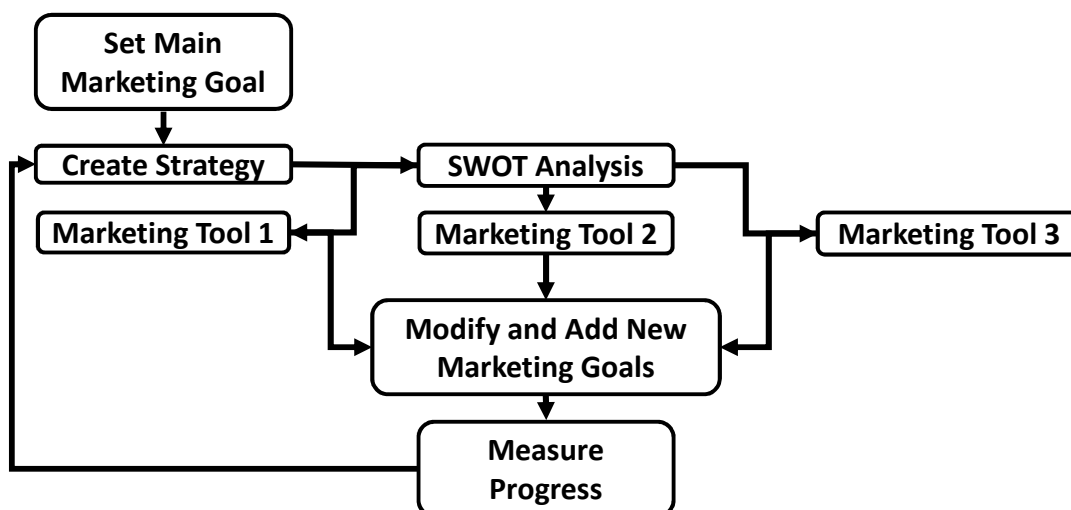
An effective marketing system



Effective marketing System

- Comprehensive plan
- Robust box of “tools”
- Can be modified on the “fly”
- Accurate measurement system

Marketing Flow Chart



TRI

PMEMTM

System

TRI PMEM System

- Plan
- Modify
- Execute
- Measure

PMEM

Plan

Set both short term and long term goals

Plan a Strategy

- Create a detailed list of possible actions
- Determine desired demographic
- Come up with process to measure results
- Assign tasks
- Revise strategy as necessary

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PMEM

Modify

Modifying your plan as you go =

Success

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7 reasons to modify your Plan

- Return on investment (ROI) is underperforming
- Shift in market conditions
- Technological advances
- Increase/decrease in sales activity
- Addition or removal of services
- Change in advertising costs
- Changes in ideal demographic

PMEM

Execute

Now that you have a plan, you can use your marketing tools and go to work

TRI Marketing Toolbox (sample)

- Email marketing
- Guerilla marketing
- Networking (referrals)
- Newspaper/print advertising
- Search Engine Optimization (“SEO”)

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PMEM

Measure

If you can measure it...you can
control it

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Measure

A successful business person once said...

“Half of the money I spend on advertising is
wasted, I just don't know which half.

Measure

- Set ROI goal (i.e. spend only 15% of revenue generated)
- Track campaigns as you go along
- With some campaigns results will improve over course of the campaign (mail campaigns)
- Consider time spent as well as dollars spent
- Break-even may be enough to keep at it...

Polling Question 10

What type of marketing do you do besides relying on word of mouth?

152

Making Marketing Work...

153

Finding Tax Resolution Clients

Remember...

26 Million of 153 Million U.S. taxpayers
can't afford to pay or disagree with the
amount they owe the IRS...

Number of Accounts in IRS Collection

Year	Accounts in Collection	Increase (%)
2015	13,371,000	7.83%
2014	12,400,000	5.79%
2013	11,721,000	2.24%
2012	11,464,000	6.06%
2011	10,809,000	4.02%
2010	10,391,000	7.49%
2009	9,667,000	4.71%
2008	9,232,000	12.04%
2007	8,240,000	16.48%
2006	7,047,000	-

Here's what happens when taxpayers call the IRS themselves...

TAXES

IRS hung up on 8 million callers

The IRS' overloaded phone system hung up on more than 8 million taxpayers this filing season.

For those who weren't disconnected, only 40% actually got through to a person. And many of those had to wait on hold for more than 30 minutes, IRS

Commissioner John Koskinen said.

The number of disconnected callers spiked just as taxpayers were being hit with new requirements under Obamacare. Last year, the phone system dropped 360,000 calls Koskinen said.

Finding Resolution Clients

Do you want your “status quo” piece
of the pie?



Finding Resolution Clients



Or do you want your pie using marketing?

TRI's Marketing Success

- Steady increase in clients...14 years running
- Average increase in revenue...23.8% annually
- Ever-expanding client base (number & type of clients)
- Valuable marketing partners including Pitbull Tax, Canopy Tax, KBKG, Paychex and Marcum LLP

Your Marketing Success

- Increase revenue
- Charge higher hourly rates
- Have clients lining up to be your

Deal of the Day

The Ultimate Professional's System

- Marketing segment
- Sales segment
- Tax resolution segment
- Workbooks for each
- Laminated cheat sheets
- 8 CD set...includes companion for each segment

250A Special

30%off

\$2,093

\$2,990.00



Marketing Success

With the right tools....



you can get what you wish for

Work smarter...not harder

Lunch Break

Market/Sell/Practice...



30% off

for the next 60 minutes

Our comprehensive system for
all working professionals

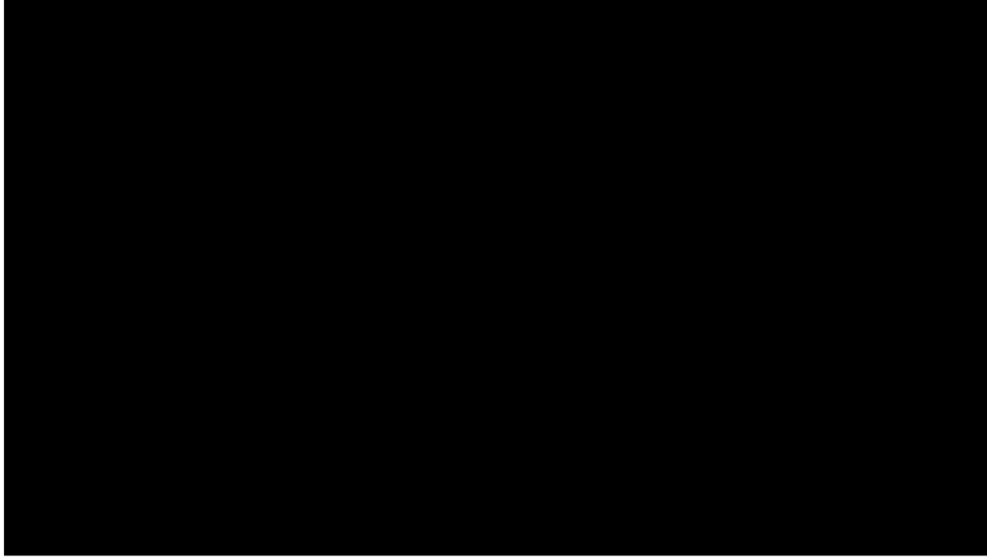
- Marketing segment
- Sales segment
- Tax resolution segment
- Workbooks for each segment

~~\$2,900~~ / \$2,093

Before we move on, let's
Cross the River...

166

Crossing the River



167

How to make money doing something you
thought you would never do...
and become a “Hero” to your client



Today's Speaker: Geoffrey Gan, CCSP, MBA

- Engineering Manager at KBKG
- Certified Cost Segregation Professional (ASCSP)
- University of Southern California
- Bachelor of Science in Computer Science
 - Developed the *KBKG Pro* (in-house Cost Segregation software)
- Master of Business Administration, Finance
- Industry Experience
 - Engineering and Construction
 - Real Estate

Cost Segregation Estate Planning

Real Estate Tax Planning with Cost Segregation



Geoffrey Gan, CCSP, MBA
Manager

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Polling Question 11

Have you had any experience
relating to cost segregation?

About KBKG

- Established in 1999 with offices across the US.
- Provide turn-key tax solutions to CPAs and businesses.
- Performed thousands of tax projects resulting in hundreds of millions of dollars in benefits for our clients.
- Our team is a diverse mix of tax specialists, attorneys, energy consultants and engineers from various disciplines. This combination of talent allows us to focus on our areas of service and maximize results for our clients.
- A preferred provider for thousands of CPAs across the country.

Cost Segregation

- Acquired Property*
- New Construction*
- Remodeled Property*
- Build-outs*



* (as far back as 1987)

MACRS - GDS

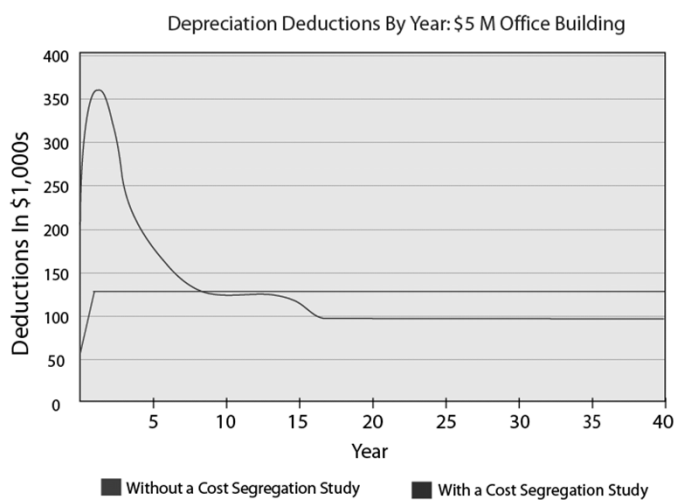
39 - Year Property
 27.5 - Year Property
 15 - Year Property
 7 - Year Property
 5 - Year Property
 3 - Year Property

Cost Segregation

- **Primary goal:** identify all property-related costs that can be depreciated faster (typically with a 5, 7 or 15 years tax life).
 - Taking tax deductions earlier increases cash flow
 - Creates a time value of money benefit by having cash now and not later

- **Secondary goal:** establish the depreciable tax value for each major building component that is likely to be replaced in the future.
 - Examples include the roof, windows, doors, bathroom fixtures, HVAC, and so on.
 - Tax preparer's need this information to claim a "retirement loss" or "partial disposition" deduction for the remaining depreciation left on that component.

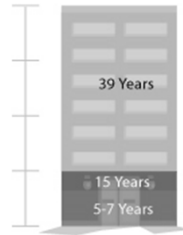
Benefit: Accelerated Depreciation Deductions



Example: Retail Building Current Year Acquisition

- \$3 million retail building
- Without a Cost Segregation Study the costs are depreciated straight line over 39 years.

With a Cost Segregation Study



Benefits reclassifying from 39 Year Life

\$330,000 depreciated over 5 years

\$360,000 depreciated over 15 years

Increased Deductions - first 5 years: \$367,000

Projected Benefits: \$126,000

Cost Segregation – Tax Planning Tool

- One of the most common tax planning tools for anyone with real estate
 - Performed in year purchased – simply report the allocations on depreciation schedule
- Cost segregation can done anytime after the building is purchased.
 - No amended tax returns.
 - File a Form 3115 and claim any missed deductions in year performed.
 - Allows tax preparers to plan when to use deductions
- Without software - typically only makes sense to hire a CCSP engineer for buildings with a building tax basis over \$750,000 (costs \$5K - \$10K)
- For more information on various tax planning strategies for cost segregation, please see KBKG webinars <http://kbkg.com/webinars>

Tax Considerations

- Depreciation deductions will reduce AMT
- On new construction or renovations, bonus depreciation can apply to reclassified items in a cost segregation study
 - Magnifies benefits
- Unused deductions carry forward
- Accounting method changes – Form 3115
- Passive activity rules
 - If RE activity is passive, must use the deductions against passive income
- When building is sold, may need to recapture depreciation taken on personal property

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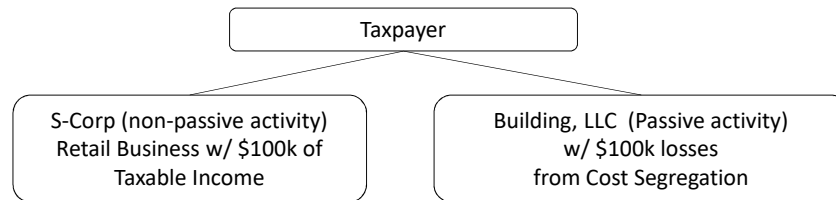
Polling Question 12

Do you have clients who own income property?

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Self Rental Rule

- Can't use losses from a separate real estate entity (if it's a passive activity) against active income.

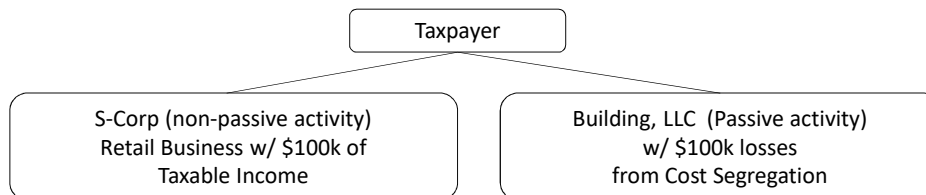


- Results = S-Corp can not use losses from LLC. Tax = \$40k (assuming 40% tax rate)

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Grouping Election

- Grouping election allows you to use income or losses between the two entities that are grouped.



- Result = Taxpayer's S-Corp income is offset by the LLC losses. Tax = \$0.
- Building must be used for the S-Corp's business
- Both entities must be 100% owned by the same people and the grouping election is made in the first tax year those entities co-exist.

Cost Segregation – Developments

- Estate Planning with Cost Segregation Strategy
 - Published by AICPA on March 31,2016
KBKG.com/news/using-cost-segregation-estate-planning
- How the new Tangible Property Regs impact cost seg studies
 - Retirements
 - Identification of repairs
 - Deductible Refresh vs. Capitalized Improvement
- New Category for 2016 – Qualified Improvement Property

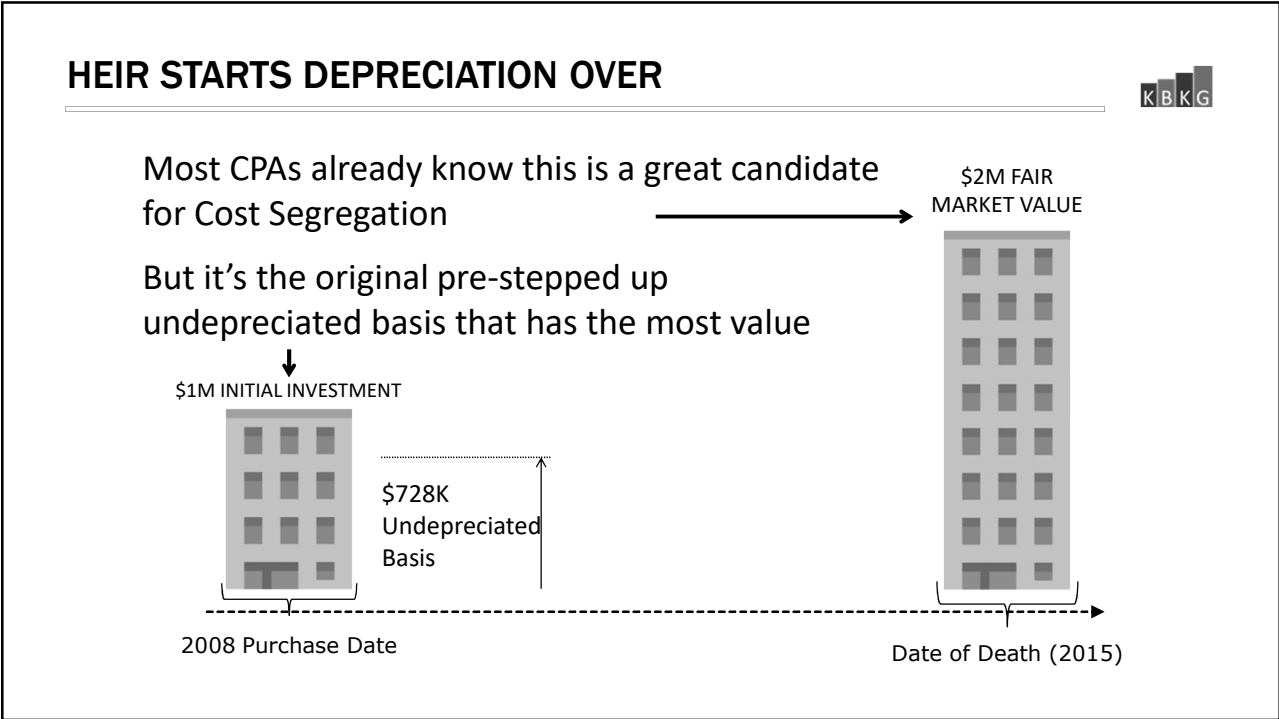
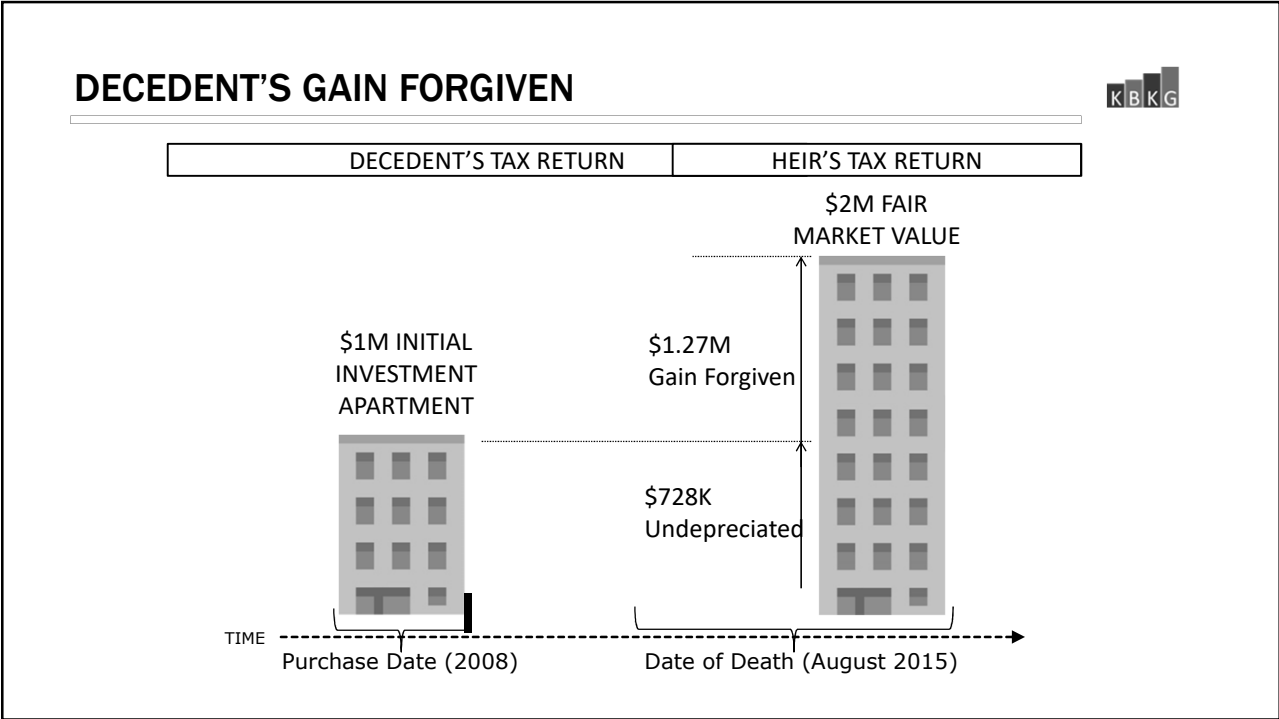
Cost Segregation Estate Planning Strategy



When a building owner dies and a property is inherited, any gains built up during the decedent's life are forgiven.

Beneficiary receives a "step up," which means the property's tax basis is reset to fair market value on the date of death and depreciation starts all over.

This provides an opportunity to apply a cost segregation study on the decedent's pre-stepped up basis creating a permanent tax deduction.



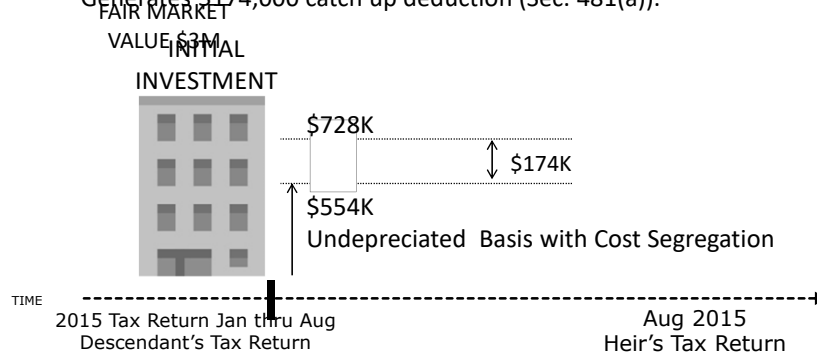
CASE STUDY 1



Cost Segregation on original pre-stepped up basis

DOD - August 2015.
Must file tax return for income generated Jan thru Aug 2015.

Cost Seg done and Form 3115 filed:
Generates \$174,000 catch up deduction (Sec. 481(a)).



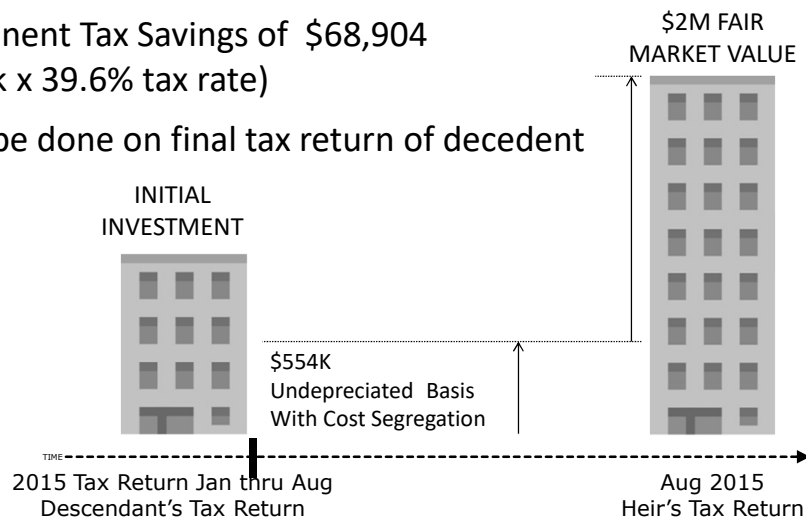
CASE STUDY 1



Cost Segregation on original pre-stepped up basis

Permanent Tax Savings of \$68,904
(\$174k x 39.6% tax rate)

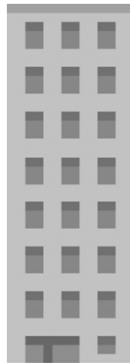
Must be done on final tax return of decedent



HEIR STARTS DEPRECIATION OVER



\$2M FAIR
MARKET VALUE



Aug 2015

After all this - property get's stepped up to Fair Market Value for the heir.

Can perform a cost seg for the heirs

Additional cost to "refresh" original cost segregation is nominal

Retirements and Dispositions

- New rules say you can now take a loss deduction when you remove components from your building!
- Example: If you pay \$50,000 for all new HVAC units in your building, you need to capitalize that amount.
 - Depreciate that \$50,000 over 39 years
 - Figure out how much the old HVAC was not written off and claim all that as an immediate deduction!
- Can do this on a go forward basis

Polling Question 13

Do you act as an advisor to you clients?

Retirement of Structural Components

Example: Taxpayer acquired \$5M building 3 years ago.

- This year they spent \$1M to remodel portion of 2nd floor (ceilings, walls, lighting, plumbing, ducting, electrical wiring, etc.)
- We determine the original cost of demolished components is \$470K (from the original \$5M building)
- Recognize a loss of \$430K on current tax return (original cost basis less depreciation already taken)

Retirements Create Permanent Tax Savings!!

Retirements Convert Recapture tax into Capital Gains

If you incorrectly continue to depreciate 1245 and 1250 property that was removed from a building, you pay recapture tax upon sale

- 1245 recapture is at ordinary rates (35%-41%)
- 1250 recaptured at 25%
- Capital Gains are typically taxed at 20%

Retirements create Permanent Tax Savings!!

Previous example – \$5M building with \$470K of retirements.

- If they continue to depreciate the \$470K, they recapture all of it upon sale
 - Let's say \$370K of that was 39 year and \$100K was 7 year property
 - Recapture Tax = \$127,500 ($\$370K \times 25\% + \$100K \times 35\%$)
- If they did a retirement study
 - Recapture tax on the \$470K = 0
 - Capital gain tax = \$94,000 ($\$470K \times 20\%$)

Permanent tax savings of \$33,500 upon sale

Determining the Basis of Removed Building Component

Final Disposition Regulations:

- Can use a cost segregation study
- Can discount the cost of a replacement component to its placed-in-service year using the **Producer Price Index (PPI)**
 - Can be used for restorations but **PPI can not for betterments or adaptations.**
 - *Betterment Ex:* Replace old standard roof with more expensive solar reflective roof. Cannot discount cost of new solar roof.
 - *Adaptation Ex:* Replace HVAC in old office to convert into restaurant. Cannot discount cost of new restaurant HVAC to determine old stuff.
- **Use KBKG PPI Asset Search Tool to find index data**
- **<http://kbkg.com/solutions/partial-disposition-calculator>**

KBKG Caution: Discounting Method

Is useful but can grossly overstate retirement loss deduction if building component is replaced within 10 years of building's acquisition.

- Does not account for condition of building component at time of acquisition.
- **Example:** building acquired 3 years ago. Owner spent \$200,000 to replace aluminum windows this year. Discount windows 3 years with PPI index = \$186,000 for removed windows.
- However, this represents value of brand new windows. Windows had 3 years of life left. Appropriate "condition factor" should be applied.
- Normal life of aluminum windows is 20 years. Appropriate condition factor is 27%,* resulting in a value of \$50,220 ($\$186,000 \times 27\%$).

See BNA Tax Article "**Dispositions of Tangible Property – IRS Restricts use of Discount Value Approach**"

*condition factor and normal life obtained from valuation resource tables

Determining the Basis of Removed Building Component

Use KBKG Partial Disposition Calculator

- <http://kbkg.com/solutions/partial-disposition-calculator>
- Designed for Tax Professionals
- Determine cost basis of components removed
- Defendable under IRS audit
- Takes only 3-4 minutes
- Can generate hundreds of thousands in deductions.

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New Building Component			
Cost of New Component* \$	<input type="text" value="200,000"/>	Date of Replacement*	<input type="text" value="05/01/2015"/>
Original Building or Improvement			
Building Cost / Tax Basis \$	<input type="text" value="3,000,000"/>	Date of Purchase (retired component or building)*	<input type="text" value="05/15/2010"/>
		Year Building Originally Constructed	<input type="text" value="1985"/>
Accumulated Depreciation as of Replacement Date			
Accumulated Depreciation - Federal Tax \$	<input type="text" value="250,000"/>	Accumulated Depreciation - State Tax \$	<input type="text" value="250,000"/>
Accumulated Depreciation - Federal AMT \$	<input type="text" value="250,000"/>	Accumulated Depreciation - State AMT \$	<input type="text" value="250,000"/>
Calculation of Cost of Retired Component			
PPI Index at time of purchase	179.8	PPI Index at time of replacement	195.9
Type of component*	<input type="text" value="Windows - Aluminum"/>		
	Type of component ▾		
Normal life of replaced component	<input type="text" value="20"/>	Actual Age of Building at Time of Purchase	25
Number of years used prior to retirement	5	Effective age of component	15

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Calculation

Adjusted Calculation	Un-adjusted Calculation		
PPI Adjusted Cost of Component Removed (CONDITION ADJUSTED) ②	\$ 73,425	Date of Purchase	05/15/2010
PPI Adjusted Cost of Component Removed (Not Adjusted for Condition) ②	\$ 183,563	Condition Factor ②	40 %
Accumulated Depreciation on Replaced Component - Federal Tax	\$ 6,119	Accumulated Depreciation on Replaced Component - State Tax	\$ 6,119
Accumulated Depreciation on Replaced Component - Federal AMT	\$ 6,119	Accumulated Depreciation on Replaced Component - State AMT	\$ 6,119
Regular federal tax deduction ②	\$ 67,306		

Determining the Basis of Removed Building Component

Use KBKG Residential Cost Segregator™

- <http://kbkg.com/residential-costsegregator>
- Designed for Tax Professionals
- Residential Properties up to 6 units with a depreciable tax basis of \$500,000 or less (purchase price less land).
- Benefits - Most reports result in > \$20k deductions in years 1-5
- Takes only 10 minutes
- Email your client a simple building questionnaire
- Only \$399 per report. CPAs can charge > \$1,000 to their clients
- White-labeled Report
- Optional 481(a) calculator

Determining the Basis of Removed Building Component

Street Address: State:

City: Zip:

Depreciable Tax Basis (purchase price less land):

Date Acquired or Placed in Service:

Building Information

Type of Structure: Number of Stories:

Total Building Square Footage: Lot Square Footage:

Excluding basements, garages, attics, etc

Exterior Wall Type: Basement:

Quality and Condition

Construction Quality: Physical Condition:

Determining the Basis of Removed Building Component

Total Number of Bedrooms: Num. of Bathrooms: Fire Sprinklers: Yes

Flooring Type

Kitchen: Master Bedroom:

Bathrooms: Other Bedrooms:

Living, Family Room: Other Rooms:

Dining Room: Hallways:

Interior Features

HVAC: HVAC Type:

Total Number of Ceiling Fans: Window Treatment:

Appliances:

Dishwasher Range, Oven Refrigerator Garbage Disposal

Washer & Dryer Microwave

Polling Question 14

Would you be interested in a free online tool to help your clients benefit from residential real estate tax savings?

Determining the Basis of Removed Building Component

Cost Segregation Result Schedule

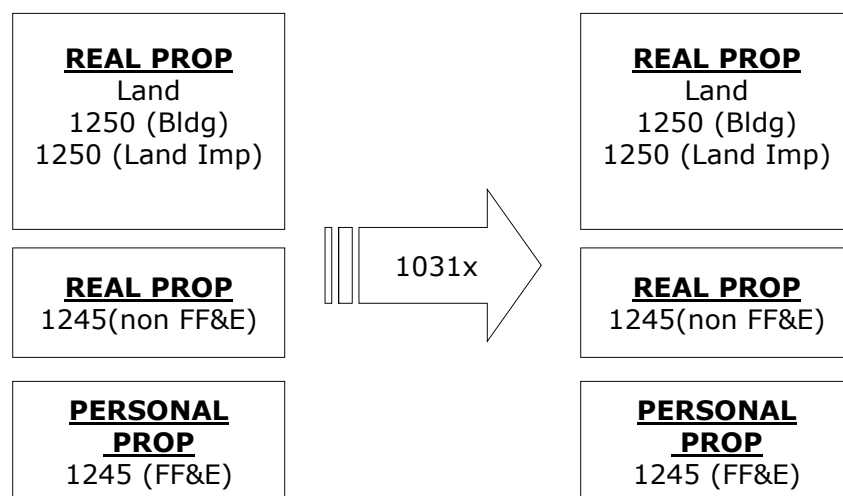
Building System	Category Description	Allocated Purchase Cost	Life YR	Method	Asset Class	
Building Structure and Interiors	Roof Structure	\$6,174	27.5	SL	RealProperty	
	Bathroom Vanities	\$4,410	27.5	SL	RealProperty	
	Wood Flooring	\$5,756	27.5	SL	RealProperty	
	Roof Covering	\$2,982	27.5	SL	RealProperty	
	Windows	\$9,020	27.5	SL	RealProperty	
	Building Shell & Foundation	\$98,937	27.5	SL	RealProperty	
	Doors	\$7,596	27.5	SL	RealProperty	
	Foundation & Framing	\$10,186	27.5	SL	RealProperty	
	Interior Partitions & Ceilings	\$35,830	27.5	SL	RealProperty	
	Other Flooring	\$3,804	27.5	SL	RealProperty	
	Water & Waste Utility Services	\$1,142	27.5	SL	RealProperty	
	Bathroom Plumbing & Fixtures	\$22,551	27.5	SL	RealProperty	
	HVAC	HVAC System	\$10,524	27.5	SL	RealProperty
	Building Electrical	Lighting	\$4,761	27.5	SL	RealProperty
		Electrical Utility Services	\$687	27.5	SL	RealProperty
Fire Protection	Electrical Service & Wiring	\$14,460	27.5	SL	RealProperty	
	Fire Sprinklers	\$9,396	27.5	SL	RealProperty	
	Fire Alarms	\$1,729	27.5	SL	RealProperty	
<i>Real Property Subtotal</i>		<i>\$249,944</i>				
Other Non-Structural Interiors	Kitchen Cabinets & Countertops	\$11,025	5	200%DB	57.0	
	Kitchen Plumbing	\$4,249	5	200%DB	57.0	
	Removable Flooring	\$3,547	5	200%DB	57.0	
	Ceiling Fans & Wiring	\$2,255	5	200%DB	57.0	
	Carpet	\$5,755	5	200%DB	57.0	
	Appliances	\$5,913	5	200%DB	57.0	
	Blinds & Curtains	\$1,002	5	200%DB	57.0	
	Appliance Wiring	\$1,729	5	200%DB	57.0	
<i>Non-Structural Interiors Subtotal</i>		<i>\$35,476</i>				
Sitework	Site Fencing	\$1,777	15	150%DB	00.3	
	Other Site Improvements	\$1,002	15	150%DB	00.3	

Avoiding Cost Segregation Recapture Tax

- Valuation of Personal Property at Time of Sale
 - Many items may have little or no value
 - For example, carpeting in a building that needs to be replaced
- Partial Dispositions
 - Must be done on timely filed return in the year of disposition
- Retirements
 - For separately stated building assets
 - Can correct anytime (Designated Change #205).
- Repair vs. Capitalization
 - Example – roof covering replacement should be expensed
 - No depreciation = No 1250 recapture (25%)
- Like-Kind Exchange (IRC §1031)
 - Ensure there is enough 1245 value in the new property to cover the old

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1031 Exchange - Address Recapture Issues by Fed Law



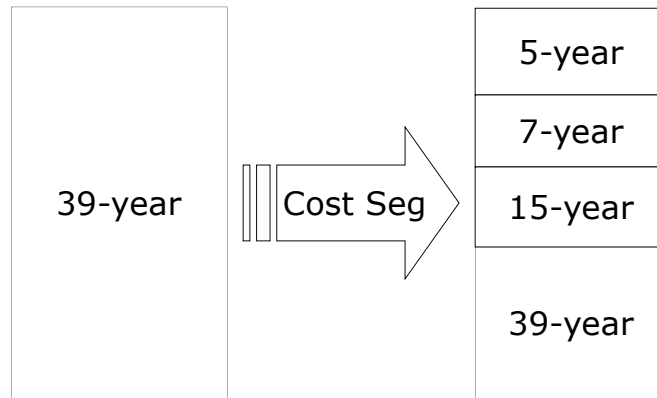
Qualified Improvement Property (QIP)

- **Qualified improvement property criteria:**
 - **39 year property**
 - Effective for property **placed in service after 12/31/15**
 - Section 1250 property which is an interior improvement to a portion of a building which is non-residential real property
 - Must be placed in service after the date the building is first placed in service (**no more 3-year rule**)
- **Bonus eligible**
- May also be eligible for 15-year straight line recovery if also meets the criteria for QLI or QRP. Otherwise 39 year property.

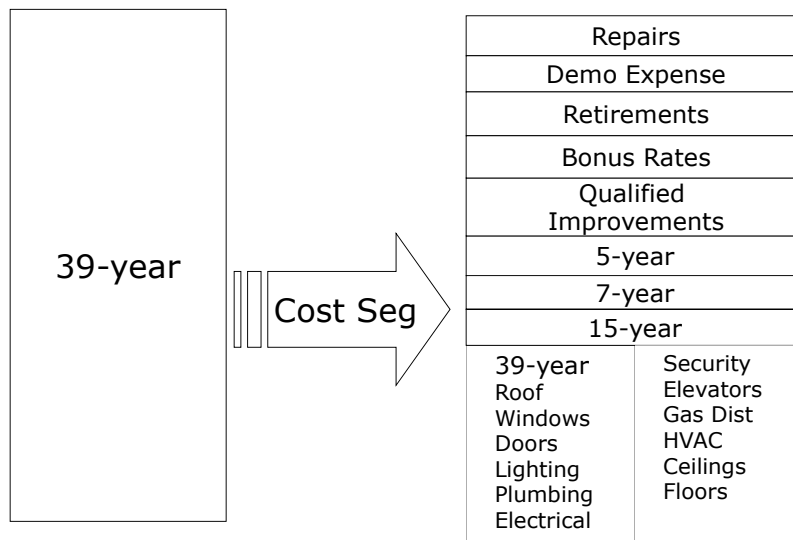
Qualified Improvement Property (QIP)

- Qualified improvement property does NOT include:
 - Costs for the enlargement of a building
 - Elevators or escalators
 - The internal structural framework of a building

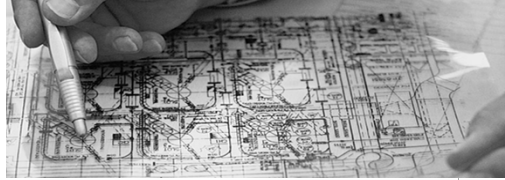
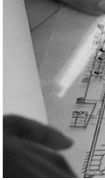
Cost Segregation Buckets



KBKG Enhanced Cost Segregation Studies



COST SEGREGATION



Accelerate depreciation deductions for real property by reclassifying building components into shorter tax lives

Any kind of real estate

- Constructed
- Purchased
- Expanded
- Remodeled

Good Candidates

- Any building with over \$750K of depreciable tax basis
- Any leasehold improvement with over \$500K of depreciable tax basis
- Residential rental properties of any size

How Much is it Worth?

Net present value = 3-6% of total building cost

*Example: \$2M office building
Net Present Value of \$60K - \$120K*

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45L Residential Energy Tax Credits



Federal Credit for Developers of Energy Efficient

- Apartments, Condos, or Spec Homes
- New Construction or Major Renovation

Good Candidates

- Generally more than 25 units
- Available in all 50 States

Very good states: CA, MA, RI, NJ, PA, GA, DE, ME, DC, WA, OR, ID, MO, IL, NH

How Much is it Worth?

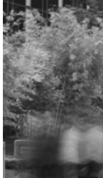
\$2,000 tax credit per qualified unit

Example: 100 unit apartment/condo = \$200,000 of Federal Tax Credits

3rd Party Certification Required (KBKG)

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179D Commercial Energy Deduction



K B K G

Federal deduction for Architects, Engineers, and Design/Build Contractors doing Government Buildings such as

- Schools
- Libraries
- Courthouses
- Military Housing

Also available to any commercial building owner

- Clients that constructed or renovated any commercial building greater than 50,000 sq. ft.

How Much is it Worth?

\$0.30 to \$1.80 per sq. ft. in Federal tax deductions

Example: 100,000 sq. ft. building is eligible for \$180,000 in deductions

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How to choose a cost segregation provider

- Make sure study is signed off by a Certified Cost Segregation Professional (CCSP designation).
- Check resume and bio of person signing the report.
- Beware of firms that do not post bios and credentials on their websites.
- Evaluate which team you want defending you if the study goes under IRS audit.
 - Obtain references of clients that have gone through audit.
- Evaluate their team of tax experts
 - Smaller firms may lack deep understanding of complex tax issues that are affected by a study, creating exposure in other areas.

QUESTIONS & ANSWERS



Geoffrey Gan, CCSP, MBA

Manager

KBKG.com/GeoffGan

See if you qualify: KBKG.com/qualify

KBKG SERVICES

- R&D Tax Credits
- Green Tax Incentives
- Hiring Tax Credits
- Cost Segregation
- Fixed Asset Review
- IC-DISC
- Repair v. Capitalization

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Polling Question 15

Would you be interested in taking additional free courses related to tax saving alternatives?

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Afternoon Break

Get comfortable in
front of the IRS....

50% off any course
for the next 15 minutes

This audit course is a must for anyone
that represents clients in IRS audits...

TRI

IRS Audits...Art or Science



Webinar: ~~\$99.00~~ / \$49.50
eLearning: ~~\$79.00~~ / \$39.50 (science only)

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Audits

Today's Audit Speakers



Peter Y. Stephan, CPA
Director
Tax Resolution Institute



Philp Wilson, CPA
West Coast Managing Tax Partner
Marcum LLP

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Polling Question 16

Do you know the difference between a Revenue Officer
and a Revenue Agent?

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What we are going to cover today

- 3 Types of audits
- Types of audit results
- How many IDR's are too many?
- What is a 30-day letter?
- What is a 90-day letter?
- If 90 days has passed how to get another "bite at the apple"
- Fast-Track Settlement (FTS)
- Fast-Track Mediation (FTM)

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3 types of examinations

- Field
- Office
- Correspondence

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Life cycle of an audit

- Initial contact
- Conducting the examination
- Audit findings

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GOOD NEWS

Chances of an exam occurring

- If you are the President of the United States
100%
- If you are a random taxpayer
less than 1% (1 in 119...with current budget cuts
the numbers are at a decade low)

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BAD NEWS

If you are audited


- The IRS collects \$4 for every \$1 they spend on audits

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EXAMINATION LETTER

IRS Form 2205-A


Department of the Treasury
 Internal Revenue Service
Small Business and Self-Employed
 12309 N MoPac Expressway
 Austin TX 78758-2594

Date: September 2, 2015
 Taxpayer Identification Number: [REDACTED]
 Form: 1120S
 Tax period(s): December 31, 2013
 Response date: September 10, 2015
 Person to contact: Lorin Hamm
 Contact hours: 7:00 AM - 3:15 PM
 Contact telephone number: 512-339-6350
 Contact fax number: 855-801-8381
 Employee identification number: 07-90210

Dear [REDACTED]

Your federal return for the period(s) shown above was selected for examination.

What you need to do

Please call me on or before the response date listed at the top of this letter. You may contact me at the telephone number and times provided above.

What we will discuss

During our telephone conversation, we will discuss:

- Items on your return that I will be examining.
- Types of documents I will ask you to provide.
- The examination process.
- Any concerns or questions you may have.
- The date, time and agenda for our first meeting.

The issues listed below are the preliminary items identified for examination. During the course of the examination, it may be necessary to add or reduce the list of items. If this should occur, I will advise you of the change.

Information Document Requests - Peter

- IRS Form 4564
- Known as IDR's
- May be accompanied by one or more Summons but usually not
- How many IDR's are too many (fishing expedition)?

Example of a field exam

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Polling Question 17

On a scale from 1-4 what is your comfort level speaking with an IRS Revenue Officer (not Revenue Agent)?

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**IRS IDR
Form
4564
(page 1 of 4)**

Form 4564 (Rev. September 2006)		Department of the Treasury - Internal Revenue Service		Request Number 0002
Information Document Request				
To: (Name of Taxpayer and Company Division or Branch) [REDACTED]			Subject Category: Real Estate Tax, Travel & Entertainment, Sale of Property, [REDACTED] SAFM number: [REDACTED] Submitted to: [REDACTED] Dates of Previous Requests (mm/dd/yyyy)	
Please return Part 2 with listed documents to requester identified below				
Description of documents requested Tax Period(s): 201112, 201212				
Schedule A - 2011 Real Estate Taxes:				
1. Proof of payment.				
Schedule A - 2011 Casualty or Theft Losses:				
1. Escrow closing purchase statement - residence, 2. Insurance estimates of the loss, 3. Insurance policy during the escrow and after the escrow, 4. Insurance claim for the loss, 5. Any court filings on the loss for the insurance reimbursements, and 6. Proof showing any monies spent on slope repair and/or construction improvements.				
Schedule C - 2011 and 2012 Travel, Meals and Entertainment Expenses:				
1. Travel documents verifying travel.				
Information due by <u>02/23/2014</u> At next appointment <input checked="" type="checkbox"/> Mail in <input type="checkbox"/>				
From: Name and Title of Requester: Rebecca B. Punugganan Employee ID number: 0235847 Date (mm/dd/yyyy): 06/05/2014 Office Location: Phone: 562-455-9965 Fax:				
Catalog Number 22145K www.irs.gov Part 2 - To be Returned by Taxpayer with Reply Form 4564 (Rev. 9-2006)				

**IRS IDR
Form
4564
(page 2 of 4)**

Form 4564 (Rev. September 2006)		Department of the Treasury - Internal Revenue Service		Request Number 0002
Information Document Request				
To: (Name of Taxpayer and Company Division or Branch) [REDACTED]			Subject Category: Real Estate Tax, Travel & Entertainment, Sale of Property, [REDACTED] SAFM number: [REDACTED] Submitted to: [REDACTED] Dates of Previous Requests (mm/dd/yyyy)	
Please return Part 2 with listed documents to requester identified below				
Description of documents requested Tax Period(s): 201112, 201212				
2. Auction company papers such as flyers, etc., and 3. Meals and entertainment receipts showing who, why, what, how much, etc.				
Form 4797 - Sale of BMW 325i:				
1. Purchase documents, and 2. Sale documents and received check copy - front and back.				
Information due by <u>02/23/2014</u> At next appointment <input checked="" type="checkbox"/> Mail in <input type="checkbox"/>				
From: Name and Title of Requester: Rebecca B. Punugganan Employee ID number: 0235847 Date (mm/dd/yyyy): 06/05/2014 Office Location: Phone: 562-455-9965 Fax:				
Catalog Number 22145K www.irs.gov Part 3 - Requester's File Copy Form 4564 (Rev. 9-2006)				

**IRS IDR
Form
4564
(page 3 of 4)**

Form 4564 (Rev. September 2008)		Department of the Treasury - Internal Revenue Service Information Document Request		Request Number 0001
To: (Name of Taxpayer and Company Division or Branch) [REDACTED]			Subject Initial Document Request	Requested to: [REDACTED]
Please return Part 2 with listed documents to requester identified below			SAN number [REDACTED]	Dates of Previous Requests (mm/dd/yyyy)
Description of documents requested Tax Period(s): 201212, 201112				
For Tax Years 2011 and 2012:				
FEDERAL INCOME TAX RETURNS: 2011, 2012 and 2013.				
FORM 1099'S ISSUED AND RECEIVED.				
FORM 2848 (TAXPAYER AUTHORIZATION), IF NECESSARY.				
FINANCIAL STATEMENTS or its equivalent.				
GENERAL LEDGER AND ALL SUBSIDIARY LEDGERS MAINTAINED.				
ALL JOURNALS (General, Cash Disbursements, Cash Receipts, Sales, and any other kind of Journals maintained).				
ADJUSTING AND CLOSING ENTRIES..				
WORKPAPERS USED IN PREPARING THE RETURN (including grouping of accounts).				
BANK STATEMENTS: 1. All bank statements, savings & checking accounts, and stock broker/ cash management account statements for this tax year, 1/21/2010 to 1/31/2013, personal and business accounts.				
CANCELLED CHECKS AND INVOICES should be available for all claimed expenses and will be requested at least on a test basis.				
Information due by <u>05/15/2014</u> At next appointment <input checked="" type="checkbox"/> Mail in <input type="checkbox"/>				
From:	Name and Title of Requester Rebecca B. Punagaganan	Employee ID number 0235847	Date (mm/dd/yyyy) 04/15/2014	Phone: 562-495-9965
	Office Location:		Fax:	
Catalog Number 23145K www.irs.gov Part 1 - Taxpayer's File Copy Form 4564 (Rev. 9-2008)				

**IRS IDR
Form
4564
(page 4 of 4)**

Form 4564 (Rev. September 2008)		Department of the Treasury - Internal Revenue Service Information Document Request		Request Number 0001
To: (Name of Taxpayer and Company Division or Branch) [REDACTED]			Subject Initial Document Request	Requested to: [REDACTED]
Please return Part 2 with listed documents to requester identified below			SAN number [REDACTED]	Dates of Previous Requests (mm/dd/yyyy)
Description of documents requested Tax Period(s): 201212, 201112				
SUPPORTING INVOICES, RECEIPTS, CANCELLED CHECKS, AND ALL OTHER SOURCE DOCUMENTS FOR THE FOLLOWING EXPENSES, DEDUCTIONS, AND OR CREDITS:				
1. Home Office Expenses- 2011 & 2012,				
2. Sch C1 - Travel Expenses - 2011 & 2012,				
3. Sch A - Medical Expenses 2011 & 2012,				
4. Business sale of property: sale and expense documents- 2012,				
5. Sch A - Cash Contributions - 2011,				
6. Sch A - Theft and Casualty - also need the Police Report -2011 and				
7. Sch A - Real Property Tax - 2011.				
-				
DEPENDING UPON THE CIRCUMSTANCES OF THE AUDIT, YOU MAY BE ASKED TO VERIFY ADDITIONAL ITEMS CLAIMED ON YOUR RETURN OR TO VERIFY SIMILAR ITEMS ON OTHER RETURNS IN THE STATUTORY PERIOD.				
Should you have any question, please feel free to call, (562)495-9965.				
Information due by <u>05/15/2014</u> At next appointment <input checked="" type="checkbox"/> Mail in <input type="checkbox"/>				
From:	Name and Title of Requester Rebecca B. Punagaganan	Employee ID number 0235847	Date (mm/dd/yyyy) 04/15/2014	Phone: 562-495-9965
	Office Location:		Fax:	
Catalog Number 23145K www.irs.gov Part 2 - To be Returned by Taxpayer with Reply Form 4564 (Rev. 9-2008)				

Audit time...field exam

So the audit appointment is set...

Practical steps...

- Request (or review received) IDR
- Obtain documents, ledgers and other related substantiation from the client
- Do a “mini” audit – remember you want to know the results of the audit before the Revenue Agent walks in the door

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Practical Steps

(continued)

- Have a staff person (preferably on the POA) meet and greet the auditor first
- Do not be available for the first 30 minutes (or more if necessary)
- Guide the auditor to examine best documented items first regardless of the order of his requests
- Meet & greet the auditor, apologize for being late and ask if your staff person got him or her started okay
- Ask if he or she requires additional documents, leave the room to obtain them

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3 Types of Audit Findings

- No change
- Agreed
- Unagreed

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Audit findings

- Provided in IRS Form 4549
- Taxpayer may accept changes as proposed
- Taxpayer may appeal assessment at the audit level
- Taxpayer may petition Tax Court
- Taxpayer may get a 2nd “bite at the apple” via an offer in compromise or audit reconsideration

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IRS Form 4549 Income Tax Changes (page 1 of 2)

Form 4549 Department of the Treasury-Internal Revenue Service Income Tax Examination Changes. Includes fields for Name and Address of Taxpayer, Taxpayer Identification Number, and a table for Adjustments to Income.

IRS Form 4549 Income Tax Changes (page 1 of 2)

Form 4549 Department of the Treasury-Internal Revenue Service Income Tax Examination Changes. Includes fields for Name and Address of Taxpayer, Taxpayer Identification Number, and a table for Penalties Code Sections.

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Polling Question 18

On a scale from 1-4 what is your current comfort level appealing an audit?

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30-Day Letter

- IRS Letter 950
- Federal income tax audit concluded
- Revenue Agent's Report (RAR) has been issued outlining proposed changes
- May be bypassed if time remaining on the statute of limitations is insufficient

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30-Day Letter continued


Options

- Accept and pay proposed liability
- Appeal findings
- Do nothing in anticipation of receiving Notice of Deficiency (90-day letter)

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IRS 30-Day Letter (page 1 of 2)

 Department of the Treasury
Internal Revenue Service
Large Business and International
5218 Atlantic Avenue, 1st Floor
Mays Landing, NJ 08330

Date: March 19, 2015
Taxpayer ID number:
Form:
1040
The periods ended:
December 31, 2008
December 31, 2009

Person to contact:
D. Christy Hartznett
Contact telephone number:
609-625-7823
Contact fax number:

Employee ID number:
1001716009
Response due date:
April 18, 2015

UNITED STATES

Date: [REDACTED]
I am enclosing two copies of an examination report showing proposed changes to your tax for the periods listed above. Review the report, and tell us whether you agree or disagree with the changes by the response due date listed above. If you have an interest in any partnerships, S corporations, trusts, etc., this report may not reflect examinations of those entities. Changes to those accounts could also affect your tax.

If you agree with the proposed changes in the report

1. Sign and date one copy of the examination report (or agreement form if enclosed). If you filed a joint return, both spouses must sign.
2. Include payment for the full amount you owe (if the report shows you owe additional tax) to limit penalty and interest charges to your account. Make payment payable to the United States Treasury.
3. Return the signed and dated examination report or agreement form with your payment by the response due date in the enclosed envelope.

If you agree, but can't pay the full amount you owe

Sign, date, and return one copy of the examination report or agreement form, as explained above, and pay as much as you can. You can call the person listed above to discuss payment. We explain payment options in the enclosed Publication 3498, *The Examination Process*. You can also visit www.irs.gov and search "tax payment options" for more information about:

- Installment agreements
- Automatic payment deductions
- Payroll deductions
- Credit card payments

If you don't enclose full payment for the additional tax, interest, and penalties, we'll bill you for the unpaid amounts. If you are a C Corporation, the law requires us to charge an interest rate 2% higher than the standard rate on deficiencies of \$100,000 or more (Section 6621(e) of the Internal Revenue Code).

Letter 950 (Rev. 8-2014)
Catalog Number 409900

**IRS
30-Day
Letter**
(page 2 of 2)

If you don't agree with the proposed changes in the report
You can contact the person listed above to request a meeting or telephone conference with me. If you still don't agree after the meeting or telephone conference and want to request a conference with the Office of Appeals, you must take one of the following actions by the response due date:

- If the total proposed change to your tax and penalties is \$25,000 or less for each referenced tax period, you can request an Appeals conference by sending us either:
 - A completed Form 12203, *Request for Appeals Review* (enclosed). A fillable version of this form is available at www.irs.gov/form990.
 - A letter that requests an Appeals conference, and explains the changes you don't agree with and the reasons why you don't agree.
- If the total proposed change to your tax and penalties is more than \$25,000 for any referenced tax period, you must follow the instructions in the enclosed Publication 3498 to submit a formal protest.

For Appeals to have enough time to consider your case, the statute of limitations generally must have at least 365 days remaining when Appeals receives it. If additional time is needed, we will request your consent to extend the period the law provides to assess additional tax. If you don't consent to extend the statute, we'll close your case based on the proposed changes and send you a notice of deficiency (explained below). For estate tax cases only, there must be at least 270 days remaining on the non-extendable statute of limitations when Appeals receives the case.

If you request an Appeals conference
An Appeals officer will contact you. Appeals conferences are informal and can be by correspondence, telephone, or in person. Appeals is an independent office and resolves most disputes informally and promptly. A conference with our Appeals office may:

- Help you avoid court costs, such as Tax Court filing fees
- Resolve the matter sooner
- Limit or prevent interest and penalties from increasing on your account

If you don't reply by the response due date
We'll process your case based on the proposed changes and send you a notice of deficiency. The notice normally gives you 90 days to either agree to the deficiency or file a petition with the United States Tax Court. If you petition the Tax Court, you'll generally have the opportunity for a pretrial settlement. If you can't reach a settlement agreement, your case will be heard in court. If you don't file a petition during the 90-day period after you receive the notice of deficiency, we'll assess the amount on the notice of deficiency, and you'll have to pay the full amount you owe or make payment arrangements.

If you have questions, you can contact the person listed at the top of this letter.

Sincerely,


D. Christy Hartnett
Internal Revenue Agent

Enclosures:
Examination Report (2)
870
Form 12203
Publication 3498
Envelope

Letter 950 (Rev. 8-2014)
Catalog Number 452662

Things to Note

- Revenue Agents have very limited authority
- Informal conference with manager (generally sides with revenue agent)
- Appeals officers consider the government's perceived hazards of litigation stemming from an appeal or tax court petition filing increases chances of settlement

90-Day Letter

IRS Letter 937


- Also referred to as a Statutory Notice of Deficiency
- Must respond within 90 days in order to take appeal to tax court

(800) 658-7590

www.taxresolutioninstitute.org

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IRS 90-Day Letter (page 1 of 6)

 Internal Revenue Service
1973 North Rulon White Blvd., MS 6663
Ogden, UT 84404-0021

Date: May 19, 2014

NORMAN J KREISMAN
21700 OXNARD ST STE 1160
WOODLAND HILLS CA 913677576

Department of the Treasury

Taxpayer Name: [REDACTED]
Taxpayer Identification Number: [REDACTED]
Form Number:
1120
Year(s):
2012

Contact Telephone Number:
877-571-4712
Contact Fax Number:
855-235-4847
Contact Hours:
9:00 am - 5:00 pm

Dear Representative:

We are sending you the enclosed material under the provision of your power of attorney or other authorization we have on file. For your convenience, we have listed the name of the taxpayer to whom this material relates in the heading above.

If you have any questions, please call the telephone number shown in the heading of this letter.

Thank you for your cooperation.

Sincerely,

Tax Technician
Business Underreporter Operation

Enclosures:
 32196

Letter 937 (Rev. 11-2006)
Cat. No. 30760X

IRS
90-Day
Letter
(page 2 of 6)

Department of the Treasury
Internal Revenue Service
1973 North Rulon White Blvd
Ogden, UT 84201-0028

Notice CP32198
Tax Period December 31, 2012
Notice Date May 18, 2014
Employer ID Number [REDACTED]
Form 1120
To Contact us Phone 1-877-477-4712
Fax 1-855-255-8847
Last Date to Petition Tax Court August 17, 2014

7013 2259 0000 8694 7411
[REDACTED]

Notice of Deficiency
Increase in tax and notice of your right to challenge

We have determined that there is a deficiency (increase) in your December 31, 2012 income tax. You have the right to challenge the increase in U.S. Tax Court. This notice explains how the additional amount was calculated and how you can challenge the increase in U.S. Tax Court.

Summary	
Increase in tax (deficiency)	\$ 8,171
Failure-to-file penalty	\$ -
Substantial tax understatement penalty	\$ -

What you need to do immediately

Review this notice and compare our changes to the information on your December 31, 2012 tax return.
NOTE: The amounts shown above may differ from your previous notice because not all items can be challenged in tax court.

- If you agree with the changes we made**
- Sign the enclosed Form 4089 - Notice of Deficiency Waiver and mail it to us in the envelope provided.
 - You can send a payment with Form 4089. Otherwise, you'll receive a bill for the amount due (including any interest and applicable penalties).

- If you don't agree with the changes**
- You have the right to challenge the increase in tax by filing a petition with the U.S. Tax Court by August 17, 2014. The Court can't consider your case if the petition is filed late. You can download a petition form and rules from www.ustaxcourt.gov or contact:
Clerk of the U.S. Tax Court
400 Second Street, NW
Washington, DC 20217
1-202-521-0700

• If you want us to consider additional information, please mail it to us in the enclosed envelope immediately. Our consideration will not extend the August 17, 2014 deadline to file a petition with the U.S. Tax Court.

IRS
90-Day
Letter
(page 3 of 6)

Notice CP32198
Tax Period December 31, 2012
Notice Date May 18, 2014
Employer ID number [REDACTED]
Form 1120

If we don't hear from you

If we don't receive your Form 4089 - Notice of Deficiency Waiver, or you don't file a petition with the U.S. Tax Court by August 17, 2014, you'll receive a bill from us for the additional tax you owe plus any penalties and interest that apply.

Additional Information

- Visit www.irs.gov/cp32198.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Review the enclosed Publication 3498-B, The Examination Process.
- Keep this notice for your records.

• If you'd like to authorize someone, in addition to you, to contact the IRS concerning this notice, please complete and send us the Power of Attorney and Declaration of Representative (Form 2848), before your representative contacts us on your behalf. Download Form 2848 from www.irs.gov, or call 1-800-TAX-FORM (1-800-829-3676) to request a copy.
• The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. You may be eligible for help from the Taxpayer Advocate Service (TAS) if you have tried to resolve your tax problem through normal IRS channels and have gotten nowhere, or you believe an IRS procedure just isn't working as it should. TAS is your voice at the IRS. TAS helps taxpayers whose problems are causing financial difficulty or significant cost, including the cost of professional representation (this includes businesses as well as individuals). You can reach TAS by calling the TAS toll-free number at 1-877-777-4778 or by contacting the local Taxpayer Advocate office at:

OGDEN IRS CENTER
TAXPAYER ADVOCATE
1793 N RULON WHITE BLVD
STOP 1005
OGDEN, UT 84404

To learn more about TAS and your basic tax responsibilities, visit www.taxpayeradvocate.irs.gov.

If you need assistance, please don't hesitate to contact us.

**IRS
90-Day
Letter**
(page 4 of 6)

Form **4089** Department of the Treasury - Internal Revenue Service Symbols
(Rev. January 1983) **Notice of Deficiency - Waiver** CCS-CCO-OD:RDM 6663

Name, SSN or EIN, and address of Taxpayer(s)
[Redacted]

Kind of Tax Copy to Authorized Representative
Form 1120

Tax Year Ended	Increase in Tax	Deficiency	Penalties
December 31, 2012			
Increase in tax (deficiency)	\$ 8,171.00		

See the attached explanation for the above deficiencies

I consent to the immediate assessment and collection of the deficiencies (increase in tax and penalties) shown above, plus any interest provided by law.

Your Signature _____ (Date signed) _____

Spouse's Signature, If A Joint Return Was Filed _____ (Date signed) _____

Taxpayer's Representative Sign Here _____ (Date signed) _____

Corporate Sign Here _____ (Signature) _____ (Title) _____ (Date signed) _____

Note: If you consent to the assessment of the amounts shown in this waiver, please sign and return it in order to limit the accumulation of interest and expedite our bill to you. Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are entitled to a refund. It will not prevent us from later determining, if necessary, that you owe additional tax, nor will it extend the time provided by law for either action. If you later file a claim and the Internal Revenue Service disallows it, you may file suit for refund in a district court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

Who Must Sign
If this waiver is for any year(s) for which you filed a joint return, both you and your spouse must sign the original and duplicate of this form. Sign your name exactly as it appears on the return. If you are acting under power of attorney for your spouse, you may sign as agent for him or her. For an agent or attorney acting under a power of attorney, a power of attorney must be sent with this form if not previously filed. For a person acting in a fiduciary capacity (executor, administrator, trustee), the Form 56, Notice Concerning Fiduciary Relationship, with the form if not previously filed. For a corporation, enter the name of the corporation followed by the signature and title of the officer(s) authorized to sign.

If you agree, please sign one copy and return it, keep the other copy for your records.

Cat. No. 22650Y www.irs.gov Form 4089 (Rev. 1-1983)

**IRS
90-Day
Letter**
(page 5 of 6)

The proposed changes to your tax return are listed below:

Changes To Your Income And Deductions	Shown On Your Return	Reported To IRS, or as Corrected	Proposed Change
GROSS RENTS	\$0	\$53,289	\$53,289
OTHER INCOME	\$0	\$240	\$240
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
	\$0	\$0	\$0
TOTAL CHANGE TO TOTAL INCOME			\$53,529

Changes to Your Tax Computation	Shown on Your Return	As Corrected by IRS	Proposed Change
Taxable Income, line 30	-846	\$52,683	\$53,529
Tax, Sch J line 2	\$0	\$8,171	\$8,171
Other Credits, Sch J line 6	\$0	\$0	\$0
Other Taxes, Sch J line 8 + 10	\$0	\$0	\$0
Total Tax, line 31	\$0	\$8,171	\$8,171
		Penalties	\$0
Interest - if paid by		April 24, 2014	\$277
		Total Amount You Owe	\$8,447
		Refund	\$0

Information Reported to IRS that differs from the amounts shown on your return.
To assist you in resolving this matter, we have enclosed transcripts of information returns the IRS used to determine the potential discrepancy. The listing may include amounts already reported on your tax return.

Misidentified income
If any of the income shown on this notice is not yours, send us the name, address, and taxpayer identification number of the person or business that received the income. Please notify the payers to correct their records to show the name and taxpayer identification number of the person or business who actually received the income, so that future reports to us are accurate.

Next steps

- You don't need to file an amended tax return for December 31, 2012. We will make the correction when we receive your response. However, if you choose to file an amended tax return, write "CP2030" on the top of your amended federal tax return and attach it behind your completed Response form. Go to www.irs.gov to download Form 1120X or call 1-800-TAX-FORM (1-800-829-3676).
- Please file an amended tax return for any other tax periods in which the same error occurred.
- We send information about these changes to state and local tax agencies, so if the changes we made apply, file an amended state or local tax return as soon as possible.

Additional information

- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Review the enclosed Publication 3498-A, The Examination Process.
- Keep this notice for your records.

**IRS
90-Day
Letter**
(page 6 of 6)

Explanation of Changes

The following are additional explanations to help you understand the proposed changes to your tax return.

Please review your tax return to determine if, based on our proposal, the changes will affect the Net Operating Loss (NOL) as reported on Form 1120, line 30. You may need to change the NOL amount or adjust the amount carried forward to a subsequent year. If you have already applied the NOL to another tax year, you need to file a Form 1120X, Amended U.S. Corporate Tax Return for the other year with the appropriate Internal Revenue Service Center. If the tax return for the affected period has not yet been filed, confirm with a signed statement that your records have been corrected.

ACCURACY PENALTY FOR SUBSTANTIAL TAX UNDERSTATEMENT – IRC SECTION 6662(d)

If we increase your tax, and the increase exceeds 10% of the corrected tax and is also equal to or greater than \$10,000, the law requires an accuracy-related penalty due to substantial understatement of tax. The penalty is 20% of your tax increase. The penalty may be reduced or not charged if you:

- Provide the substantial authority (such as, Internal Revenue Code, Regulations, Revenue Rulings, Revenue Procedures, etc.) you used to decide how to treat your income or deduction, or
- Tell us where on your return you clearly show the facts supporting your treatment of the income or deduction, or
- Submit a signed statement that clearly outlines the facts supporting your treatment of the understated income.

Interest charges

We are required by law to charge interest on unpaid tax from the date the tax return was due to the date the tax is paid in full. The interest is charged as long as there is an unpaid amount due, including penalties, if applicable. (Internal Revenue Code section 6601)

For a detailed calculation of your interest, call 1-877-571-4712.

Corporate interest – We charge additional interest of 2% if, according to our records, you didn't make your corporate tax payment within 30 days after the IRS notified you of the underpayment of tax. This interest begins on the 31st day after we notify you of the underpayment on tax amounts you owe over \$100,000, minus your timely payments and credits.

Polling Question 19

Have you ever taken a case to US Tax Court?

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Even a blind squirrel finds a nut sometimes...

(800) 658-7590

www.taxresolutioninstitute.org

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Once the IRS makes a determination of tax due they must send a Notice of Deficiency to the taxpayer's last know address before they can begin the collection process...

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In one case the IRS mixed up the a taxpayer's address when sending out the Notice of Deficiency

The taxpayer claimed he never received the notice and the Tax Court determined that the IRS's mistake rendered their action improper

(Talbot, TC Memo. 2016-191)

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Tax Court

A brief look...

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Tax Court

Advantages

- Chances of a favorable result to the taxpayer generally has a higher probability
- Over 90% of tax court cases reach settlement prior to trial
- Area Counsel Considers the “Hazards of Litigation”

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Tax Court

Disadvantages

- You cannot go to tax court if you have already paid the tax in question (Claims Court or Federal District Court)
- Tax court meets infrequently and a result will take a long time
- Trial is typically calendared more than 6 months from the time a petition is filed
- Small cases often take a year to decide
- Cost to petition (necessity for an attorney)
- The IRS wins 86% of the time if the case goes to trial

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Tax Court

Types of Tax Court - Peter

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www.taxresolutioninstitute.org

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Tax Court

Small Tax Court (S Case) Proceedings

- Cases sent to Office of Appeals
- Cases can not exceed liability of \$50,000 per year
- Nominal filing fee
- Taxpayer will receive notice of trial, standing pre-trial order and trial memorandum
- IRS counsel may request meeting to discuss the case

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Tax Court

Small Tax Court (S Case) Proceedings

- Burden of proof is on the taxpayer
- Judge may render decision at trial or by mail
- Court will send bill for remaining taxes
- Legal briefs typically not necessary
- Findings can not be appealed to Court of Appeals

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Tax Court

Regular Tax Court Proceedings

- Most cases settle before trial
- Nominal filing fee
- Requires submission of legal briefs by IRS and taxpayer
- May request reclassification as an S Case if taxpayer is willing to waive right to contest tax assessed above \$50,000

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US Tax Court Petition Package (page 1 of 5)

Information About Filing a Case in the United States Tax Court

Attached are the forms to use in filing your case in the United States Tax Court.

It is very important that you take time to carefully read the information on this page and that you properly complete and submit these forms to the United States Tax Court, 400 Second Street, N.W., Washington, D.C. 20217.

Small Tax Case or Regular Tax Case

If you seek review of one of the four types of IRS Notices listed in paragraph 1 of the petition form (Form 2), you may file your petition as a "small tax case" if your dispute meets certain dollar limits (described below). "Small tax cases" are handled under simpler, less formal procedures than regular cases. However, the Tax Court's decision in a small tax case cannot be appealed to a Court of Appeals by the IRS or by the taxpayer(s).

You can choose to have your case conducted as either a small tax case or a regular case by checking the appropriate box in paragraph 4 of the petition form (Form 2). If you check neither box, the Court will file your case as a regular case.

Dollar Limits: Dollar limits for a small tax case vary slightly depending on the type of IRS action you seek to have the Tax Court review:

- (1) If you seek review of an IRS Notice of Deficiency, the amount of the deficiency (including any additions to tax or penalties) that you dispute cannot exceed \$50,000 for any year.
(2) If you seek review of an IRS Notice of Determination Concerning Collection Action, the total amount of unpaid tax cannot exceed \$50,000 for all years combined.
(3) If you seek review of an IRS Notice of Determination Concerning Your Request for Relief From Joint and Several Liability (or if the IRS failed to send you any Notice of Determination with respect to a request for spousal relief that you submitted to the IRS at least 6 months ago), the amount of spousal relief sought cannot exceed \$50,000 for all years combined.
(4) If you seek review of an IRS Notice of Determination of Worker Classification, the amount in dispute cannot exceed \$50,000 for any calendar quarter.

Enclosures

To help ensure that your case is properly processed, please enclose the following items when you mail your petition to the Tax Court:

- 1. A copy of the Notice of Deficiency or Notice of Determination the IRS sent you;
2. Your Statement of Taxpayer Identification Number (Form 4);
3. The Request for Place of Trial (Form 5); and
4. The \$60 filing fee, payable by check, money order, or other draft, to the "Clerk, United States Tax Court", or, if applicable, the fee waiver form.

For further important information, see the Court's Web site at www.ustaxcourt.gov or the "Persons Representing Themselves Before the U.S. Tax Court" booklet available from the Tax Court.

US Tax Court Petition Package (page 2 of 5)

UNITED STATES TAX COURT www.ustaxcourt.gov

These forms can be filled in and printed directly from Acrobat Reader. However, please be aware that the information you enter on a form cannot be saved to disk unless you are using the full Adobe Acrobat software suite.

To begin, move your mouse pointer over the Petitioner(s) name field. Your pointer will turn into a vertical beam, indicating that you can use an electronic field. Simply click once and drag (point). Use the Tab key to move forward through the form fields (Shift+Tab to move backward).

(FIRST) (MIDDLE) (LAST)
(PLEASE TYPE OR PRINT) Petitioner(s)
v.
COMMISSIONER OF INTERNAL REVENUE, Respondent
Docket No.

PETITION

- 1. Please check the appropriate box(es) to show which IRS NOTICE(s) you dispute:
[] Notice of Deficiency [] Notice of Determination Concerning Your Request for Relief From Joint and Several Liability. (If you requested relief from joint and several liability but the IRS has not made a determination, please see the Information for Persons Representing Themselves Before the U.S. Tax Court booklet or the Tax Court's Web site.)
[] Notice of Determination Concerning Collection Action [] Notice of Determination Concerning Worker Classification

2. Provide the date(s) the IRS issued the NOTICE(s) checked above and the city and State of the IRS office(s) issuing the NOTICE(S):

3. Provide the year(s) or period(s) for which the NOTICE(S) was/were issued.

4. SELECT ONE OF THE FOLLOWING:
If you want your case conducted under small tax case procedures, check here: [] (CHECK ONE BOX)
If you want your case conducted under regular tax case procedures, check here: []

NOTE: A decision in a "small tax case" cannot be appealed to a Court of Appeals by the taxpayer or the IRS. If you do not check either box, the Court will file your case as a regular tax case.

5. Explain why you disagree with the IRS determination in this case (please list each point separately):

Blank lines for explaining disagreement with IRS determination.

US Tax Court Petition Package (page 3 of 5)

6. State the facts upon which you rely (please list each point separately):

You may use additional pages to explain why you disagree with the IRS determination or to state additional facts. Please do not submit tax forms, receipts, or other types of evidence with this petition.

ENCLOSURES: Please check the appropriate boxes to show that you have enclosed the following items with this petition:

- A copy of the Determination or Notice the IRS issued to you
- Statement of Taxpayer Identification Number (Form 4) (See PRIVACY NOTICE below)
- The Request for Place of Trial (Form 5) The filing fee

PRIVACY NOTICE: Form 4 (Statement of Taxpayer Identification Number) will not be part of the Court's public files. All other documents filed with the Court, including this Petition and any IRS Notice that you enclose with this Petition, will become part of the Court's public files. To protect your privacy, you are strongly encouraged to omit or remove from this Petition, from any enclosed IRS Notice, and from any other document (other than Form 4) your taxpayer identification number (e.g., your Social Security number) and certain other confidential information as specified in the Tax Court's "Notice Regarding Privacy and Public Access to Case Files", available at www.ustaxcourt.gov.

SIGNATURE OF PETITIONER _____ DATE _____ (AREA CODE) TELEPHONE NO. _____

MAILING ADDRESS _____ CITY, STATE, ZIP CODE _____

State of legal residence (if different from the mailing address): _____

SIGNATURE OF ADDITIONAL PETITIONER (e.g., SPOUSE) _____ DATE _____ (AREA CODE) TELEPHONE NO. _____

MAILING ADDRESS _____ CITY, STATE, ZIP CODE _____

State of legal residence (if different from the mailing address): _____

SIGNATURE OF COUNSEL, IF RETAINED BY PETITIONER(S) _____ NAME OF COUNSEL _____ TAX COURT BAR NO. _____

MAILING ADDRESS, CITY, STATE, ZIP CODE _____ DATE _____ (AREA CODE) TELEPHONE NO. _____

US Tax Court Petition Package (page 4 of 5)

UNITED STATES TAX COURT
www.ustaxcourt.gov

Petitioner(s)

v. _____ } Docket No. _____

COMMISSIONER OF INTERNAL REVENUE,
Respondent

STATEMENT OF TAXPAYER IDENTIFICATION NUMBER
(E.g., Social Security number(s), employer identification number(s))

Name of Petitioner _____

Petitioner's Taxpayer Identification Number _____

Name of Additional Petitioner _____

Additional Petitioner's Taxpayer Identification Number _____

If either petitioner is seeking relief from joint and several liability on a joint return pursuant to Section 6015, I.R.C. 1986, and Rules 320 through 325, name of the other individual with whom petitioner filed a joint return:

Taxpayer Identification Number of the other individual, if available:

SIGNATURE OF PETITIONER OR COUNSEL DATE _____

SIGNATURE OF ADDITIONAL PETITIONER DATE _____

**US Tax Court
Petition
Package**
(page 5 of 5)

UNITED STATES TAX COURT
www.ustaxcourt.gov

Petitioner(s) _____ }
v. _____ } Docket No. _____
COMMISSIONER OF INTERNAL REVENUE,
Respondent

REQUEST FOR PLACE OF TRIAL

PLACE AN "X" IN ONLY ONE BOX TO REQUEST THE PLACE OF TRIAL. IF PETITIONER(S) ELECTED TO HAVE THE CASE CONDUCTED AS A SMALL TAX CASE, REQUEST ANY CITY LISTED BELOW; OTHERWISE, REQUEST ANY CITY NOT MARKED WITH AN ASTERISK (*).

- | | | |
|--|--|--|
| ALABAMA
<input type="checkbox"/> Birmingham
<input type="checkbox"/> Mobile | KANSAS
<input type="checkbox"/> Wichita* | OHIO
<input type="checkbox"/> Cincinnati
<input type="checkbox"/> Cleveland
<input type="checkbox"/> Columbus |
| ALASKA
<input type="checkbox"/> Anchorage | KENTUCKY
<input type="checkbox"/> Louisville | OKLAHOMA
<input type="checkbox"/> Oklahoma City |
| ARIZONA
<input type="checkbox"/> Phoenix | LOUISIANA
<input type="checkbox"/> New Orleans
<input type="checkbox"/> Shreveport* | OREGON
<input type="checkbox"/> Portland |
| ARKANSAS
<input type="checkbox"/> Little Rock | MAINE
<input type="checkbox"/> Portland* | PENNSYLVANIA
<input type="checkbox"/> Philadelphia
<input type="checkbox"/> Pittsburgh |
| CALIFORNIA
<input type="checkbox"/> Fresno*
<input type="checkbox"/> Los Angeles
<input type="checkbox"/> San Diego
<input type="checkbox"/> San Francisco | MARYLAND
<input type="checkbox"/> Baltimore | SOUTH CAROLINA
<input type="checkbox"/> Columbia |
| COLORADO
<input type="checkbox"/> Denver | MASSACHUSETTS
<input type="checkbox"/> Boston | SOUTH DAKOTA
<input type="checkbox"/> Aberdeen* |
| CONNECTICUT
<input type="checkbox"/> Hartford | MICHIGAN
<input type="checkbox"/> Detroit | TENNESSEE
<input type="checkbox"/> Knoxville
<input type="checkbox"/> Memphis |
| DISTRICT OF COLUMBIA
<input type="checkbox"/> Washington | MINNESOTA
<input type="checkbox"/> St. Paul | TEXAS
<input type="checkbox"/> Dallas
<input type="checkbox"/> El Paso
<input type="checkbox"/> Houston
<input type="checkbox"/> Lubbock
<input type="checkbox"/> San Antonio |
| FLORIDA
<input type="checkbox"/> Jacksonville
<input type="checkbox"/> Miami
<input type="checkbox"/> Tallahassee* | MISSISSIPPI
<input type="checkbox"/> Jackson | UTAH
<input type="checkbox"/> Salt Lake City |
| GEORGIA
<input type="checkbox"/> Atlanta | MISSOURI
<input type="checkbox"/> Kansas City
<input type="checkbox"/> St. Louis | VERMONT
<input type="checkbox"/> Burlington* |
| HAWAII
<input type="checkbox"/> Honolulu | MONTANA
<input type="checkbox"/> Billings* | VIRGINIA
<input type="checkbox"/> Richmond
<input type="checkbox"/> Roanoke* |
| IDAHOO
<input type="checkbox"/> Boise
<input type="checkbox"/> Pocatello* | NEBRASKA
<input type="checkbox"/> Omaha | WASHINGTON
<input type="checkbox"/> Seattle
<input type="checkbox"/> Spokane |
| ILLINOIS
<input type="checkbox"/> Chicago
<input type="checkbox"/> Peoria* | NEVADA
<input type="checkbox"/> Las Vegas
<input type="checkbox"/> Reno | WEST VIRGINIA
<input type="checkbox"/> Charleston |
| INDIANA
<input type="checkbox"/> Indianapolis | NEW MEXICO
<input type="checkbox"/> Albuquerque | WISCONSIN
<input type="checkbox"/> Milwaukee
<input type="checkbox"/> Cheyenne* |
| IOWA
<input type="checkbox"/> Des Moines | NEW YORK
<input type="checkbox"/> Albany*
<input type="checkbox"/> Buffalo
<input type="checkbox"/> New York City
<input type="checkbox"/> Syracuse* | WYOMING
<input type="checkbox"/> Cheyenne* |
| | NORTH CAROLINA
<input type="checkbox"/> Winston-Salem | |
| | NORTH DAKOTA
<input type="checkbox"/> Bismarck* | |

Signature of Petitioner(s) or Counsel _____

Date _____

Tax Court

Who can file a petition?

- Any person who has received a notice of deficiency
- Any person who has received a notice of determination
- In some instances a petition may be filed for relief from joint and several liability (innocent spouse relief)

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Tax Court

Who can appear in tax court?

- An attorney admitted to practice in tax court
- A non-attorney admitted to practice in tax court
- A taxpayer without representation

(800) 658-7590

www.taxresolutioninstitute.org

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Audit Red Flags

Other things to look out for

- Undisclosed foreign bank accounts
- Unreported income
- Potential fraud

(800) 658-7590

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Polling Question 20

Are you comfortable handling complex audits?

(800) 658-7590

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Let's Thank Peter and Phil

(800) 658-7590

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Group Discussion

(time permitting)

FAQ's

1. **Installment Agreements** – what should I do if my client qualifies for a streamlined installment agreement but is unable to afford the monthly payment amount?
2. **Offer in Compromise** – can my client who has been assessed a Civil Penalty stemming from the Trust Fund portion of payroll tax liability submit an offer?
3. **Bankruptcy** – if my client filed their 2009 tax return on June 15, 2010 which was on extension, can they file for bankruptcy on June 16, 2013 and discharge their 2009 tax liability under the 3-year rule?
4. **Appeals** – which type of appeal, CAP or CDP allows you to make an argument in tax court? (Stay tuned for the next webinar...)

Summary of topics covered today

- Solving income and payroll taxes
- Sequence of events
- Installment Agreements
- Offers in compromise (basics)
- Low Hanging Fruit
- Marketing
- Cost segregation
- Audits

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Our mission today...

- 1) Help you make money**
- 2) Teach you how to become a tax resolution specialist;**
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