

## Tax Tax and More Tax



### Full Day Seminar and Webcast

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# Tax

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# Tax & More tax



# Meet our speaker



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# Tax Tax and More Tax

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# What will be covered today

- Tax Cuts and Jobs Act
- Grow your practice with Tax Resolution
- Marketing for professionals
- DRAWING – Professional’s System
- Resolution case management
- Payroll Taxes
- Installment agreements
- Case study: installment agreement
- Offers in compromise
- Selling your professional services
- DRAWING – Professional’s System
- Case study: OIC vs IA
- IRS criminal investigation
- Innocent Spouse
- Taxes and bankruptcy
- Audits
- Appeals

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# Tax Cuts & Jobs Act What You Need to Know



# History of Federal Income Tax

- First imposed in the 19<sup>th</sup> century to fund Civil War efforts (3% of income or \$600...rescinded in 1872)
- Legality of income tax was questioned until passing of 16<sup>th</sup> amendment in 1913
- Income tax rates in 1913 were 1% on income over \$3,000 7% for income over \$500,000 (\$12,122,000 in 2016 dollars)
- To finance WWI in 1918, the highest marginal tax rate increased to 77% for income over \$1MM (\$17,264,599 in 2016 dollars)

# History of Federal Income Tax (continued)

- In 1932 the highest marginal rate increased to 63% and continued upward ultimately reaching 94% (on income over \$200,000)
- Required withholding and quarterly payments began in 1945
- The highest marginal rate hovered around 90% until 1964 at which time the rate was lowered to 70%
- The marginal rate maximum was lowered again to 50% in 1982 and 28% in 1988
- Since 1988 the marginal rate maximum has slowly increased to 39.6%

# Historical Tax Rates

## Maximum Tax Rates by Time Period (MFJ)

<u>Tax Year/s</u>	<u>Maximum Tax Rate</u>	<u>Income Threshold*</u>
1944 - 1945	94.0%	over 200,000
1953	92.0%	over 400,000
1954 - 1963	91.0%	over 400,000
1964	77.0%	over 400,000
1965 - 1981	70.0%	over 215,400
1982 - 1986	50.0%	over 175,250
1987	38.5%	over 90,000
1988 - 1990	28.0%	over 32,450
1991 - 1992	31.0%	over 86,500
1993 - 2000	39.6%	over 288,350
2001	39.1%	over 297,350
2002	38.6%	over 307,050
2003 - 2012	35.0%	over 311,950
2013 - 2017	39.6%	over 450,000

\* threshold amounts shown are for latest year in the span

## 2018 Tax Brackets & Rates

<b>Rate</b>	<b>MFJ</b>	<b>MFS</b>	<b>Single</b>	<b>HOH</b>
10%	\$0 – 19,050	\$0-\$9,525	\$0-\$9,525	\$0-\$13,600
12%	\$19,050 - \$77,400	\$9,526-\$38,700	\$9,526-\$38,700	\$13,601- \$51,800
22%	\$77,401-\$165,000	\$38,701- \$82,500	\$38,701-\$82,500	\$51,801-\$82,500
24%	\$165,001-\$315,000	\$82,501- \$157,500	\$82,501- \$157,500	\$82,501-\$157,500
32%	\$315,001-\$400,000	\$157,501-\$200,000	\$157,501-\$200,000	\$157,501-\$200,000
35%	\$400,001-\$600,000	\$200,001-\$300,000	\$200,001-\$500,000	\$200,001-\$500,000
37%	\$600,001 and over	\$300,001 and over	\$500,001 and over	\$500,001 and over

## 2018 Personal Exemptions - GONE

<b>Tax Cuts and Jobs Act</b>	<b>Previous Law</b>
\$0	\$4,150

## Deductions that went away

- Moving Expense Deduction has been eliminated as well as the Exclusion from Income for qualified moving expense reimbursements provided by an Employer
- Alimony is no longer deductible by the payor spouse nor is it included in the recipient spouse's gross income for any divorce or separation instrument executed after December 31, 2018.
- **Student Loans – New Cancellation of Debt exclusion** The deduction for student loan interest remains. A student loan discharged on account of death or total disability of the student is excluded from gross income, but only if the discharge of indebtedness occurs prior to January 1, 2026.

# 2018 Standard Deduction - Increased

<b>Filing type</b>	<b>Tax Cuts and Jobs Act</b>	<b>Previous law</b>
MFJ (and surviving spouse)	\$24,000	\$13,000
Head of household	\$18,000	\$9,550
Single (and MFS)	\$12,000	\$6,350

# Medical Expenses

- Medical Expense Deduction reduced to 7.5% of AGI for 2017 and 2018 for all taxpayers.
- Returns to 10% of AGI after 2018.



# Deduction for State and Local Taxes (SALT)

- Itemized Deduction up to \$10,000 (\$5K for MFS) for the aggregate of state and local income taxes and property taxes.
- SALT and property taxes paid while engaged in a trade or business, a rental activity, or an activity described in Internal Revenue Code §212 remain fully deductible.
- Taxpayers retain the ability to choose between state income taxes and sales taxes.
- The \$10,000 limitation for individuals also applies to estates and trusts.

# Mortgage Interest

- From Jan 1, 2018 – Dec 31, 2025 no more than \$750,000 (\$375,000 for MFS) can be treated as acquisition indebtedness.
- If the acquisition indebtedness was incurred before Dec 15, 2017, the \$1 million limitation (\$500K for MFS) is grandfathered in, along with any refinancing of grandfathered debt.
- Once the law expires on Dec 31, 2025, all mortgage debt (including debt acquired after Dec 15, 2017) will be subject to the \$1 million limitation.
- Interest from all Home Equity Indebtedness is Non-Deductible from Jan 1, 2018 to Dec 31, 2025.

# Second Homes

- No change on Second Homes except the lower overall cap (\$750K from \$1 Million)

# Charitable Contributions

- AGI Limit has been increased to 60% from 50% for charitable contributions to 50% Charities.

# Casualty Losses

- Casualty losses are no longer deductible unless it is a “Presidentially-Declared Disaster”.
- Any allowable casualty loss deductions are still deductible as itemized deductions and subject to the \$100 per casualty and 10% of AGI limitations.

# Miscellaneous Itemized Deductions

- All miscellaneous itemized deductions subject to the 2% floor are repealed.
- This includes:
  - Tax preparation fees (unless they can be allocated to Schedules C, E, or F).
  - Unreimbursed employee business expenses.
  - Union dues and uniforms.
  - Investment advisor fees and/ or asset management fees.

# Capital Gains – No Substantial Change

Individual Long-Term Capital Gains Rates		
Rate	Tax bracket (for 2017)	Income level breakpoint (for 2018)
0%	10% and 15%	Single: \$38,600 MFS: \$38,600 MFJ: \$77,200 HOH: \$51,700
15%	25%-35%	Single: \$425,800 MFS: \$239,500 MFJ: \$479,000 HOH: \$452,400
20%	39.6%	No breakpoint

# Alternative Minimum Tax

<b>2018 AMT Exemption Amounts</b>		
<b>Filing Status</b>	<b>Tax Cuts and Jobs Act</b>	<b>Previous Law</b>
Single, HOH	\$70,300	\$55,400
MFJ, surviving spouse	\$109,400	\$86,200
MFS	\$54,700	\$43,100

<b>Beginning of 2018 AMT Exemption Phase-out Ranges</b>		
<b>Filing Status</b>	<b>Tax Cuts and Jobs Act</b>	<b>Previous Law</b>
Single, HOH	\$500,000	\$123,100
MFJ, surviving spouse	<b>\$1,000,000</b>	\$164,100
MFS	\$500,000	\$82,050



# Retirement Plan Changes

- No longer able to re-characterize Roth IRA contributions as traditional IRA contributions to unwind a Roth Conversion.
- Allows employees whose retirement plan terminates or who separate from employment while they have outstanding plan loans to contribute the loan balance to an IRA by the due date for filing their tax return, including extensions, for that year in order to avoid the loan being taxed as a distribution.

## Other Provisions

- Net Operating Loss Carrybacks have been largely repealed, and Net Operating Loss carryovers are limited to 80% of the taxpayer's taxable income for the year of the claimed deduction (starting in 2018), but carryovers are allowed indefinitely.
- Cost of Living Adjustments are now made under Chained CPI
- Distributions from §529 accounts are allowed in connection with K-12 Education, up to \$10,000.
- New due diligence requirements for HoH filing status, including \$500 penalty for failure to perform due diligence.

# Deduction for “Pass-through” Entities

## IRC §199A deduction

- Qualified businesses may deduct up to 20% of business income for 2018.
- Qualified business income excludes W-2 income and partner guaranteed payments.
- Deduction applies to:
  - Sole proprietors
  - Partnerships (via K-1)
  - S corporations (via K-1)
  - Trusts and estates
- No deductions for C-Corps (or LLCs taxed as a C-Corps).

## Where it will be deducted?

- The deduction is NOT taken when computing AGI.
- The deduction is allowed for both itemizers and non-itemizers.
- The deduction applies for Income Tax purposes only
- The deduction is taken after either the standard deduction or an itemized deduction.

Adjusted Gross Income
Less: Standard Deduction or Itemized Deductions
Taxable Income before IRC §199A deduction
<b>Less: IRC §199A deduction</b>
Taxable Income

# IRC §199A Deduction Limitations

- The deduction is limited to 20% of the lesser of Net Qualified business income and taxable income before the deduction

## Taxable Income Limitations

	Jane	Sam
Net qualifying business Income <b>(NBI)</b>	\$100,000	\$100,000
Taxable Income before IRC §199A	\$140,000	\$70,000
Taxable income <b>(TI)</b>	\$140,000	\$70,000
Lesser of <b>(NBI)</b> or <b>(TI)</b>	\$100,000	\$70,000
IRC §199A deduction (20% of above)	\$20,000	\$14,000

# IRC §199A Deduction Limitations

Taxable income must exclude capital gains

- If qualified business has capital gains, they are subtracted from taxable income prior to calculating 199A deduction

**Taxable Income Limitations (with and without capital gains)**

	<b>Sam</b>	<b>Jack</b>
Net qualifying business Income <b>(NBI)</b>	\$100,000	\$100,000
Taxable Income before IRC §199A	\$120,000	\$120,000
Capital gains	\$0	\$30,000
Taxable income less capital gains <b>(TINCG)</b>	\$120,000	\$90,000
Lesser of <b>(NBI)</b> or <b>(TINCG)</b>	<b>\$100,000</b>	<b>\$90,000</b>
IRC §199A deduction (20% of above)	\$20,000	\$18,000

## Phase-out Ranges

- The phase-out affects "specified" service business differently than other businesses.
- Although the effect of the phase-out is different, the phase-out ranges for all qualified taxpayers is the same.
  - Married filing joint: \$315,000-\$415,000; and
  - All other filing statuses: \$157,500-\$207,500.

## Phase-outs for “specified” service business

- The new tax law phases out the 199A deduction for most service based businesses.
- Service businesses (defined later) with income above the upper range, lose the entire deduction.
- Service businesses within the phase-out range, with receive a partial deduction.



# Service Businesses

- Defined under IRC §199A(d)(2)
- A "specified service trade or business" is any business that performs services
- Engineers and architects are exempted from this category.
- Examples of service-based businesses:
  - Investment activity and management professionals
  - Doctors, nurses, and dentists
  - Attorneys
  - Accountants (including tax preparers)
  - And many more including performing artists, consultants; and athletics professionals.

# Service Businesses Continued

In case you are unsure about a which trade or business is “specified”...

The “Services” category includes “any trade or business where the principal asset of such trade or business is the reputation or skill of one or more of its employees.”

This is a pretty far-reaching definition

## Example of Phase-outs for service business

	<b>Brad</b>	<b>Barbara</b>	<b>Bill</b>
Net qualifying business income ( <b>NBI</b> )	\$100,000	200,000	100,000
Taxable income before IRC §199A ( <b>TI</b> )	\$90,000	\$220,000	\$167,500
Lesser of ( <b>NBI</b> ) or ( <b>TI</b> )	\$90,000	\$200,000	\$100,000
IRC §199A deduction before phase-out	\$18,000	\$40,000	\$20,000
Phase-out	\$0	\$40,000	\$4,000
IRC §199A deduction	\$18,000	\$0	\$16,000

Note the following:

- Brad, Barbara, and Bill all operate tax practices as sole proprietors (with varying degrees of success). All are single. None have any capital gains.
- Brad is allowed the full deduction because his taxable income before the deduction is below the lower threshold of the phase-out range;
- Barbara's deduction is fully phased out because her taxable income before the deduction is over the upper end of the phase-out range; and
- Bill's deduction is partially phased out. His taxable income is \$10,000 over the initial range (\$167,500- \$157,500). The total phase-out range is \$50,000 (\$157,000-\$207,500). Therefore, his phase-out is 20% of his initial deduction (\$10,000 ÷ \$50,000). His phase-out is \$4,000 (20% x \$20,000).

## Phase-outs for all other businesses

- If a non service business exceeds the top phase-out level for business income they may retain all are part of the deduction subject to other limitations.
- To illustrate, if taxpayer's income exceeds the phase-out thresholds, the deduction amount is determined using employee wages paid by the business as well as the basis (unadjusted) of depreciable property held by the business.
- In the illustration, the deduction is limited to the GREATER of:
  - 50% of the W-2 wages paid by the business; or
  - The sum of:
    - 25% of the W-2 wages paid by the business; plus
    - 2.5% of the unadjusted basis immediately after acquisition of depreciable property

## Example of phase-outs for non-service businesses

	Jack	Linda	Angela
Net qualifying business income <b>(NBI)</b>	400,000	400,000	400,000
Taxable income before IRC §199A <b>(TI)</b>	400,000	400,000	400,000
Lesser of <b>(NBI)</b> or <b>(TI)</b>	400,000	400,000	400,000
IRC §199A deduction (20% of above)	80,000	80,000	80,000
W-2 wages paid	0	300,000	100,000
Unadjusted basis of depreciable assets	1,000,000	0	400,000
50% of W-2	0	150,000	50,000
25% of W-2 + 2.5% of assets	25,000	75,000	35,000
Allowable deduction	25,000	80,000	50,000

Jack, Linda, and Angela are all in the business of producing clothing. All are single. None have any capital gains. They all operate as sole proprietorships.

- Jack has depreciable property but has no employees.
- Linda has employees but rents her building and all of her equipment.
- Angela has employees and depreciable property.

# What counts as “Qualified Business Income”

- Qualified Business Income is comprised of “the net amount of qualified items of income, gain, deduction, and loss with respect to any qualified trade or business of the taxpayer.”
- Income must originate from the United States and US territories including W-2 wages and depreciable property
- Qualified business income excludes dividends, capital gains and interest income.
- Gains on the disposition of assets is considered qualified business income and is treated as ordinary income (IRC §1231 gains).

## Does rental real estate count as qualified business income?

- Rental income from real estate shown on Schedule 'E' DOES COUNT as qualified business income.
- Multiple rental properties
  - Although not specified in the new tax law, it seems likely that owners of multiple rental properties will want to treat the rental properties as a single trade or business, even if they have not made the single activity election.
  - It remains to be seen how the IRS will treat rental income from other sources (i.e. pass-through entities via K-1's) with rental properties owned directly by the taxpayer.

## Multiple Rental Properties Example

Jeffery owns 3 single-family homes that are currently rented. He is single and his taxable income for the year is \$100,000. For 2018, his net rental income (loss) is:

Property 1:	20,000
Property 2:	10,000
Property 3:	<u>(5,000)</u>
Combined income/(loss):	25,000

Without considering outside limitations, Jeffery's deduction would be \$5,000 (20% x \$25,000).



## Suspended Passive Losses

If a rental real estate owner generates suspended passive losses that are released in the current year, they will reduce the amount of qualified business income from the rentals.

### Multiple rental properties (example 2)

- Using the fact provided in the previous example, if Jeffery also has \$10,000 of suspended passive losses that will be carried over from 2017, his net income from the properties is reduced to \$15,000 and his deduction would be \$3,000 ( $20\% \times \$15,000$ ) instead of \$5,000.

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# Property Sales

- If a taxpayer sells rental real estate, gains to the extent of IRC §1250 recapture would be considered qualified business income.
- Gain treated as capital gains; however, would not be qualified business income.

# Business income from flow-through entities

- The deduction for owners with interests in flow-through entities will be determined at the individual level using information reported on Schedule K-1.
- This means that K-1's must now show an allocation of employee wages paid by the entity attributable by the "owner" as well as their portion of income/loss.
- The same holds true for their allocable portion of the unadjusted basis of qualifying depreciable property.
- Read....lots of new work for accountants AND taxpayers!

# Partners and partnerships

A partner's guaranteed payment from a partnership or other pass-through entity is NOT considered qualified business income to the partner.

Moreover, it reduces qualified business income. IMPORTANT

Example of guaranteed payments

- Bob and Stu are each 50% partners in their business. The income for each is lower than the taxable lower income phase-out threshold.
- Each receives a guaranteed payment for \$50,000. In addition, each is allocated \$30,000 as their share of the partnership's ordinary income.
- Each partner will receive a deduction in the amount of \$6,000 (20% x \$30,000).
- Note that had they not received any guaranteed payments, they each would have been allocated \$80,000 in income, and qualified for a \$16,000 199A deduction (20% x \$80,000).

# S Corporations

Owners wages do not count as qualified business income.

Example of S corporation wages

- David had a sole proprietorship that is a non-service trade or business. He has net income on his Schedule C in the amount of \$500,000. He had no other income. He pays no wages and has qualifying depreciable assets of \$100,000.
- Because David's income is over the phase-out threshold and he pays no wages to employees, his deduction would be limited to \$2,500 (2.5% x \$100,000 depreciable assets).
- David incorporates the business and makes an S election. He pays himself a salary of \$200,000, leaving \$300,000 as flow-through income.
- His 199A deduction in this case would increase to \$60,000 (the lesser of 20% x \$300,000 or 50% of the \$200,000 W-2 amount).

# Trusts, Estates, & Dividends

## **Trusts and estates**

- Trust and estates are treated the same as partnerships with regard to the 199A deduction.

## **Real Estate Investment Trust (REIT) dividends and qualified cooperative dividends**

- Qualified dividends and qualified cooperative patronage dividends count as qualified business income.
- Capital gain distributions and C corporation dividends do not count.

## Hybrid businesses (service & non-service)

- Taxpayers under the lower taxable income phase-out threshold are treated the same regardless of whether their business is a service business or not.
- The IRS has not provided guidance for hybrid businesses (part service and part non-service). Some possible options include:
  - A threshold test (i.e. at least 80% of the businesses assets are used in the non-service vertical)
  - Each vertical is treated separately using separate accounting for each. Items such as administrative overhead would be allocate accordingly



## Example hybrid business income

- David is a doctor operating his business as an S corporation.
- In addition to providing services, the corporation sells products online.
- David's pass-through income from the corporation is \$500,000 and his taxable income before the deduction is also \$500,000.
- He keeps accurate accounting of the separate activities and determines that of the \$500,000 taxable income of the corporation, \$50,000 is attributable to sales of online products. He also determines that \$20,000 of the corporation's salary expense is properly allocated to sales of the online products.
- David's income is over the phase-out threshold for taking the deduction on income from a service business and receive no deduction.
- However, if the IRS rules that a hybrid business may take the deduction on the non-service portion of the income, David's 199A deduction would be \$10,000 (the lesser of 20% x \$50,000 or 50% x \$20,000 wages, which in this example are the same).

# Multiple trades or businesses

- Generally, the 199A deduction is initially determined separately with respect to each trade or business the taxpayer has.
- The deductions are then combined to determine the total deduction.

*Determining deduction for multiple businesses*

	<b>Law Practice</b>	<b>Rental</b>	<b>S corporation</b>
(A) Net qualifying business income	\$300,000	\$10,000	\$20,000
(B) Taxable income before IRC §199A	\$370,000	\$370,000	\$370,000
Lesser of (A) or (B)	\$300,000	\$10,000	\$20,000
IRC §199A deduction (20% of above)	\$600,000	\$2,000	\$4,000
W-2 wages paid	N/A	\$0	\$5,000
Unadjusted basis of depreciable assets	N/A	\$1,000,000	\$20,000
50% of W-2	N/A	\$0	\$2,500
25% of W-2 + 2.5% of assets	N/A	\$25,000	\$1,750
Allowable deduction	\$0	\$2,000	\$2,500

- Carl owns a law practice. His Sch C income is \$300,000. He is single and has taxable income of \$370,000 before the deduction. He has no capital gains.
- He has a rental property that generates \$10,000 in rental income and its depreciable property has an unadjusted basis of \$1MM.
- He is a shareholder in an S corp. that sells watches. His allocable income from that business is \$20,000, his allocable W-2 amount is \$5,000, and his allocable share of depreciable assets is \$20,000.

Carl's total deduction is \$4,500. He is not allowed a deduction with respect to income from his law practice because he is over the taxable income threshold.

# Business Losses and the “Deduction Reduction”

Net business losses may come into play under two scenarios:

1. If the taxpayer's overall net business income is less than \$0; or
2. If the taxpayer has more than one businesses, has combined net business income and at least one business has a loss.

## Combined business loss

- If the taxpayer's combined business income is less than zero, no deduction will be allowed and the loss will be carried over to the following year.

## Combined business income (with one or more business loss)

- If the taxpayer has more than one business reflecting combined income, any loss from a the separate business/es activity will offset the deduction amount from the amount calculated on combined income. This in effect creates a "deduction reduction."

# Business Loss Example

Irma and Steve file a joint return. They have taxable income before the 199A deduction in the amount of \$200,000. This amount is under the lower phase-out thresholds.

Irma's Schedule C earnings	\$150,000
Steve's Schedule C loss	(\$40,000)
Carryover business loss from prior year	<u>(\$50,000)</u>
Total business income	<u>\$60,000</u>
Irma's deduction ( $\$150,000 \times 20\%$ )	\$30,000
Steve's deduction reduction ( $\$40,000 \times 20\%$ )	(\$8,000)
Carryover loss deduction reduction ( $\$50,000 \times 20\%$ )	<u>(\$10,000)</u>
Deduction	\$12,000

## Unanswered Questions

It appears that carryover losses accumulate and carry over indefinitely. It is not clear whether taxpayers will need to compute accumulated business losses from pre-enactment years and carry them into 2018.

# 2018 Changes

Matt runs a tax practice. He earns \$100,000 net income in his practice reported on a Schedule C. He is single and uses the standard deduction.

	<b>2018</b>	<b>2017</b>
Schedule C income	\$100,000	\$100,000
One-half self-employment tax	<u>\$7,065</u>	<u>\$7,065</u>
AGI	\$92,935	\$92,935
Standard deduction	<u>\$12,000</u>	<u>\$6,350</u>
Net before exemptions	\$80,935	\$86,585
Exemptions	<u>\$0</u>	<u>\$4,050</u>
Taxable income before IRC §199A	\$80,935	\$82,535
IRC §199A deduction (20% x \$80,935)	<u>\$16,187</u>	<u>\$0</u>
Taxable Income	<u>\$64,748</u>	<u>\$82,535</u>
Tax on above	\$10,184	\$16,370
Self-employment tax	<u>\$14,130</u>	<u>\$14,130</u>
Total tax	<u><b>\$24,314</b></u>	<u><b>\$30,500</b></u>

Matt saves over \$6,000. This results from three factors:

- The net increase in his std. deduction plus exemptions reduces his taxable income by \$1,600
- The 199A deduction decreases his taxable income by \$16,187
- The new tax brackets drop his top rate from 25% to 22%.

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# Tax Resolution

## Finding Tax Resolution Clients

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



# Three Professions with Tax Problems

- Real estate brokers
- Attorneys
- Self employed taxpayers (both income & payroll tax issues)
- What other categories of taxpayers are prone to collection activities

# Number of Accounts in IRS Collection

<b>Year</b>	<b>Accounts in Collection</b>	<b>Increase (%)</b>
<b>2017</b>	<b>14,080,000</b>	<b>0.53%</b>
<b>2016</b>	<b>14,005,000</b>	<b>4.53%</b>
<b>2015</b>	<b>13,371,000</b>	<b>7.26%</b>
<b>2014</b>	<b>12,400,000</b>	<b>5.48%</b>
<b>2013</b>	<b>11,721,000</b>	<b>2.19%</b>
<b>2012</b>	<b>11,464,000</b>	<b>5.71%</b>
<b>2011</b>	<b>10,809,000</b>	<b>3.87%</b>
<b>2010</b>	<b>10,391,000</b>	<b>6.97%</b>
<b>2009</b>	<b>9,667,000</b>	<b>4.50%</b>
<b>2008</b>	<b>9,232,000</b>	<b>-</b>

# Have you downloaded your materials?

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Visit [www.taxresolutioninstitute.org/200A](http://www.taxresolutioninstitute.org/200A) to get  
your free content for the next 10 days

If at anytime you have a client with tax resolution issues and need our  
assistance, just pick up the phone and call or email us anytime.

(800) 658-7590

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

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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.

# 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

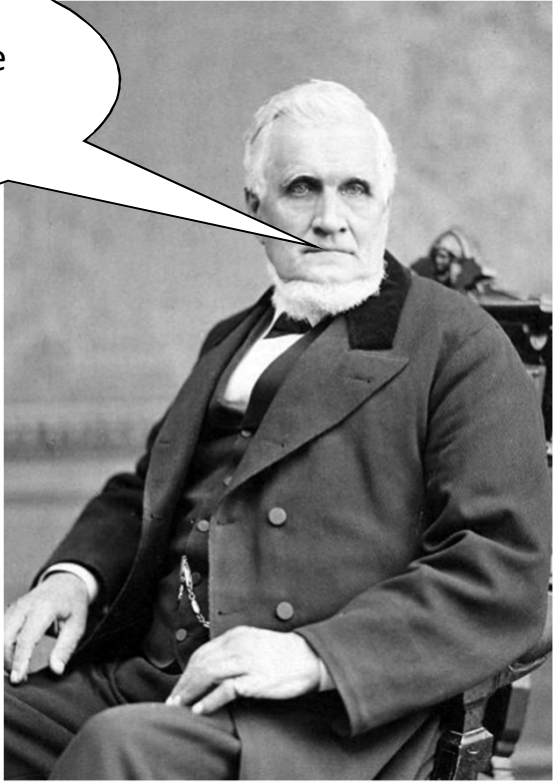
# Solving Payroll Tax Issues

4 most common methods:

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

# Story Time

Anything is possible in the tax resolution business



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# Marketing & Selling Professional Services

## Why you need to market, sell and practice tax resolution

- Regular tax returns are a commodity. You make between \$400 and \$1,000 for normal return
- *Each resolution case runs from \$4000 – \$10,000 (ten times the amount for tax returns)*
- *Using a system, this work is easy and manageable*
- *Setting up shop yields immediate results*

# Marketing

*for Professionals*

## Why Market?

Professionals who balance marketing with practicing, get 4 times more clients than those who rely solely on word-of-mouth.

With the TRI Ultimate Professional's System™ you can...

- Earn \$16,000 - \$60,000 more on a monthly basis (\$192,000 - \$720,000 annually)
- Keep your staff busy billing during the off-season
- **MAKE WAY MORE MONEY**

# YOU NEED A SYSTEM

*(if you can measure it...you can control it)*

Why is the TRI “Ultimate Professional’s System”™ right for you?

- Easy to use
- Provides immediate results
- Allows you to invest a minimum amount of time and money

## 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...**



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.

<http://www.pbs.org/newshour/rundown/irs-dropped-8-million-calls-tax-filing-season/>

## The TRI “Ultimate Professional’s System”™ was born from TRI’s Marketing Success

- Steady increase in clients...7 years running
- Average increases in revenue (23.8% annually)
- Ever-expanding client base (number & type of clients)



The TRI “Ultimate Professional’s System”™  
lets you work smarter...not harder

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# Drawing for free system (seminar attendee)

## The Ultimate Professionals System



- Charge up to 2 times your normal rate
- Keep busy all year long
- Solve even the most complex tax collection problems with our VIP Program™
- Find clients without spending too much time or too much money
- Close a deal with little to no effort

**\$3,000.00**

## Why the TRI Ultimate Professional's System™?

- Marketing
- Sales
- **Live Support\***
- Resolution



\* two months TRI VIP Program™ included

# Morning Break

The Ultimate Sales & Marketing System

**Sales & Marketing**

add the  
**Resolution Add-on Pack**

Only good until  
**6pm today**

- Charge up to 2 times your current income
- Keep busy all year long
- Solve even the most complex tax concerns with our VIP Program™
- Find clients without spending too much time or too much money
- Close a deal with little to no effort

**~~\$3,000.00~~**

RESOLUTION LIVE SUPPORT

# Tax Resolution

## Case Management from Start to Finish

## 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

## 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)

## 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

## 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”)

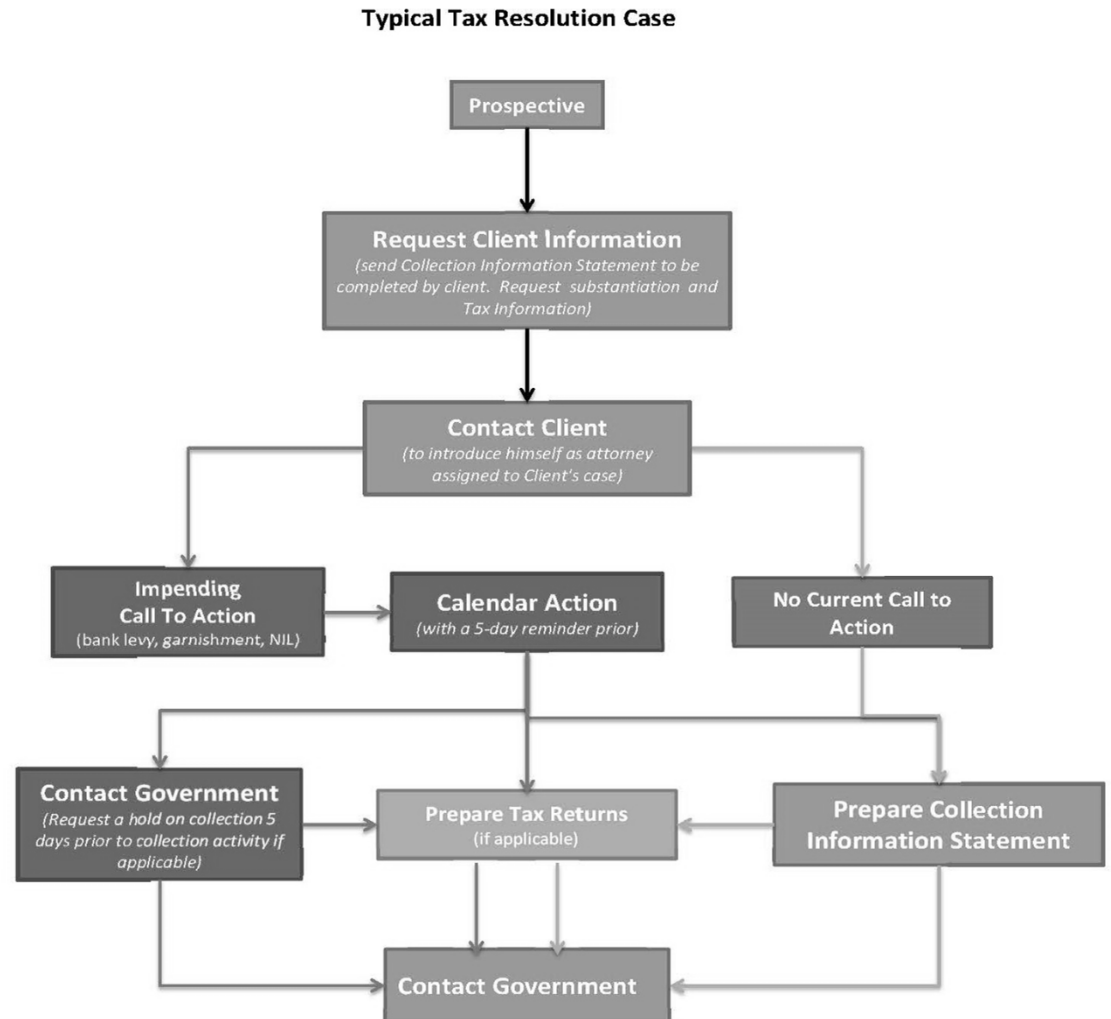
## Step 6: Negotiate with the Government

- 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

## Step 7: Provide the client a comprehensive summary

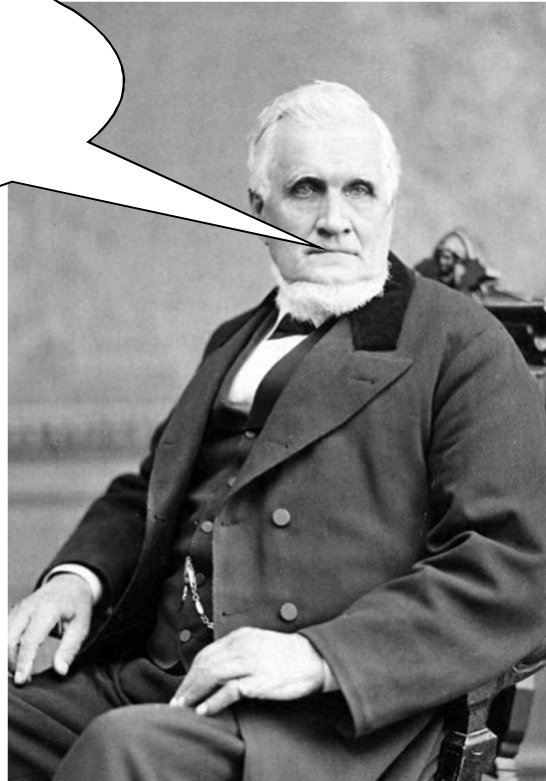
- Let the client know the agreed upon terms
- Provide specific instructions relating to payment dates and amounts
- Let the client know that if automated payments do not start when expected, they should make interim payments until the auto-pay kicks in

# Sequence of Events Flow Chart



# Story Time

Don't be pennywise and  
pound foolish!



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# Powers of Attorney

# IRS Power of Attorney (page 1)

Form <b>2848</b> (Rev. January 2018) Department of the Treasury Internal Revenue Service	<b>Power of Attorney and Declaration of Representative</b>	OMB No. 1545-0150 <b>For IRS Use Only</b> Received by: Name _____ Telephone _____ Function _____ Date / /																																								
<p align="center">▶ Go to <a href="http://www.irs.gov/Form2848">www.irs.gov/Form2848</a> for instructions and the latest information.</p>																																										
<p><b>Part I Power of Attorney</b>  <b>Caution:</b> A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.</p>																																										
<p><b>1 Taxpayer information.</b> Taxpayer must sign and date this form on page 2, line 7.</p> <table border="1"> <tr> <td colspan="2">Taxpayer name and address</td> <td colspan="2">Taxpayer identification number(s)</td> </tr> <tr> <td colspan="2">John Doe 1234 Memory Lane Anytown, US 12345</td> <td colspan="2">123-45-6789</td> </tr> <tr> <td colspan="2"></td> <td>Daytime telephone number</td> <td>Plan number (if applicable)</td> </tr> <tr> <td colspan="2"></td> <td>(213) 555-1212</td> <td></td> </tr> </table>			Taxpayer name and address		Taxpayer identification number(s)		John Doe 1234 Memory Lane Anytown, US 12345		123-45-6789				Daytime telephone number	Plan number (if applicable)			(213) 555-1212																									
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		(213) 555-1212																																								
<p><b>2 Representative(s)</b> must sign and date this form on page 2, Part II.</p> <table border="1"> <tr> <td>Name and address</td> <td>CAF No. _____</td> </tr> <tr> <td>MY CPA 4321 Business Court Anytown, USA 12345</td> <td>PTIN P00000000</td> </tr> <tr> <td>Check if to be sent copies of notices and communications <input type="checkbox"/></td> <td>Telephone No. (800) 555-5555</td> </tr> <tr> <td></td> <td>Fax No. (800) 555-6666</td> </tr> <tr> <td></td> <td>Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/></td> </tr> <tr> <td>Name and address</td> <td>CAF No. _____</td> </tr> <tr> <td></td> <td>PTIN _____</td> </tr> <tr> <td></td> <td>Telephone No. _____</td> </tr> <tr> <td></td> <td>Fax No. _____</td> </tr> <tr> <td>Check if to be sent copies of notices and communications <input type="checkbox"/></td> <td>Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/></td> </tr> <tr> <td>Name and address</td> <td>CAF No. _____</td> </tr> <tr> <td></td> <td>PTIN _____</td> </tr> <tr> <td></td> <td>Telephone No. _____</td> </tr> <tr> <td></td> <td>Fax No. _____</td> </tr> <tr> <td>(Note: IRS sends notices and communications to only two representatives.)</td> <td>Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/></td> </tr> <tr> <td>Name and address</td> <td>CAF No. _____</td> </tr> <tr> <td></td> <td>PTIN _____</td> </tr> <tr> <td></td> <td>Telephone No. _____</td> </tr> <tr> <td></td> <td>Fax No. _____</td> </tr> <tr> <td>(Note: IRS sends notices and communications to only two representatives.)</td> <td>Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/></td> </tr> </table>			Name and address	CAF No. _____	MY CPA 4321 Business Court Anytown, USA 12345	PTIN P00000000	Check if to be sent copies of notices and communications <input type="checkbox"/>	Telephone No. (800) 555-5555		Fax No. (800) 555-6666		Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>	Name and address	CAF No. _____		PTIN _____		Telephone No. _____		Fax No. _____	Check if to be sent copies of notices and communications <input type="checkbox"/>	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>	Name and address	CAF No. _____		PTIN _____		Telephone No. _____		Fax No. _____	(Note: IRS sends notices and communications to only two representatives.)	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>	Name and address	CAF No. _____		PTIN _____		Telephone No. _____		Fax No. _____	(Note: IRS sends notices and communications to only two representatives.)	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
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<p><b>3 Acts authorized (you are required to complete this line 3).</b> With the exception of the acts described in line 5b, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts that I can perform with respect to the tax matters described below. For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents (see instructions for line 5a for authorizing a representative to sign a return).</p> <table border="1"> <thead> <tr> <th>Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 5000A Shared Responsibility Payment, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)</th> <th>Tax Form Number (1040, 941, 720, etc.) (if applicable)</th> <th>Year(s) or Period(s) (if applicable) (see instructions)</th> </tr> </thead> <tbody> <tr> <td>Income</td> <td>1040</td> <td>2011 through 2021</td> </tr> <tr> <td>Civil Penalty</td> <td></td> <td>2011 through 2021</td> </tr> <tr> <td>Payroll</td> <td>941</td> <td>12/31/10 - 12/31/21</td> </tr> </tbody> </table>			Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 5000A Shared Responsibility Payment, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions)	Income	1040	2011 through 2021	Civil Penalty		2011 through 2021	Payroll	941	12/31/10 - 12/31/21																												
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Payroll	941	12/31/10 - 12/31/21																																								
<p><b>4 Specific use not recorded on Centralized Authorization File (CAF).</b> If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. <b>Specific Use Not Recorded on CAF</b> <input type="checkbox"/></p>																																										
<p><b>5a Additional acts authorized.</b> In addition to the acts listed on line 3 above, I authorize my representative(s) to perform the following acts (see instructions for line 5a for more information):</p> <p><input type="checkbox"/> Access my IRS records via an Intermediate Service Provider;</p> <p><input type="checkbox"/> Authorize disclosure to third parties; <input type="checkbox"/> Substitute or add representative(s); <input type="checkbox"/> Sign a return;</p> <p><input type="checkbox"/> Other acts authorized: _____</p>																																										
<p>For Privacy Act and Paperwork Reduction Act Notice, see the instructions. Cat. No. 11980J Form 2848 (Rev. 1-2018)</p>																																										

# IRS Power of Attorney

(page 2)

**b Specific acts not authorized.** My representative(s) is (are) not authorized to endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the representative(s) or any firm or other entity with whom the representative(s) is (are) associated) issued by the government in respect of a federal tax liability. List any other specific deletions to the acts otherwise authorized in this power of attorney (see instructions for line 5b): \_\_\_\_\_

**6 Retention/revocation 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 matters 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, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, partnership representative, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the legal authority to execute this form on behalf of the taxpayer.  
**▶ IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.**

\_\_\_\_\_  
 Signature Date Title (if applicable)

John Doe  
 Print Name Print name of taxpayer from line 1 if other than individual

**Part II Declaration of Representative**

- Under penalties of perjury, by my signature below I declare that:
- I am not currently suspended or disbarred from practice, or ineligible for practice, before the Internal Revenue Service;
  - I am subject to regulations contained in Circular 230 (31 CFR, Subtitle A, Part 10), as amended, governing 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:
    - a Attorney**—a member in good standing of the bar of the highest court of the jurisdiction shown below.
    - b Certified Public Accountant**—a holder of an active license to practice as a certified public accountant in the jurisdiction shown below.
    - c Enrolled Agent**—enrolled as an agent by the Internal Revenue Service per the requirements of Circular 230.
    - d Officer**—a bona fide officer of the taxpayer organization.
    - e Full-Time Employee**—a full-time employee of the taxpayer.
    - f Family Member**—a member of the taxpayer's immediate family (spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
    - g 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 10.3(d) of Circular 230).
    - h Unenrolled Return Preparer**—Authority to practice before the IRS is limited. An unenrolled return preparer may represent, provided the preparer (1) prepared and signed the return or claim for refund (or prepared if there is no signature space on the form); (2) was eligible to sign the return or claim for refund; (3) has a valid PTIN; and (4) possesses the required Annual Filing Season Program Record of Completion(s). **See Special Rules and Requirements for Unenrolled Return Preparers in the instructions for additional information.**
    - k Qualifying Student**—receives permission to represent taxpayers before the IRS by virtue of his/her status as a law, business, or accounting student working in an LTC or STCP. See instructions for Part II for additional information and requirements.
    - r 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 10.3(e)).

**▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THE POWER OF ATTORNEY. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN PART I, LINE 2.**

**Note:** For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column.

Designation— Insert above letter (a-r).	Licensing jurisdiction (State) or other licensing authority (if applicable).	Bar, license, certification, registration, or enrollment number (if applicable).	Signature	Date
b	CA	9999999		

# IRS Transcripts

Find us on the web at [www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

# IRS Account Transcript (page 1)



This Product Contains Sensitive Taxpayer Data

## Account Transcript

Request Date: 06-11-2018  
 Response Date: 06-11-2018  
 Tracking Number: 100353160824

FORM NUMBER: 1040  
 TAX PERIOD: Dec. 31, 2016

TAXPAYER IDENTIFICATION NUMBER: xxx-xx-xxxx

XXXXX XXXXXX  
 XXXXXXXXXXXXX  
 XXXXX XX XXXXX

<<<<POWER OF ATTORNEY/TAX INFORMATION AUTHORIZATION (POA/TIA) ON FILE>>>>

--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT ---

ACCOUNT BALANCE:	324,723.28	
ACCRUED INTEREST:	46,084.71	AS OF: Oct. 16, 2017
ACCRUED PENALTY:	59,498.00	AS OF: Oct. 16, 2017

ACCOUNT BALANCE PLUS ACCRUALS (this is not a payoff amount): 430,305.99

\*\* INFORMATION FROM THE RETURN OR AS ADJUSTED \*\*

EXEMPTIONS:	01
FILING STATUS:	Single
ADJUSTED GROSS INCOME:	969,404.00
TAXABLE INCOME:	938,758.00
TAX PER RETURN:	305,118.00
SE TAXABLE INCOME TAXPAYER:	0.00
SE TAXABLE INCOME SPOUSE:	0.00
TOTAL SELF EMPLOYMENT TAX:	0.00

RETURN DUE DATE OR RETURN RECEIVED DATE (WHICHEVER IS LATER)	Oct. 11, 2013
PROCESSING DATE	Nov. 18, 2013

### TRANSACTIONS

CODE	EXPLANATION OF TRANSACTION	CYCLE DATE	AMOUNT
------	----------------------------	------------	--------

# IRS Account Transcript (page 2)

150	Tax return filed	20134405	11-18-2017	\$305,118.00
n/a	80221-684-48620-3			
460	Extension of time to file tax return ext. Date 10-15-2013		04-04-2017	\$0.00
170	Penalty for not pre-paying tax 00-00-0000	20134405	11-18-2017	\$1,874.00
276	Penalty for late payment of tax	20134405	11-18-2017	\$12,204.72
196	Interest charged for late payment	20134405	11-18-2017	\$5,490.56
971	Notice issued CP 0014		11-18-2017	\$0.00
971	Installment agreement established		11-16-2016	\$0.00
971	Tax period blocked from automated levy program		12-23-2016	\$0.00
971	Pending installment agreement		12-03-2016	\$0.00
971	No longer in installment agreement status		12-16-2016	\$0.00
582	Lien placed on assets due to balance owed		05-16-2017	\$0.00
360	Fees and other expenses for collection		06-09-2017	\$36.00
971	Issued notice of lien filing and right to Collection Due Process hearing		05-20-2017	\$0.00
971	Pending installment agreement		02-09-2018	\$0.00
960	Appointed representative		02-19-2018	\$0.00
971	Installment agreement established		05-22-2018	\$0.00
972	Removed Installment Agreement		06-03-2018	\$0.00
480	Received offer in compromise		06-09-2018	\$0.00
971	No longer in installment agreement status		06-09-2018	\$0.00

This Product Contains Sensitive Taxpayer Data

# Payroll Taxes

Find us on the web at [www.taxresolutioninstitute.org](http://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.



# 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

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”

# Low Hanging Fruit #1

Represent your client in a Trust Fund  
Recovery Penalty 4180 interview

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

# 4180 Interview

## What is a 4180 Interview?

This is the process the IRS uses to determine who is personally responsible for not making Federal payroll tax deposits.

# 4180 Interview

Acting timely with respect to assessing your client as the “Responsible Person” for the trust fund recovery penalty is of utmost importance.

## 4180 Interview

### Things to consider...

- Is your client an “owner” of the company?
- Is your client a signer on the bank account?
- Did your client sign paychecks?
- Was your client the decision-maker with respect to non payment of payroll taxes?

## 4180 Interview

### Preparation...

- Obtain a copy of form 4180
- Perform a mock interview – prepare your client
- Prepare a collection information statement (433B if a business entity) to create an installment agreement at the interview?
- Try and limit the number of responsible persons if you are representing more than one person?
- Keep your client off the hook personally (at least for the short term...)

# 4180 Interview

## Desired outcome...

- Limit the number of responsible persons
- Enter into an installment agreement for the company
- Keep the responsible persons “off the hook” personally, at least for the time being



# Low Hanging Fruit #2

Status 63

keep your client off the hook personally

Earn \$1,000/hr

## Status 63

We cannot stress this enough...your expertise should dictate the fees you charge, not the time you spend...

Entering your client into Status 63 will save them in ways you cannot imagine

## Status 63

### What is IRS Status 63?

If a business remains in good standing subsequent to entering into an installment agreement, the IRS may delay/forego assessing and collecting from responsible person/s.

## Status 63

### Things to consider...

- Is the business able to maintain installment agreement payments?
- Will the business stay current on tax filings?
- Can the business make estimated payments going forward?
- Are the responsible persons in compliance on a personal level?

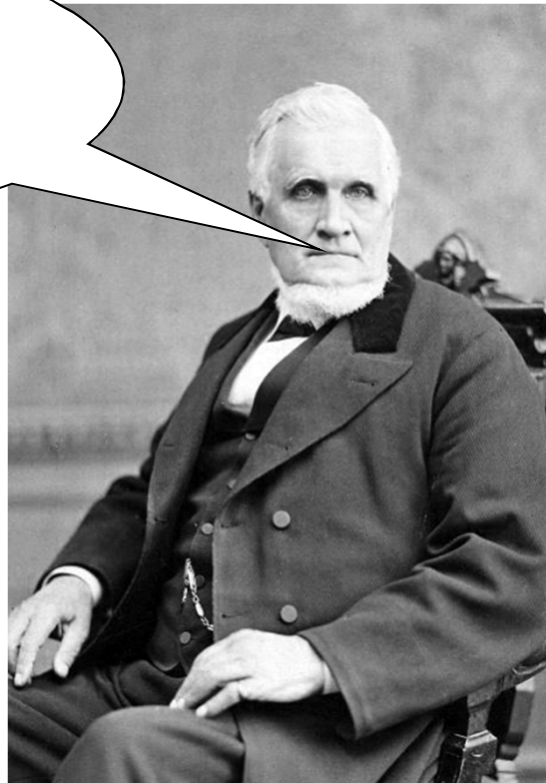
# Status 63

## Benefits

- The entity/owners only need to make a single monthly payment
- The responsible person/s need not pay personally
- The responsible person/s credit is not affected

# Story Time

Get Grandma off the  
hook...



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# 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



## 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

# Streamlined Installment Agreements

- Maximum amount increased from \$50,000 to \$100,000
- Payment term increased from 72 months to 84 months
- No substantiation required
- Must be paid by direct debit or deducted from paycheck
- A lien may or may not be filed

# 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

## 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/200A](http://www.taxresolutioninstitute.org/200A) tab or by emailing us at [info@taxresolutioninstitute.com](mailto:info@taxresolutioninstitute.com)

# Low Hanging Fruit #3

## Streamlined Installment Agreements

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

# IRS Streamlined Installment Agreements

Your expertise should dictate the fees you charge, not the time you spend...

- A streamlined installment agreement requires more than just making a call...

# IRS Streamlined Installment Agreements

## Things to consider...

- Does the client owe \$25,000 or less?
- Does the client owe \$50,000 or less?
- Does the client owe \$100,000 or less?
- Did you advise the client to pay down their liability if they owe more?
- Is the client in current compliance?
- Have recent tax filings posted?

# IRS Streamlined Installment Agreements

## Preparation...

- Do you have your client's bank information (account and routing number)?
- Did you predetermine a day of the month to debit your client's account?
- Have you completed IRS form 9465?
- Have you completed form 433D?



# IRS Streamlined Installment Agreements

## Complete the task in one call...

- Do your homework before you make the call...pull transcripts to verify information
- Make sure you have time to wait on hold
- Have all forms completed prior to the call
- Get client signatures as necessary

# IRS Streamlined Installment Agreements

## Summary

- Streamlined installment agreements seem simple but if you are not prepared, you can easily spend extra time completing the task
- If you are prepared and get things done efficiently, you should be compensated for your knowledge

# Tax Tax and More Tax

## 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

# Case Study

# 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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# Installment Agreement Analysis

## Installment Agreement - Family of Four (Case Study 1)

<u>Item</u>		<u>Monthly Amount</u>
<b>Income</b>		
Gross Wages	Taxpayer	8,662
	Spouse	5,576
	<b>Total:</b>	<u>14,238</u>
<b>Expenses</b>		
Housing and Utilities	Mortgage	3,079
	Utilities	256
Food/Clothing/Etc		1,694
Transportation	Payments	970
	Maintenance/gas/insurance	994
Medical	Health insurance	674
	Out-of-pocket health care	208
Taxes		5,790
Other	Childcare	219
	Life insurance	135
	<b>Living expenses:</b>	<u>14,019</u>
	<b>Proposed installment amount:</b>	<b>219</b>

# Installment Agreement Success Stories

# IRS Installment Agreement


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

In reply refer to: 0474011040  
May 27, 2016 LTR 2273C 3  
201412 30 1  
00019200  
BODC: SB

## OWED \$151,771

  
% PETER Y STEPHAN  
21700 OXNARD ST STE 1160  
WOODLAND HILLS CA 91367-7576

53923

Social security number:   
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. We'll deduct this fee from your first 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:

## \$360/mo PAYMENT



# IRS Partial Pay 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:  
Person to contact:  
Employee ID number:  
Contact telephone number:



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 all penalties and interest. We will charge penalties and interest until you pay the full amount you owe because you didn't pay your total tax when it was due.

Please send your monthly payments to reach us by the due date. Pay with your social 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 any of your accounts, it will continue. Having an installment agreement doesn't interrupt backup withholding.

Although we have established an installment plan for you, we must protect the government's interest. Therefore, a Notice of Federal 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 up to 10 years.

#### 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!!!**

# California FTB Installment Agreement



STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
PO BOX 2952  
SACRAMENTO CA 95812-2952  
Telephone: (800) 689-4776

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 from the above amount, from the bank account identified below, on the \_\_\_\_\_ (please specify) day of the month. The day must be the **1<sup>st</sup> through the 28<sup>th</sup>**. 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		Check One: <input type="checkbox"/> Checking <input type="checkbox"/> Savings <small>(This must be a regular checking or savings account.)</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 deduct 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.**

# IRS National & Local Standards

## Food, Clothing and Other Items

Expense	1 Person	2 Persons	3 Persons	4 Persons
<b>Food</b>	\$334	\$646	\$742	\$888
<b>Housekeeping supplies</b>	\$35	\$64	\$63	\$75
<b>Apparel &amp; services</b>	\$89	\$142	\$185	\$264
<b>Personal care products &amp; services</b>	\$38	\$69	\$71	\$75
<b>Miscellaneous</b>	\$151	\$281	\$323	\$392
<b>Total</b>	\$647	\$1,202	\$1,384	\$1,694

More than 4 persons	Additional Persons Amount
<b>For each additional person, add to four-person total allowance:</b>	\$357

## 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	1,441	1,693	1,784	1,989	2,021
Lake County	1,499	1,760	1,855	2,068	2,102
Lassen County	1,471	1,728	1,821	2,030	2,063
<b>Los Angeles County</b>	2,199	2,583	2,722	<b>3,035</b>	3,084
Madera County	1,478	1,736	1,829	2,039	2,072
<b>Marin County</b>	3,067	3,602	3,796	4,233	4,301

## Transportation

<b>Public Transportation</b>		
<b>National</b>		<b>\$178</b>
<b>Ownership Costs</b>		
	<b>1 Car</b>	<b>2 Cars</b>
<b>National</b>	<b>\$497</b>	<b>\$994</b>
<b>Operating Costs</b>		
	<b>1 Car</b>	<b>2 Cars</b>
<b>West Region</b>	<b>\$218</b>	<b>\$436</b>
<b>Los Angeles</b>	<b>\$289</b>	<b>\$578</b>
<b>Phoenix</b>	<b>\$220</b>	<b>\$440</b>
<b>San Diego</b>	<b>\$261</b>	<b>\$522</b>
<b>San Francisco</b>	<b>\$235</b>	<b>\$470</b>
<b>Seattle</b>	<b>\$216</b>	<b>\$432</b>

## Out-of-Pocket Health Care

<b>Ownership Costs</b>	<b>Out of Pocket costs</b>
<b>Under 65</b>	<b>\$52</b>
<b>65 and Older</b>	<b>\$114</b>

# Offers in Compromise

Find us on the web at [www.taxresolutioninstitute.org](http://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...

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...

# Three types of offers...

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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

# Doubt as to Collectability

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## Doubt as to Collectability

When and how should you submit an offer?

### *Things to consider*

- How much does the taxpayer owe (cost vs benefit)?
- How much time is left on the collection statute?
- What events toll the collection statute
- What is the value of the taxpayer's assets
- Did the taxpayer dissipate assets when taxes were owed?

## Doubt as to Collectability

When and how should you submit an offer?

### *Things to consider*

- Compare what a taxpayer would pay in monthly installment payments vs a lump sum offer
- Will the taxpayer be able to remain in compliance for 5 years following acceptance of the offer
- Is the taxpayer's income expected to change significantly during the collection statute?
- Are the taxes more than 3 years old?

## Doubt as to Collectability

How much does the taxpayer owe?

- Does the work warrant your fees?
- A properly prepared offer should take no more than 15 hours to complete assuming client is cooperative and offer gets accepted in 1<sup>st</sup> round
- An offer can exceed \$20,000 in fees if in addition there is a State offer, the client is uncooperative or the offer must be appealed



## Doubt as to Collectability

How much time is left on the collection statute?

- The IRS has 10 years from the date of assessment to actively collect against a taxpayer
- The following events toll (freeze) the statute for collection:
  - Prior submission of an offer in compromise
  - Prior bankruptcy filing
  - CAP/CDP request
  - Living outside the US for an extended period of time

# Doubt as to Collectability

How much time is left on the collection statute?

- If a taxpayer does not have substantial equity in real property for which a Federal tax lien can attach, it may make sense to submit a partial-pay installment agreement in lieu of an offer if the remaining life in the statute is short enough
- The collection statute should be considered for other alternatives including filing bankruptcy

# Doubt as to Collectability

What is the value of the taxpayer's assets?

- It is imperative to weigh the value of assets as well as to consider the amount the taxpayer will pay in monthly disposable income when considering whether to submit an offer rather than an installment agreement
- If the taxpayer has assets with substantial value, they may be forced to liquidate at least some of their assets to pay for the offer
- The IRS may ignore the value of some assets when negotiating an installment agreement. This is not the case with an offer.

# Doubt as to Collectability

Did the taxpayer dissipate assets when taxes were owed?

- It is important to ask this question to your client.
- In many instances the IRS asserts that the taxpayer dissipated assets
- Some examples of the dissipation of assets include:

Taking money from a refinance of real estate

Cashing out an investment or retirement account

Gifting proceeds when taxes are due

Selling assets such as a boat or motorhome and spending the proceeds

## Doubt as to Collectability

Compare what a taxpayer would pay in monthly installment payments vs a lump sum offer

- As part of considering the remaining life of the collection statute, compare how much a taxpayer will pay in aggregate installment payments compared to a lump sum offer
- If a taxpayer has real property with equity, the IRS will remove the lien if the client's offer is accepted
- Be careful when recommending an installment agreement as a lien may remain in effect after the installment agreement is complete

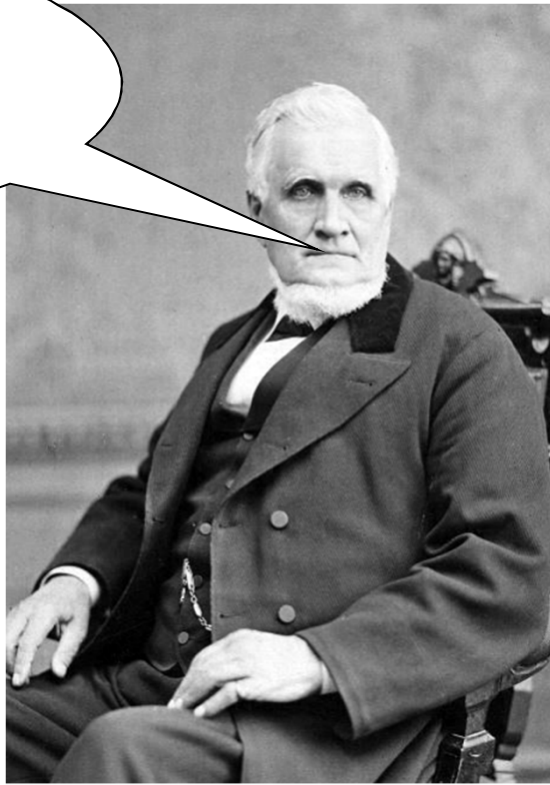
# Doubt as to Collectability

Will the taxpayer be able to remain in compliance for 5 years following acceptance of the offer?

- Can the taxpayer afford your fees?
- Can the taxpayer afford the cost of the offer?
- Will the taxpayer be diligent in the preparation of his or her tax returns for 5 years from the date of acceptance?
- Will the taxpayer be diligent in paying his or her liability including making estimated tax payments for 5 years from the date of acceptance?
- If client cannot remain in compliance the offer will be cancelled and all compromised liability will be reassessed including all interest and penalties

# Story Time

Don't be the "nice guy"...



# Doubt as to Collectability

Is the taxpayer's income expected to change significantly during the collection statute?

- If the taxpayer expects their income to go down significantly, it may be worth planning and postponing submission of an offer or doing a PPIA
- If the taxpayer expects their income to go up significantly in the 12 months subsequent to submission of an offer, as the IRS may ask for updated financials that may negatively affect acceptance of the offer
- An increase in income may be overcome by negotiating a collateral agreement in conjunction with the offer



# Doubt as to Collectability

Are the taxes more than 3 years old?

- Prior to deciding whether an offer should be prepared, consider and discuss with your client discharging the taxes in bankruptcy
- If you expect that the taxes are dischargeable, have a qualified person prepare a tax dischargeability analysis (“TDA”). The 3-year rule, the 2-year rule and the 240-day rule. This is covered in the 200A course.
- One size does not fit all. Know all your options so you can best serve your client.

# Doubt as to Liability

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## Doubt as to Liability

When and how should you submit an offer?

### *Things to consider*

- Taxpayer assessed for liability they do not owe?
- Does the taxpayer have substantiation to support their claim?
- Can you reduce the liability enough to spend the time and money necessary to complete the offer?
- Did the assessment in question arise from a tax audit?
- Was a tax court petition filed?

## Doubt as to Liability

Taxpayer assessed for liability they do not owe?

- This may seem like a simple question but keep in mind it needs to be answered by a tax professional, not the taxpayer (they never think they owe it).
- Do some due diligence to determine (1) why the tax was assessed and (2) what has been done to contest the assessment
- Make sure the client has reasonable expectations (ha ha...)

## Doubt as to Liability

Does the taxpayer have substantiation to support their claim?

- Assuming your client has a case...now comes the real work
- Was the client assessed because the IRS was being unreasonable or because their representative “didn’t show up” for the audit?
- Does your client have adequate documentation to substantiate their claim?
- Essentially this is an audit reconsideration
- Do not do this work on a fixed fee basis

## Doubt as to Liability

Can you reduce the liability enough to spend the time and money necessary to complete the offer in compromise?

- If your client has a case and they have the substantiation to support it, will the cost to defend them outweigh the benefits?
- This should be considered relative to the overall cost of your time (prize vs price)
- This should also be considered if a substantially high liability will remain even if an offer is accepted

# Doubt as to Liability

Did the assessment in question arise from a tax audit?

- This type of offer (doubt as to liability) gives the taxpayer a 2<sup>nd</sup> bite at the apple.
- We have been successful in converting audits in which all deductions were disallowed to assessments producing little to no tax
- The IRS seems to be more reasonable in considering taxpayer substantiation at this level

## Doubt as to Liability

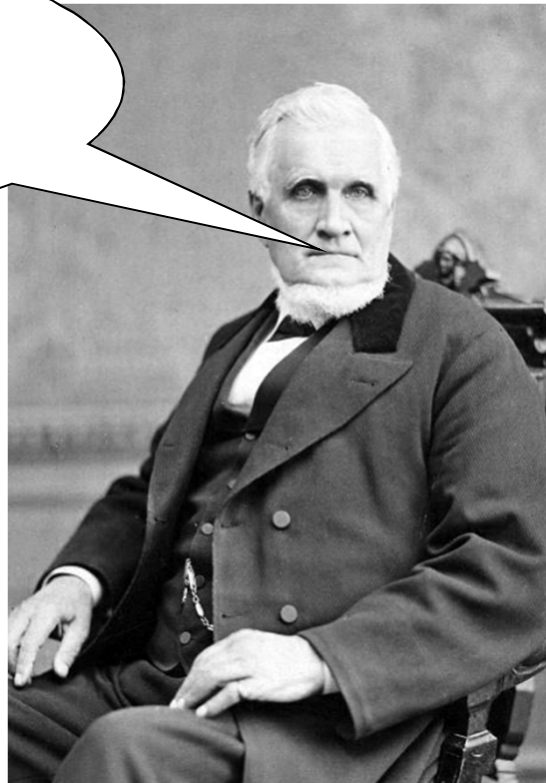
Was the assessment appealed and a what level?

- Was a tax court petition filed?
- You cannot submit an offer in compromise doubt as to liability if a tax court petition has been filed



# Story Time

Can you be in two places  
at once?



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# Effective Tax Administration

access your free content at [www.taxresolutioninstitute.org/200a](http://www.taxresolutioninstitute.org/200a)

# 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

# Effective Tax Administration

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

## Tips & Traps

### Offers in Compromise

1. 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.
2. A typical Offer takes 12-18 months to be accepted.
3. It can take up to 6 months for an Offer just to be deemed processable.
4. If an Offer is not processable, the taxpayer must correct the items that deem it non-processable and resubmit the Offer.
5. The chance of having an Offer accepted is much lower than the chance of entering into a manageable installment agreement.
6. 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.
7. 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.
8. 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.
9. 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.
10. A taxpayer is often required to resubmit financial substantiation within the time period an Offer is being considered.
11. The IRS will often negotiate certain parts of an Offer in lieu of rejecting an Offer outright.
12. 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.
13. 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.
14. 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/200A](http://www.taxresolutioninstitute.org/200A) tab or by emailing us at [info@taxresolutioninstitute.com](mailto:info@taxresolutioninstitute.com)

# Offer in Compromise Success Stories...

# IRS Offer in Compromise

**Amount Owed: \$4,240,000**

Department of the Treasury  
INTERNAL REVENUE SERVICE  
AMC-Stop 880  
PO Box 3 083 4  
Memphis, TN 38130-0834

Date of this Letter: 6/24/2007

Person to Contact: Beverly  
Robinson Employee #: 49-02054  
Phone#: (901)546-4803

Taxpayer ID#: [REDACTED]  
Offer Number: 1000608959

Dear Mr. & Mrs. [REDACTED]

We have accepted your offer in compromise signed and dated by you on 04/19/2007. 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 this 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 be aware that the conditions of the offer include the provision that if additional consideration for the offer, we will retain any refundable credits that you may be entitled to receive for 2007 or for each tax year. This includes refunds you receive in 2008 for any payments 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  
Fresno, CA 93 779

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 or 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  
Holtsville, NY 11742

Date of this Letter:

Person to Contact: DEC 21 2015

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 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 account. The last payment we received was for \$1,102.40 on 10/27/2015.

The conditions of the offer require you to timely file and pay all required taxes for five tax years (including any extensions). This requirement begins on the date of this letter.

Under the conditions of the offer, we will keep any refunds or credits you may be entitled to for 2015 or for earlier tax years, including refunds you may be entitled to receive in 2016 for any overpayments you made toward tax year 2015 or earlier tax years. We will apply any refunds or credits to your liability, not to your account. If 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 payment 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  
Fresno, CA 93779

Please send all other correspondence to:

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

continued on next page

**Compromised for \$6,504**



# 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 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 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 you made toward tax year 2013 or toward earlier tax years. These refunds or credits will be applied to your liability, not to your accepted 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 the 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

# 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 installment 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 \$3,464**

IRS Offer accepted...  
and then rejected  
for nonpayment

**Owed: \$270,043**

Department of the Treasury

Date of this Letter: *MAY 7, 2014*

INTERNAL REVENUE SERVICE  
AMC-Stop 880  
PO Box 30834  
Memphis, TN 38130-0834

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 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 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 you made toward tax year 2013 or toward earlier tax years. These refunds or credits will be applied to your liability, not to the accepted 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 the 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 \$3,501**

# California FTB Offer in Compromise



**Owed \$462,011**

12.19.2008

Stephan & Stein, Inc., CPAs  
Peter Stephan  
21700 Oxnard Street, Suite 1160  
Woodland Hills CA 91367

In Reply Refer To:  
622:081:726

Subject:	Offer in Compromise
Taxpayers:	[REDACTED]
Account Number:	110 94283 02
Tax Years:	1994-1997,2000,2004
Liability:	\$462,011.82
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. This letter shall serve as their confirmation of acceptance and should be retained in their records.

We have made the necessary adjustments to their account and have released all liens. Copies of the lien release documents 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:

- File required returns and pay all tax liabilities in a timely manner in the future.
- Comply with all terms and conditions relative to the offer, including the requirements of any collateral agreement signed as consideration of acceptance of this offer. If they 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**  
Offer in Compromise Group, MS A-453  
P. O. Box 2966  
Rancho Cordova, CA 95741-2966

**Compromised for \$13,000**

# CDTFA (sales tax) Offer in Compromise

Owed \$118,379



STATE OF CALIFORNIA

**STATE BOARD OF EQUALIZATION**

460 N STREET, SACRAMENTO, CALIFORNIA  
PO BOX 942279, SACRAMENTO, CALIFORNIA 94279-00622  
916-322-7931 • FAX 916-322-7940  
www.boe.ca.gov

**BETTY T. LEE**  
First District San Francisco

**BEN. GEORGE RUNNER (Ret.)**  
Second District, Lancaster

**MICHELLE STEEL**  
Third District, Rolling Hills Estates

**JEROME E. HORTON**  
Fourth District, Los Angeles

**JOHN CHIANG**  
State Controller

**CYNTHIA BRIDGES**  
Executive Director

September 13, 2013

[REDACTED]  
[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 \$91,727.00. The funds should be mailed to the address listed below with a copy of this letter by 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  
460 N Street, MIC: 52  
Sacramento, CA 95814

If for some reason the offer is denied, you have the option of having the funds refunded or applied to the 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,

Arlene Di Sessa  
Business Taxes Specialist

Compromised for \$1,727

# New York DTF Offer in Compromise

## NY State Offer in Compromise



New York State Department of  
**Taxation and Finance**  
Offer in Compromise Unit  
P.O. Box 5100  
Albany, New York 12205-0100

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 compromised liabilities will be canceled and any warrants docketed will be satisfied. The assessments 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	L036665295-4
Personal Income	12/31/2007	L036665296-3
Personal Income	12/31/2008	L036491940-9
Personal Income	12/31/2010	1.036551350-4
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 56 monthly payments of \$591.02 due the 15<sup>th</sup> of each month, starting February 15, 2013.

**Compromised for \$26,277**

# Marketing & Selling Professional Services

**TRI**

# Sales

For Service Professionals



I'm a service professional, why do I need help selling?

- Everyone sells themselves in one way or another
- Rainmakers and other professionals waste way too much time selling to unqualified prospects
- If you sell properly, you will increase firm revenue and become a hero

Why is the TRI **Ultimate Professional's System™** right for you?

- Easy to use
- Provides immediate results
- Allows you to invest a minimum amount of time and money

*again...*

**YOU NEED A SYSTEM**

*(if you can measure it...you can control it)*

## The TRI “Ultimate Professional’s System”<sup>TM</sup> was born from TRI’s Marketing Success

- Increase in close rates year-over-year for 7 years running
- Reduction of average time selling from 54 minutes to 22 minutes per prospect (including closed sales)
- Sales staff morale is up substantially
- Revenue has increased by 23.8% on an average annual basis

## Your Success Using the TRI Ultimate Professional's System™ gets you...

- More Clients
- Higher fees/revenue
- Steady stream of business
- More time billing...less time selling
- **100% MONEYBACK GUARANTEE**





Work smarter...not harder

(800) 658-7590

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

# Drawing for free system (webcast attendee)

## The Ultimate Professionals System



- Charge up to 2 times your normal rate
- Keep busy all year long
- Solve even the most complex tax collection problems with our VIP Program™
- Find clients without spending too much time or too much money
- Close a deal with little to no effort

**\$3,000.00**

## Why the TRI Ultimate Professional's System™?

- Marketing
- Sales
- **Live Support\***
- Resolution



\* two months TRI VIP Program™ included



# Lunch Break

The Ultimate Sales & Marketing System

**Sales & Marketing**

add the  
**Resolution Add-on Pack**

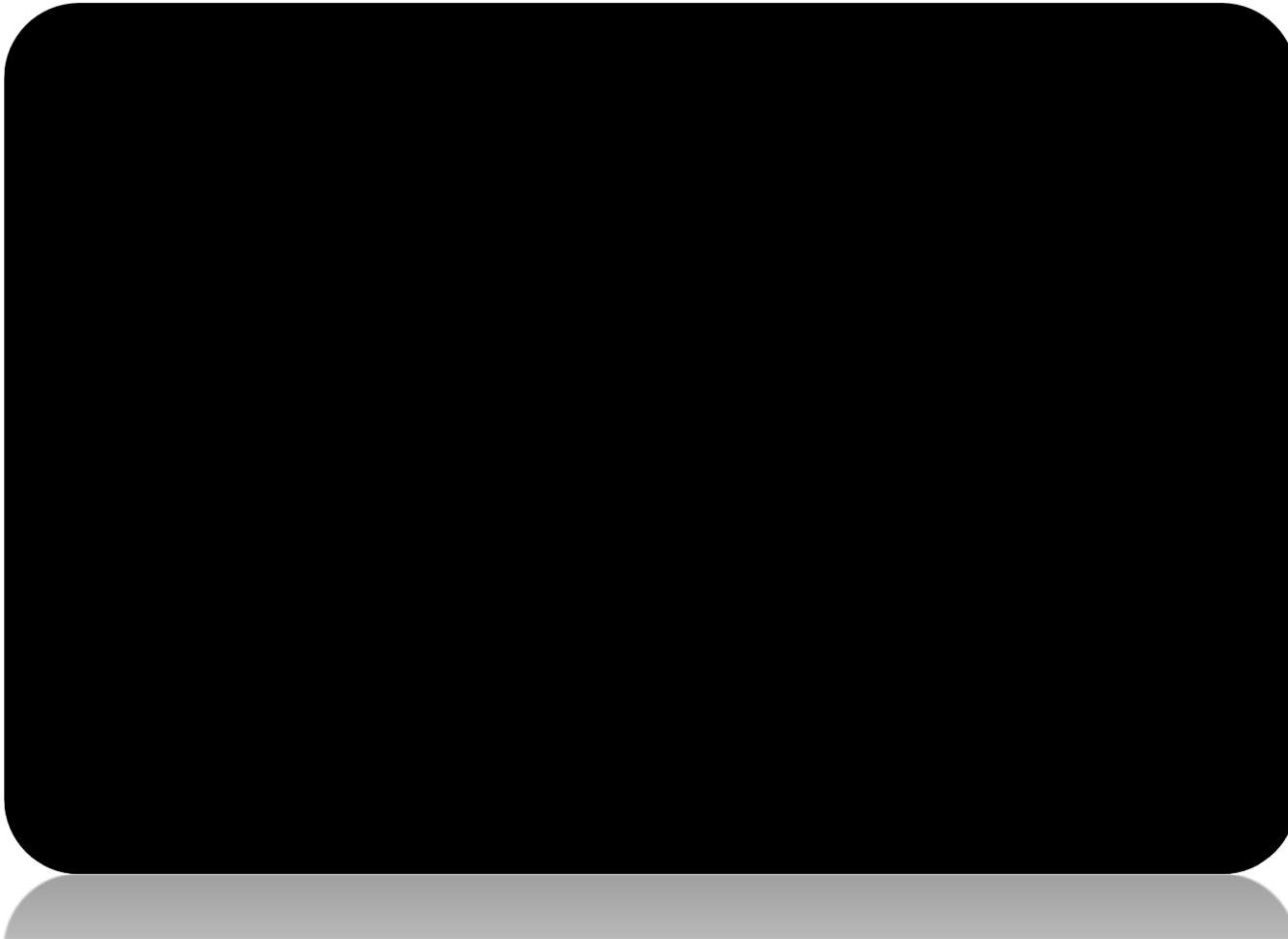
Only good until  
**6pm today**

- Charge up to 2 times your current income
- Keep busy all year long
- Solve even the most complex tax concerns with our VIP Program™
- Find clients without spending too much time or too much money
- Close a deal with little to no effort

**~~\$3,000.00~~**

RESOLUTION LIVE SUPPORT

# Crossing the River



# Tax Tax and More Tax

## 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

# You can't cross the river alone...

The Ultimate Sales & Marketing System

**Sales & Marketing**

Only good until 6pm today

- Charge up to 2 times your income
- Keep busy all year long
- Solve even the most complex tax concerns with our VIP Program™
- Find clients without spending too much time or too much money
- Close a deal with little to no effort

add the **Resolution Add-on Pack**

**~~\$3,000.00~~**

RESOLUTION LIVE SUPPORT

Again..

Why you need to market, sell and practice tax resolution

- Regular tax returns are a commodity. You make between \$400 and \$1,000 for normal return
- *Each resolution case runs from \$4000 – \$10,000 (ten times the amount for tax returns)*
- *Using a system, this work is easy and manageable*
- *Setting up shop yields immediate results*

Case Study  
*(revisited)*  
Offer in Compromise

*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.

Offer in Compromise  
VS  
Installment Agreement  
*(comparison)*



**Installment Agreement and Offer in Compromise Comparison - Family of Four**

<u>Item</u>		<u>IA</u>	<u>OIC</u>	<u>Notes</u>
<b>Income</b>				
Wages	Taxpayer	8,662	8,662	Actual
	Spouse	5,576	5,576	Actual
	Total:	<u>14,238</u>	<u>14,238</u>	
<b>Expenses</b>				
	Mortgage	3,079		Actual for IA
	Utilities	256		Actual for IA
		<u>3,335</u>	3,035	OIC amount is based upon IRS local std.
	Food/Clothing/Etc.	1,694	1,694	IRS national standard
	Car payments	970	970	Actual
	Maint./gas/ins	994	994	IRS local standard
	Health insurance	674	674	Actual
	Out-of-pocket health	208	208	IRS national standard
	Taxes	5,790	5,790	Actual
	Childcare	219	219	Actual
	Life insurance	<u>135</u>	<u>135</u>	Actual
	Total living expenses:	<u>14,019</u>	<u>13,719</u>	
<b>Monthly Disposable Income:</b>		<b>219</b>	<b>519</b>	

OIC vs IA  
Comparison

*should they do an*  
**Offer**  
*or*  
**Installment Agreement?**

...let's see

# OIC vs Installment Agreement

## Installment Agreement

Monthly payment amount - \$219

Number of months to pay - 120 (*assuming full 10-year statute remains*)

$219 \times 120 = \$26,280$  (*this number is subject to increase...IRS revisits installment agreements every 2 years*)

## Offer in Compromise

Offer amount (*based on \$519 in MDI*) - **\$15,051\***

*\*Paid as follows - 20% down and the balance paid within 5 months after offer is accepted (typically 18 to 24 months after offer is submitted).*

*Assuming the Does estimate they will earn substantially more money in the near future, an Offer in Compromise would far outweigh an Installment Agreement.*

# IRS Criminal Investigation (“CI”)

# Overview

- Headquartered in Washington DC
- Approximately 2,600 special agents
- When individuals and corporations make deliberate decisions to not comply with the law, they face the possibility of a civil audit or criminal investigation
- Agents use specialized forensic technology to recover financial data
- Conviction rate is one of the highest in federal law enforcement

# History

- Created July 1, 1919
- Called to probe in assertions of tax fraud
- Was originally composed of a small group of postal inspectors
- Became known nationwide when they assisted in the conviction of Al Capone for income tax evasion
- Changed its name to Criminal Investigation (“CI”) in 1978
- Primary objective is to ensure the integrity and fairness of the United States tax system

# CI's Main Concerns

- Tax evasion
- Filing a false return
- Failure to file a tax return

# IRS CI Statistics

## Year-over-Year Comparison (2014 – 2016)

	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>
Investigations Initiated	3,395	3,853	4,297
Prosecution Recommendations	2,744	3,289	3,478
Indictments/Information's	2,761	3,208	3,272
Convictions	2,672	2,879	3,110
Sentenced*	2,699	3,092	3,268
Percent to Prison	79.9%	80.8%	79.6%
* Incarceration includes confinement to federal prison, halfway house, home detention, or some combination thereof. Data Source: Criminal Investigation Management Information System			



# IRS Summons



## Summons

In the matter of \_\_\_\_\_  
Internal Revenue Service (Division): Criminal Investigation  
Industry/Area (name or number): Houston Field Office  
Periods: 2007-2012

### The Commissioner of Internal Revenue

To: \_\_\_\_\_  
At: \_\_\_\_\_

You are hereby summoned and required to appear before Special Agent Jason Webb or his designee an officer of the Internal Revenue Service, to give testimony and to bring with you and to produce for examination the following books, records, papers, and other data relating to the tax liability or the collection of the tax liability or for the purpose of inquiring into any offense connected with the administration or enforcement of the Internal revenue laws concerning the person identified above for the periods as follows:

See Attachment:

If the production of the requested records is anticipated to cost more than \$200 please contact Jason Webb at (281) 721 - 8382 prior to production.

Sample

### Attestation

I hereby certify that I have examined and compared this copy of the summons with the original and that it is a true and correct copy of the original.

Jason Webb Signature of IRS officer serving the summons  
Special Agent Title

**Business address and telephone number of IRS officer before whom you are to appear:**  
8701 S GESSNER #1010, HOUSTON, TX 77074 (281) 721-8382, (281) 635-5666

**Place and time for appearance at:** 8701 S GESSNER #1010, HOUSTON, TX 77074



Department of the Treasury  
Internal Revenue Service  
[www.irs.gov](http://www.irs.gov)

Form 2039 (Rev. 10-2010)  
Catalog Number 21405J

on the 29 day of April, 2013 at 10 o'clock a m.  
Issued under authority of the Internal Revenue Code this 17 day of April, 2013

Jason Webb Signature of Issuing officer  
Special Agent Title  
[Signature] Signature of approving officer (if applicable)  
N/A Title

Part A - to be given to person summoned

## *Interesting CI Fact*

...they tell me that the CI threshold for understatement of tax is \$30,000

# Tax Tax and More Tax

## 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

Get your tax resolution questions  
answered for free!

TRI is proud to offer...as part of **Tax Tuesdays™** the

## Monthly Tax Resolution Practitioner's Forum

*Join us on the 1<sup>st</sup> Tuesday of each month...*

# Innocent Spouse Relief

New rules created in September of 2013 under Rev. Proc. 2013-34 relax rules that are deemed necessary to qualify for relief.

# Three Types of Innocent Spouse Relief

**The “Old” Way..**

- Traditional Relief – IRC Section 6015(b)
- Spousal Allocation – IRC Section 6015(c)
- Equitable Relief – IRC Section 6015(f)

# Definitions of the three types



## Type 1 - Traditional Spouse Relief – 6015(b)

- The standards set to receive relief under this method are difficult to meet
- Spouse seeking relief must show he or she was unaware (and had no way of knowing) that income was under-reported
- This type of relief is not available if original liability assessed was not paid (allowed in deficiency cases, not allowed if payment was never made)

**Important to remember!**

## Type 2 - Spousal Allocation – 6015(c)

- Spouse seeking relief allocates additional tax assessed proportionate to involvement in the income being under-reported
- Community property laws are disregarded in this case
- Person seeking this relief must be legally separated or no longer married

## Type 2 - Spousal Allocation – 6015(c) ...continued

- The burden of proof is on the IRS to show that the person seeking relief had actual knowledge (not reason to know) that income was under-reported at the time the tax return was signed
- No refunds are permitted under this election



**No refunds!**

## Type 3 Equitable Relief– 6015(f)

- Only used if relief is not allowed under Traditional Spouse Relief [6015(b)] and Spousal Allocation [6015(c)]
- Amount of relief is subject to unpaid balance shown on tax return
- Refunds are permitted under this election



**Refunds allowed!**

## What these have in common...

- A joint tax return exists
- Relief applies only to tax on income (excludes FBAR, Civil Penalty, etc.)
- Spouse seeking relief filed IRS Form 8857 timely
  - Within 2 years of collection activity for 6015 (b) & 6015 (c)
  - Within collection statute for 6015(f) (typically 10 years)

## Rev Proc 2013-34

Requesting spouse must satisfy all of the following conditions to qualify for equitable relief:

**A return unsigned by one spouse still  
may be considered jointly filed**

- A joint tax return was filed
- Requestor cannot obtain relief under Traditional Spouse Relief [6015(b)] and Spousal Allocation [6015(c)]
- Request must be made timely
- No fraudulent transfer of assets occurred between spouses

# Rev Proc 2013-34

## Conditions continued:

- Non-requesting spouse did not transfer disqualified assets to requesting spouse  
(this not an issue if requesting spouse was subject to abuse, the non-requesting spouse had restricted access to financial information or was unaware of the transfer in question)
- Requesting spouse did not knowingly participate in the filing of a fraudulent return
- Income tax liability for which the requesting spouse is seeking relief can be attributed (in part or full) to an event directly tied to the non-requesting spouse or an underpayment attributable to the non-requesting spouse's income

# Innocent Spouse Streamlined Determinations

If the aforementioned conditions are met, the IRS may grant equitable relief if the requestor:

- Is no longer married to the non-requesting spouse
- Would suffer financial hardship if relief is not granted
- Did not have knowledge or reason to have knowledge of any understatement or deficiency on the return in question
- Did not know that the non-requesting spouse could not or would not pay the full liability reflected on the return

**Does not need to be met in cases of  
abuse or lack of financial control**



# Innocent Spouse Non-Streamlined Determinations

- Marital Status
- Economic Hardship
- Knowledge
- Abuse
- Legal Obligation
- Significant benefit
- Compliance with income tax laws
- Mental health
- Physical health

# Innocent Spouse Non-Streamlined Determination Factors

## Factors

No factor is controlling

Factors are classified as “favorable”, “unfavorable” or neutral

- Marital Status – spouses are legally separated, divorced, widowed or in separate households for a 12-month period ending on the date of determination (favorable/neutral)
- Economic Hardship – lack of hardship (neutral...this is a recent change). Hardship is determined by IRS regulations but typically more relaxed than used when considering an offer in compromise (favorable/neutral)

# Knowledge Criteria

- Requesting spouse's level of education completed.
- Did the non-requesting spouse practice deceit or was evasive
- The level of involvement by the requesting spouse in the activity/s that generated the tax liability

## Knowledge Criteria Continued

- The level of involvement by the requesting spouse in managing business and household finances
- The requesting spouse's level of business and financial savvy
- The spending level in the purchase of lavish items compared to prior history of the same.

## Non-Streamlined Determination Factors

- Spousal Abuse – abuse can be psychological, emotional and/or physical. Drug and alcohol abuse are considered. IRS compares abuse to duress. (favorable/neutral)

**This factor alone can swing view from unfavorable to favorable**

- Legal Obligation – may be favorable if non-requesting spouse has the sole legal obligation to pay outstanding tax liability stemming from a divorce decree or agreement. Changes from favorable to neutral if requesting spouse had knowledge that other spouse would not pay the tax. Unfavorable if requesting spouse has the sole legal obligation. Neutral if both spouses share the legal obligation

## Non-Streamlined Determination Factors

- Significant benefit – did requesting spouse receive significant benefit from funds that would otherwise be used to satisfy unpaid tax liability or deficiency (favorable/neutral)

**Beyond 'normal' support**

- Compliance with income tax laws – did requesting spouse make a good faith effort to comply with tax laws in the year in questions as well as subsequent years (favorable/neutral)
- Mental Health – is requesting spouse in poor mental health (favorable/neutral)
- Physical Health – is the requesting spouse in poor physical health (favorable/neutral)

## How to Request Relief

- File IRS Form 8857 and enter information to determine which type of relief requesting spouse is seeking
- The IRS will review the form and let applicant know if they qualify
- Form should be filed when requesting spouse becomes aware of unpaid liability or deficiency for which they believe they are responsible
- Typically applicant has 2 years from the time the IRS starts collecting the tax to file a request

**There are some exceptions**

IRS Form 8857  
Request for Innocent Spouse Relief  
(page 1 of 7)

Form **8857**  
(Rev. January 2014)  
Department of the Treasury  
Internal Revenue Service 99

**Request for Innocent Spouse Relief**

OMB No. 1545-1596

► Information about Form 8857 and its separate instructions is at [www.irs.gov/form8857](http://www.irs.gov/form8857).

**Important things you should know**

- **Do not file this form with your tax return.** See *Where To File* in the instructions.
- Review and follow the instructions to complete this form. Instructions can be obtained at [www.irs.gov/form8857](http://www.irs.gov/form8857) or by calling 1-800-TAX-FORM (1-800-829-3676).
- While your request is being considered, the IRS generally cannot collect any tax from you for the year(s) you request relief. However, filing this form extends the amount of time the IRS has to collect the tax you owe, if any, for those years.
- The IRS is required by law to notify the person on line 5 that you requested this relief. That person will have the opportunity to participate in the process by completing a questionnaire about the tax years you enter on line 3. This will be done before the IRS issues preliminary and final determination letters.
- The IRS will not disclose the following information: your current name, address, phone numbers, or employer.

**Part I Should you file this form?**

Generally, both you and your spouse are responsible, jointly and individually, for paying any tax, interest, or penalties from your joint return. If you believe your current or former spouse should be solely responsible for an erroneous item or an underpayment of tax from your joint tax return, you may be eligible for innocent spouse relief.

Innocent spouse relief may also be available if you were a resident of a community property state (see list of community property states in the instructions) and did not file a joint federal income tax return and you believe you should not be held responsible for the tax attributable to an item of community income.

- 1 Do either of the paragraphs above describe your situation?**
- Yes. You should file this Form 8857. Go to question 2.  
 No. Do not file this Form 8857, but go to question 2 to see if you need to file a different form.
- 2 Did the IRS take your share of a joint refund from any tax year to pay any of the following past-due debt(s) owed ONLY by your spouse?** • Child support • Spousal support • Student loan (or other federal nontax debt) • Federal or state taxes
- Yes. You may be able to get back your share of the refund. See Form 8379, Injured Spouse Allocation, and the instructions to that form. Go to question 3 if you answered "Yes" to question 1.  
 No. Go to question 3 if you answered "Yes" to question 1. If you answered "No" to question 1, do not file this form.
- 3 If you determine you should file this form, enter each tax year you want innocent spouse relief.** It is important to enter the correct year. For example, if the IRS used your 2011 income tax refund to pay a 2009 joint tax liability, enter tax year 2009, not tax year 2011.
- Tax Year \_\_\_\_\_ Tax Year \_\_\_\_\_ Tax Year \_\_\_\_\_  
 Tax Year \_\_\_\_\_ Tax Year \_\_\_\_\_ Tax Year \_\_\_\_\_

**Part II Tell us about yourself and your spouse for the tax years you want relief**

<b>4</b> Your current name (see instructions)		Your social security number	
<b>Address where you wish to be contacted.</b> If this is a change of address, see instructions.			
Number and street or P.O. box		Apt. no.	County
City, town or post office, state, and ZIP code. If a foreign address, see instructions.		Best or safest daytime phone number (between 6 a.m. and 5 p.m. Eastern Time)	
<b>5 Who was your spouse for the tax years you want relief?</b> File a separate Form 8857 for tax years involving different spouses or former spouses.			
That person's current name		Social security number (if known)	
Current home address (number and street) (if known). If a P.O. box, see instructions.		Apt. no.	
City, town or post office, state, and ZIP code. If a foreign address, see instructions.		Daytime phone number (between 6 a.m. and 5 p.m. Eastern Time)	



# Appealing Adverse Decision



**30-day limit**

- Use form 12509
- IRS issues Notice of Preliminary Determination
- Requesting spouse may file a protest with the Appeals Division



IRS Form 8379  
Injured  
Spouse  
Allocation  
(page 1 of 2)

Form **8379** Injured Spouse Allocation OMB No. 1545-0074  
 (Rev. February 2015) Department of the Treasury Internal Revenue Service **► Information about Form 8379 and its separate instructions is at [www.irs.gov/form8379](http://www.irs.gov/form8379).** Attachment Sequence No. **104**

**Part I** Should You File This Form? You must complete this part.

**1** Enter the tax year for which you are filing this form. **►** \_\_\_\_\_ Answer the following questions for that year.

**2** Did you (or will you) file a joint return?  
 **Yes.** Go to line 3.  
 **No. Stop here.** Do not file this form. You are not an injured spouse.

**3** Did (or will) the IRS use the joint overpayment to pay any of the following legally enforceable past-due debt(s) owed only by your spouse? (see instructions)  
 • Federal tax • State income tax • State unemployment compensation • Child support • Spousal support  
 • Federal nontax debt (such as a student loan)  
 **Yes.** Go to line 4.  
 **No. Stop here.** Do not file this form. You are not an injured spouse.  
**Note.** If the past-due amount is for a joint federal tax, you may qualify for innocent spouse relief for the year to which the overpayment was (or will be) applied. See *Innocent Spouse Relief*, in the instructions for more information.

**4** Are you legally obligated to pay this past-due amount?  
 **Yes. Stop here.** Do not file this form. You are not an injured spouse.  
**Note.** If the past-due amount is for a joint federal tax, you may qualify for innocent spouse relief for the year to which the overpayment was (or will be) applied. See *Innocent Spouse Relief*, in the instructions for more information.  
 **No.** Go to line 5a.

**5a** Were you a resident of a community property state at any time during the tax year entered on line 1? (see instructions)  
 **Yes.** Enter the name(s) of the community property state(s) \_\_\_\_\_  
 Go to line 5b.  
 **No.** Skip line 5b and go to line 6.

**b** If you answered "Yes" on line 5a, was your marriage recognized under the laws of the community property state(s)? (see instructions)  
 **Yes.** Skip lines 6 through 9. **Go to Part II** and complete the rest of this form.  
 **No.** Go to line 6.

**6** Did you make and report payments, such as federal income tax withholding or estimated tax payments?  
 **Yes.** Skip lines 7 through 9 and **go to Part II** and complete the rest of this form.  
 **No.** Go to line 7.

**7** Did you have earned income, such as wages, salaries, or self-employment income?  
 **Yes.** Go to line 8.  
 **No.** Skip line 8 and go to line 9.

**8** Did (or will) you claim the earned income credit or additional child tax credit?  
 **Yes.** Skip line 9 and **go to Part II** and complete the rest of this form.  
 **No.** Go to line 9.

**9** Did (or will) you claim a refundable tax credit? (see instructions)  
 **Yes. Go to Part II** and complete the rest of this form.  
 **No. Stop here.** Do not file this form. You are not an injured spouse.

**Part II** Information About the Joint Tax Return for Which This Form Is Filed

**10** Enter the following information exactly as it is shown on the tax return for which you are filing this form.  
 The spouse's name and social security number shown first on that tax return must also be shown first below.

First name, initial, and last name shown first on the return	Social security number shown first	If Injured Spouse, check here <b>►</b> <input type="checkbox"/>
First name, initial, and last name shown second on the return	Social security number shown second	If Injured Spouse, check here <b>►</b> <input type="checkbox"/>

**11** Check this box only if you want your refund issued in both names. Otherwise, separate refunds will be issued for each spouse, if applicable.

**12** Do you want any injured spouse refund mailed to an address different from the one on your joint return?  **Yes**  **No**  
 If "Yes," enter the address. \_\_\_\_\_  
 Number and street City, town, or post office, state, and ZIP code

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 62474Q Form **8379** (Rev. 2-2015)

**IRS Form 8379**  
**Injured Spouse Allocation**  
**(page 2 of 2)**

Form 8379 (Rev. 2-2015) Page **2**

**Part III Allocation Between Spouses of Items on the Joint Tax Return** (See the separate Form 8379 instructions for Part III.)

Allocated Items (Column (a) must equal columns (b) + (c))	(a) Amount shown on joint return	(b) Allocated to injured spouse	(c) Allocated to other spouse
<b>13</b> Income: <b>a.</b> Income reported on Form(s) W-2			
<b>b.</b> All other income			
<b>14</b> Adjustments to income			
<b>15</b> Standard deduction or Itemized deductions			
<b>16</b> Number of exemptions			
<b>17</b> Credits ( <b>do not</b> include any earned income credit)			
<b>18</b> Other taxes			
<b>19</b> Federal income tax withheld			
<b>20</b> Payments			

**Part IV Signature.** Complete this part only if you are filing Form 8379 by itself and not with your tax return.

Under penalties of perjury, I declare that I have examined this form and any accompanying schedules or statements and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Keep a copy of this form for your records	Injured spouse's signature		Date	Phone number
	Print/type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
<b>Paid Preparer Use Only</b>	Firm's name ▶		Firm's EIN ▶	
	Firm's address ▶		Phone no.	

Form **8379** (Rev. 2-2015)

## Tax Court – Innocent Spouse Relief

- Requesting spouse may file a tax court petition after Final Notice of Determination has been issued by the Appeals Division
- Requesting spouse may also file a tax court petition if 6 months have passed since filing of initial request
- Requesting spouse may also file a tax court petition in conjunction with a substantive deficiency determination (if requesting spouse “meaningfully participated” in the tax court case, using the innocent spouse defense may be prevented)

## Injured Spouse

You are an injured spouse if:

- You file a joint return, and;
- All or part of your share of the refund was or will be applied against the separate past-due federal tax, state tax, child support or federal non-tax debt (such as a student loan) of your spouse with whom you filed the joint return

If you are an injured spouse, you may be entitled to recoup your share of the refund

# Taxes and Bankruptcy

# Taxes and Bankruptcy

- Income taxes may be discharged in bankruptcy
- Certain rules (“conditions”) must be met to discharge taxes in bankruptcy
- Payroll Taxes may not be discharged in bankruptcy



# Bankruptcy Tax Dischargeability Rules:

- Three-Year Rule

At least Three years from the due date of the tax return including extensions; or

- Two-Year Rule

At least Two years from the date the tax return was filed (we say assessed) for delinquent returns; and

- 240-Day Rule

At least 240 days from the date of assessment of an audited or amended tax return

# Chapter 7 vs. Chapter 13

- Dischargeable taxes are eliminated in Chapter 7 filings
- Dischargeable taxes are treated as general, unsecured creditors in Chapter 13 filings
- Secured tax liens may not be discharged in Chapter 7 filings

## Tolling Events (Statutes of Limitation)

Statute of Limitation for collection by the IRS tolls (is frozen and therefore extended) under the following circumstances:

- 240 days; plus
- The number of days each offer in compromise for the applicable tax had been pending; plus
- 30 days for each applicable offer in compromise; plus
- The number of days each prior bankruptcy proceeding had been pending after the related tax return due date with valid extensions; plus
- Six months for each applicable bankruptcy proceeding
- The period of time taxpayer spends living outside the country

# Low Hanging Fruit #4

Prepare a tax dischargeability analysis

Earn \$1,500 – 4,000

# Tax Dischargeability Analysis

What is a Tax Dischargeability Analysis (TDA)?

- This is an analysis used to determine if and when income taxes may be dischargeable in bankruptcy based upon conditions including the 3-year rule, the 2-rule, the 240-day rule and tolling events.

# Tax Dischargeability Analysis

## Things to consider...

- Were the tax returns filed timely?
- Did the IRS prepare substitutes for returns (SFR's)?
- How much time has passed since the return/s were filed?
- Were the tax return/s amended?
- Was there a previous installment agreement?
- Was a CAP, CDP or other type of appeal filed?

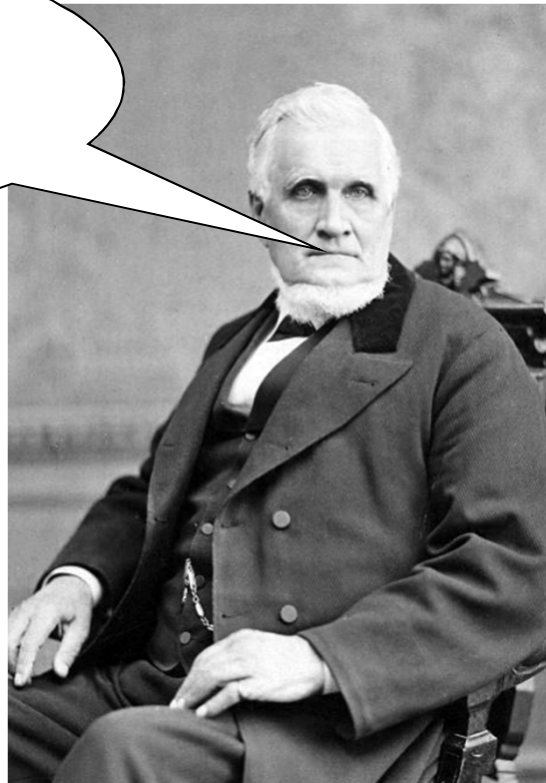
# Tax Dischargeability Analysis

More things to consider...

- Was an offer in compromise submitted?
- Was the taxpayer out of the country for an extended period of time?
- Did the taxpayer file a previous bankruptcy?
- Were the tax return/s amended?

# Story Time

A "Slam Dunk" isn't  
always the best choice...



(800) 658-7590

www.taxresolutioninstitute.org

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Again..

Why you need to market, sell and practice tax resolution

- Regular tax returns are a commodity. You make between \$400 and \$1,000 for normal return
- *Each resolution case runs from \$4000 – \$10,000 (ten times the amount for tax returns)*
- *Using a system, this work is easy and manageable*
- *Setting up shop yields immediate results*

# Afternoon Break

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

Available in both hard cover  
and pdf versions

**TRI**

## The Ultimate Guide to Tax Resolution

By Peter Y. Stephan & Matthew Cohen



**Textbook**

Hardcover: ~~—\$149.00~~ \$\$\$-

PDF: ~~—\$99.00~~ \$\$\$-


# Audits

## Audit Topics

- 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)

# 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:**  
 512-339-5350  
**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

- IRS Form 4564
- Known as IDR's
- May be accompanied by one or more Summons
- How many IDR's are too many?

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

Form <b>4564</b> (Rev. September 2006)	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number 0002
To: (Name of Taxpayer and Company Division or Branch) [REDACTED]		Subject Casualty, Real Estate Tax, Travel & Entnmnt, Sale of Prpty. SAIN number Submitted to: [REDACTED]
Please return Part 2 with listed documents to requester identified below		Dates of Previous Requests (mmdyyyyy)
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>07/23/2014</u>		At next appointment <input checked="" type="checkbox"/>	Mail in <input type="checkbox"/>
From:	Name and Title of Requester	Employee ID number	Date (mmdyyyyy)
	Rebecca B. Purugganan	0235847	06/05/2014
	Office Location:	Phone: 562-495-9965	Fax:

Catalog Number 23145K [www.irs.gov](http://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 <b>4564</b> (Rev. September 2006)	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number 0002
To: (Name of Taxpayer and Company Division or Branch) [REDACTED]		Subject Casualty, Real Estate Tax, Travel & Entertainmt, Sale of Prpty. SAIN number: [REDACTED] Submitted to: [REDACTED]
Please return Part 2 with listed documents to requester identified below		Dates of Previous Requests (mmdyyy)
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 07/23/2014 At next appointment  Mail in

From:	Name and Title of Requester	Employee ID number	Date (mmdyyy)
	Rebecca B. Purugganan	0235847	06/05/2014
	Office Location:	Phone: 562-495-9965	Fax:

Catalog Number 23145K [www.irs.gov](http://www.irs.gov) Part 3 - Requester's File Copy Form **4564** (Rev. 9-2006)



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

Form <b>4564</b> (Rev. September 2006)	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number 0001
To: (Name of Taxpayer and Company Division or Branch) [REDACTED]		Subject Initial Document Request
Please return Part 2 with listed documents to requester identified below		SAIN number Submitted to: [REDACTED]
Description of documents requested Tax Period(s): 201212; 201112		Dates of Previous Requests (mmdyyyyy)

**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, 12/1/2010 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>05/13/2014</u>		At next appointment <input checked="" type="checkbox"/>	Mail in <input type="checkbox"/>
From:	Name and Title of Requester	Employee ID number	Date (mmdyyyyy)
	Rebecca B. Purugganan	0235847	04/15/2014
	Office Location:	Phone: 562-495-9965 Fax:	

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

Form <b>4564</b> (Rev. September 2006)	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number 0001
To: (Name of Taxpayer and Company Division or Branch) [REDACTED]		Subject Initial Document Request
Please return Part 2 with listed documents to requester identified below		SAIN number Submitted to: [REDACTED]
Description of documents requested Tax Period(s): 201212; 201112		Dates of Previous Requests (mmdyyyy)

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>05/13/2014</u>		At next appointment <input checked="" type="checkbox"/>	Mail in <input type="checkbox"/>
From:	Name and Title of Requester	Employee ID number	Date (mmdyyyy)
	Rebecca B. Purugganan	0235847	04/15/2014
	Office Location:	Phone: 562-495-9965	Fax:

Catalog Number 23145K [www.irs.gov](http://www.irs.gov) Part 2 - To be Returned by Taxpayer with Reply Form **4564** (Rev. 9-2006)

# Audit Time

*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

## 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

# Audit Findings

- Provided in IRS Form 4549
- Taxpayer may accept changes as proposed
- Taxpayer may appeal assessment at the audit level
- Taxpayer may appeal assessment at the court level
- Taxpayer may get a 2<sup>nd</sup> “bite at the apple” via an offer in compromise

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

Form <b>4549</b> (Rev. May 2008)		Department of the Treasury-Internal Revenue Service <b>Income Tax Examination Changes</b>		Page _____ of _____
Name and Address of Taxpayer Jack and Susan Anson		Taxpayer Identification Number XXX-XX-XXXX	Return Form No.: 1040	
		Person with whom examination changes were discussed.	Name and Title: Jack and Susan Anson	
<b>1. Adjustments to Income</b>		Period End 12-31-XX	Period End 12-31-XX	Period End 12-31-XX
a. Itemized Deductions		XXXXX	XXXXX	XXXXX
b. Standard Deduction				(XXXXX)
c.				
d.				
e.				
f.				
g.				
h.				
i.				
j.				
k.				
l.				
m.				
n.				
o.				
p.				
<b>2. Total Adjustments</b>		XXXXX	XXXXX	XXXXX
<b>3. Taxable Income Per Return or as Previously Adjusted</b>				
<b>4. Corrected Taxable Income</b>				
Tax Method		Tax Table	Tax Table	Tax Table
Filing Status		Joint	Joint	Joint
<b>5. Tax</b>				
<b>6. Additional Taxes / Alternative Minimum Tax</b>				
<b>7. Corrected Tax Liability</b>				
<b>8. Less</b>				
<b>Credits</b>				
a.				
b.				
c.				
d.				
<b>9. Balance (Line 7 less Lines 8a through 8d)</b>				
<b>10. Plus</b>				
Other				
Taxes				
a.				
b.				
c.				
d.				
<b>11. Total Corrected Tax Liability (Line 9 plus Lines 10a through 10d)</b>				
<b>12. Total Tax Shown on Return or as Previously Adjusted</b>				
<b>13. Adjustments to:</b>				
a.				
b.				
c.				
<b>14. Deficiency-Increase in Tax or (Overassessment-Decrease in Tax) (Line 11 less Line 12 adjusted by Lines 13a through 13c)</b>				
<b>15. Adjustments to Prepayment Credits - Increase (Decrease)</b>				
<b>16. Balance Due or (Overpayment) - (Line 14 adjusted by Line 15) (Excluding interest and penalties)</b>		XXXX.XX	XXXX.XX	XXXX.XX

The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is exchanged with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (withholding of a percentage of your dividend and/or interest income) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.

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

Form <b>4549</b> (Rev. May 2008)		Department of the Treasury-Internal Revenue Service <b>Income Tax Examination Changes</b>			Page _____ of _____
Name of Taxpayer Jack and Susan Anson		Taxpayer Identification Number XXX-XX-XXXX		Return Form No.: 1040	
<b>17. Penalties/ Code Sections</b>		<b>Period End</b> 12-31-XX	<b>Period End</b> 12-31-XX	<b>Period End</b> 12-31-XX	
a. Accuracy Related Penalty - IRC 6662		XXX.XX	XXX.XX	XX.XX	
b.					
c.					
d.					
e.					
f.					
g.					
h.					
i.					
j.					
k.					
l.					
m.					
n.					
<b>18. Total Penalties</b>					
Underpayment attributable to negligence: (1981-1987) <i>A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.</i>					
Underpayment attributable to fraud: (1981-1987) <i>A tax addition of 50 percent of the interest due on the underpayment will accrue until it is paid or assessed.</i>					
Underpayment attributable to Tax Motivated Transactions (TMT). <i>The interest will accrue and be assessed at 120% of the underpayment rate in accordance with IRC §6621(c)</i>					
<b>19. Summary of Taxes, Penalties and Interest:</b>					
a. Balance due or (Overpayment) Taxes - (Line 16, Page 1)		XXXX.XX	XXXX.XX	XXX.XX	
b. Penalties (Line 18) - computed to		XXX.XX	XXX.XX	XX.XX	
c. Interest (IRC § 6601) - computed to		XXX.XX	XXX.XX	XX.XX	
d. TMT Interest - computed to <i>(on TMT underpayment)</i>					
e. Amount due or (refund) - (sum of Lines a, b, c and d)		XXXX.XX	XXXX.XX	XXXX.XX	
<b>Other Information:</b>					
Examiner's Signature:		Employee ID: XXXXXXX	Office: SBSE- Exam	Date: XX-XX-XXXX	
Consent to Assessment and Collection- I do not wish to exercise my appeal rights with the Internal Revenue Service or to contest in the United States Tax Court the findings in this report. Therefore, I give my consent to the immediate assessment and collection of any increase in tax and penalties, and accept any decrease in tax and penalties shown above, plus additional interest as provided by law. It is understood that this report is subject to acceptance by the Area Director, Area Manager, Specialty Tax Program Chief, or Director of Field Operations.					
<b>PLEASE NOTE: If a joint return was filed, BOTH taxpayers must sign</b>					
Signature of Taxpayer		Date:	Signature of Taxpayer		Date:
By:		Title:		Date:	
Catalog Number 23105A		www.irs.gov		Form 4549 (Rev. 5-2008)	

# 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




# 30-Day Letter continued

## Options

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

# 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:  
[REDACTED]  
Form:  
1040  
Tax periods ended:  
December 31, 2008  
December 31, 2009

[REDACTED]  
UNITED STATES

Person to contact:  
D. Christy Hartnett  
Contact telephone number:  
609-625-7833  
Contact fax number:

Employee ID number:  
1001716008  
Response due date:  
April 18, 2015

Dear [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](http://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(c) of the Internal Revenue Code).

Letter 950 (Rev. 8-2014)  
Catalog Number 40390D

**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/formspubs](http://www.irs.gov/formspubs).
  - 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 40390D

# Things to Note

- Revenue agents have very limited authority
- 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 Notice of Deficiency
- Must respond within 90 days in order to take appeal to tax court

# 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:  
855-235-8847  
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:  
 3219B

# 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	CP3219B
Tax Period:	December 31, 2012
Notice Date:	May 19, 2014
Employer ID Number:	[REDACTED]
Form	1120
To Contact us	Phone 1-877-571-4712 Fax 1-855-235-8847
Last Date to Petition Tax Court	August 17, 2014

7013 2250 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](http://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	CP3219B
Tax Period	December 31, 2012
Notice Date	May 19, 2014
Employer ID number	[REDACTED]
Form	1120

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**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.

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**Additional Information**

- Visit [www.irs.gov/cp3219b](http://www.irs.gov/cp3219b).
  - For tax forms, instructions, and publications, visit [www.irs.gov](http://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](http://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](http://www.taxpayeradvocate.irs.gov).

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



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

Form <b>4089</b> (Rev. January 1983)	Department of the Treasury – Internal Revenue Service <b>Notice of Deficiency - Waiver</b>	Symbols CCS:CCO:OGD:IRDM 6663
Name, SSN or EIN, and address of Taxpayer(s) <div style="background-color: black; width: 100%; height: 30px;"></div>		
Kind of Tax Form 1120	<input checked="" type="checkbox"/> Copy to Authorized Representative	
Tax Year Ended December 31, 2012	Increase in Tax	Deficiency
		Penalties
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 Name:	_____	
Corporate Officers Sign Here	_____ (Signature)	_____ (Title)
	_____ (Signature)	_____ (Date signed)
	_____ (Signature)	_____ (Title)
		_____ (Date signed)
<b>Note:</b> 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.		
<b>Who Must Sign</b> 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), file Form 56, Notice Concerning Fiduciary Relationship, with this 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 <b>4089</b> (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
<b>TOTAL CHANGE TO TOTAL INCOME</b>			<b>\$53,529</b>

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](http://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](http://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.

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### 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.

## Deals for today's participants...

- 
- 
- 

Go to [www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org) (a link is being pushed to you now)

Take advantage before 6pm today

access your free content at [www.taxresolutioninstitute.org/200A](http://www.taxresolutioninstitute.org/200A)

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# Questions & Answers

## **TRI VIP Member Program™** get two month's free

*\*Offer good until 6pm today*

(800) 658-7590

www.taxresolutioninstitute.org

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# Appeals

# Appeal Topics

## Overview

- Collection Appeal Rights
  - Collection Due Process (“CDP”) Form 12153
  - Collection Appeals Process (“CAP”) Form 9423
- Offer in Compromise Appeal
- Request for Mediation
- Fast Track Settlement
- Taxpayer Advocate

# Collection Appeal Rights

Two options...

- Collection Due Process (“CDP”) Form 12153
- Collection Appeals Process (“CAP”) Form 9423



<b><u>CAP (Form 9423)</u></b>	<b><u>CDP (Form 12153)</u></b>
Levy or seizure action that has been or will be taken	Notice of Intent to Levy and Notice of Your Right to Hearing
A Notice of Federal Tax Lien (NFTL) that has been or will be filed	Notice of Federal Tax Lien Filing and Your Right to Hearing under IRC 6320
The filing of a notice of lien against an alter-ego or nominee's property	Notice of Jeopardy Levy and Right to Appeal
Denials of requests to issue lien certificates, such as subordination, withdrawal, discharge or non-attachment	Notice of Levy on Your State Tax Refund
Rejected, proposed for modification or modified, or proposed for termination or terminated installment agreements	Notice of Levy and Notice of Your Right to a Hearing
Disallowance of taxpayer's request to return levied property under IRC 6343(d)	You may petition the Tax Court post findings
Disallowance of property owner's claim for return of property under IRC 6343(b)	Process takes significantly more time to reach a result than filing a CAP

# Similarities

- You may represent yourself
- You may be represented by an attorney
- You may be represented by a CPA
- You may be represented by any other person enrolled to practice before the IRS
- You may be represented by immediate family
- For businesses you may be represented by employees, partners or officers

# Differences

- You may go to court if you disagree with results of CDP hearing
- You may not go to court following a CAP hearing
- CAP results come in a relatively short period of time

# Collection Due Process

IRS FORM 12153

Request for a Collection Due Process or  
Equivalent Hearing

(800) 658-7590

www.taxresolutioninstitute.org

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# IRS Form 12153 CDP (page 1 of 2)

Form <b>12153</b> (Rev. 12-2013)	<b>Request for a Collection Due Process or Equivalent Hearing</b>
-------------------------------------	---

Use this form to request a Collection Due Process (CDP) or equivalent hearing with the IRS Office of Appeals if you have been issued one of the following lien or levy notices:

- Notice of Federal Tax Lien Filing and Your Right to a Hearing under IRC 6320,
- Notice of Intent to Levy and Notice of Your Right to a Hearing,
- Notice of Jeopardy Levy and Right of Appeal,
- Notice of Levy on Your State Tax Refund,
- Notice of Levy and Notice of Your Right to a Hearing.

Complete this form and send it to the address shown on your lien or levy notice. Include a copy of your lien or levy notice to ensure proper handling of your request.

Call the phone number on the notice or 1-800-829-1040 if you are not sure about the correct address or if you want to fax your request.

**You can find a section explaining the deadline for requesting a Collection Due Process hearing in this form's instructions. If you've missed the deadline for requesting a CDP hearing, you must check line 7 (Equivalent Hearing) to request an equivalent hearing.**

1. Taxpayer Name: (Taxpayer 1) \_\_\_\_\_  
 Taxpayer Identification Number \_\_\_\_\_  
 Current Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

2. Telephone Number and Best Time to Call During Normal Business Hours	Home ( ) - - - - -	Work ( ) - - - - -	Cell ( ) - - - - -	<input type="checkbox"/> am. <input type="checkbox"/> pm.	<input type="checkbox"/> am. <input type="checkbox"/> pm.	<input type="checkbox"/> am. <input type="checkbox"/> pm.
--	--------------------	--------------------	--------------------	---	---	---

3. Taxpayer Name: (Taxpayer 2) \_\_\_\_\_  
 Taxpayer Identification Number \_\_\_\_\_  
 Current Address \_\_\_\_\_  
(If Different from Address Above) City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

4. Telephone Number and Best Time to Call During Normal Business Hours	Home ( ) - - - - -	Work ( ) - - - - -	Cell ( ) - - - - -	<input type="checkbox"/> am. <input type="checkbox"/> pm.	<input type="checkbox"/> am. <input type="checkbox"/> pm.	<input type="checkbox"/> am. <input type="checkbox"/> pm.
--	--------------------	--------------------	--------------------	---	---	---

5. Tax Information as Shown on the Lien or Levy Notice *(If possible, attach a copy of the notice)*

Type of Tax (Income, Employment, Excise, etc. or Civil Penalty)	Tax Form Number (1040, 941, 720, etc)	Tax Period or Periods

**IRS Form  
12153  
CDP  
(page 2 of 2)**

Form <b>12153</b> (Rev. 12-2013)	<b>Request for a Collection Due Process or Equivalent Hearing</b>	
6. Basis for Hearing Request (Both boxes can be checked if you have received both a lien and levy notice)		
<input type="checkbox"/> Filed Notice of Federal Tax Lien <input type="checkbox"/> Proposed Levy or Actual Levy		
7. Equivalent Hearing (See the instructions for more information on Equivalent Hearings)		
<input type="checkbox"/> I would like an Equivalent Hearing - I would like a hearing equivalent to a CDP Hearing if my request for a CDP hearing does not meet the requirements for a timely CDP Hearing.		
8. Check the most appropriate box for the reason you disagree with the filing of the lien or the levy. <b>See page 4 of this form for examples.</b> You can add more pages if you don't have enough space. If, during your CDP Hearing, you think you would like to discuss a Collection Alternative to the action proposed by the Collection function it is recommended you submit a completed Form 433A (Individual) and/or Form 433B (Business), as appropriate, with this form. See <a href="http://www.irs.gov">www.irs.gov</a> for copies of the forms. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.		
Collection Alternative <input type="checkbox"/> Installment Agreement <input type="checkbox"/> Offer in Compromise <input type="checkbox"/> I Cannot Pay Balance		
Lien <input type="checkbox"/> Subordination <input type="checkbox"/> Discharge <input type="checkbox"/> Withdrawal		
Please explain:		
My Spouse Is Responsible <input type="checkbox"/> Innocent Spouse Relief (Please attach Form 8857, Request for Innocent Spouse Relief, to your request.)		
Other (For examples, see page 4) <input type="checkbox"/>		
Reason (You must provide a reason for the dispute or your request for a CDP hearing will not be honored. Use as much space as you need to explain the reason for your request. Attach extra pages if necessary.):		
9. Signatures		
I understand the CDP hearing and any subsequent judicial review will suspend the statutory period of limitations for collection action. I also understand my representative or I must sign and date this request before the IRS Office of Appeals can accept it. If you are signing as an officer of a company add your title (president, secretary, etc.) behind your signature.		
SIGN HERE	Taxpayer 1's Signature	Date
	Taxpayer 2's Signature (if a joint request, both must sign)	Date
<input type="checkbox"/> I request my CDP hearing be held with my authorized representative (attach a copy of Form 2848)		
Authorized Representative's Signature	Authorized Representative's Name	Telephone Number
<b>IRS Use Only</b>		
IRS Employee (Print)	Employee Telephone Number	IRS Received Date
Form <b>12153</b> (Rev. 12-2013)    Catalog Number 26685D <a href="http://www.irs.gov">www.irs.gov</a> Department of the Treasury - Internal Revenue Service		

# Join the TRI VIP Member Program™

What to do...  
when things get tough

## **Ultimate Level**



Two-months free when you attend the 200A Seminar or Webcast  
This program shows you how to fix the problem  
when most think they're done!

...don't get left behind

*\*offer expires at 8pm tonight*

# Collection Appeal Rights

IRS FORM 9423

Collection Appeal Request

(800) 658-7590

www.taxresolutioninstitute.org

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# IRS Form 9423 CAP

Department of the Treasury - Internal Revenue Service <b>Collection Appeal Request</b> (Instructions are on the reverse side of this form)	
Form <b>9423</b> (August 2014)	
1. Taxpayer's name	
2. Representative (Attach a copy of Form 2848, Power of Attorney)	
3. SSN/EIN	4. Taxpayer's business phone
5. Taxpayer's home phone	6. Representative's phone
7. Taxpayer's street address	
8. City	9. State
10. ZIP code	
11. Type of tax (Tax form)	12. Tax periods being appealed
13. Tax due	
<b>Collection Action(s) Appealed</b>	
14. Check the Collection action(s) you are appealing	
<input type="checkbox"/> Federal Tax Lien <input type="checkbox"/> Levy or Proposed Levy <input type="checkbox"/> Seizure	
<input type="checkbox"/> Rejection of Installment Agreement <input type="checkbox"/> Termination of Installment Agreement <input type="checkbox"/> Modification of Installment Agreement	
<b>Explanation</b>	
15. Explain why you disagree with the collection action(s) you checked above and explain how you would resolve your tax problem. Attach additional pages if needed. Attach copies of any documents that you think will support your position. Generally, the Office of Appeals will ask the Collection Function to review, verify and provide their opinion on any new information you submit. We will share their comments with you and give you the opportunity to respond.	
Under penalties of perjury, I declare that I have examined this request and any accompanying documents, and to the best of my knowledge and belief, they are true, correct and complete. A submission by a representative, other than the taxpayer, is based on all information of which the representative has any knowledge.	
16. <input type="checkbox"/> Taxpayer's or <input type="checkbox"/> Authorized Representative's signature (Only check one box)	
17. Date signed	
<b>IRS USE ONLY</b>	
18. Revenue Officer's name	19. Revenue Officer's signature
20. Date signed	
21. Revenue Officer's phone	22. Revenue Officer's email address
23. Date received	
24. Collection Manager's name	25. Collection Manager's signature
26. Date signed	
27. Collection Manager's phone	28. Collection Manager's email address
29. Date received	
Form <b>9423</b> (Rev. 8-2014) Catalog Number 141001                      www.irs.gov                      Department of the Treasury - Internal Revenue Service	

# Fast Track Settlement and Mediation (income tax audits)

(800) 658-7590

www.taxresolutioninstitute.org

**281**

# Purpose

- To provide a quicker result for tax examinations
- Involves Appeals Officer sooner than otherwise may happen
- Either IRS or taxpayer may request either process
- Both parties must agree in order to begin either process

# Fast Track Settlement

- Use form 14017
- Entire process should be less than 60 days
- Can be initiated at the appeals level
- Mediator considers hazards of litigation
- Neither the taxpayer nor the IRS (via examining agent) are obligated to accept the mediator's proposal.

# Fast Track Settlement

IRS FORM 14017

Application for Fast Track Settlement

(800) 658-7590

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# IRS Form 14017 Application for Fast Track Settlement

Application for Fast Track Settlement					
Submitted to Appeals		From			Type of Tax
Date _____ Location _____		<input type="checkbox"/> LB&I <input type="checkbox"/> SB/SE <input type="checkbox"/> TE/GE <input type="checkbox"/> Other _____			
Taxpayer name			Representative name (if applicable)		
Taxpayer TIN/EIN		Tax years		Name of Firm	
Address			Address		
City	State	Zip	City	State	Zip
Telephone		Fax		Telephone	
Examination Group / Team Manager				Source (FE/OE/CO, etc)	
City	State	Zip	Telephone	Fax	
Other Participants (if applicable)					
Name		Position or Affiliation		Phone	
Signatures					
<small>The undersigned request Appeals assistance in the Fast Track Settlement (FTS) process. The issues for which this assistance is requested are described in the Form(s) 5701, Summary of Issues or Examination Re-Engineering Lead Sheets or similar documents and the taxpayer's written response, and are attached to this application. By signing this application, taxpayer consents, pursuant to section 6103(c) of the Code, to the disclosure of the taxpayer's returns and return information pertaining to the issues being considered in the FTS process to those persons named on the application as participants in the process. The prohibition against ex parte communications between Appeals personnel and other Service employees provided by section 1001(a) of the Internal Revenue Service Restructuring and Reform Act of 1998 does not apply to the communications arising in FTS because Appeals personnel, in facilitating an agreement between the taxpayer and the other Service Operating Division, are not acting in their traditional Appeals settlement role. IRS employees, taxpayer and persons invited to participate by the IRS or taxpayer will not voluntarily disclose information regarding any communication made during the FTS session, except as provided by statute.</small>					
Taxpayer Signature				Date signed	
Taxpayer Spouse's Signature (if related to a joint return)				Date signed	
Taxpayer(s) Representative Signature				Date signed	
IRS Group / Team Manager Signature				Date signed	
Approving Operating Division Official (Signature and Title)				Date signed	
Accepted by Appeals Official (Appeals Team Manager Signature)				Date signed	
Accepted by Appeals Official (Appeals Program Manager Signature)				Date signed	
<input type="checkbox"/> Industry (IC) <input type="checkbox"/> Coordinated Industry Case (CIC) <input type="checkbox"/> Other _____    Potential Joint Committee <input type="checkbox"/> Yes <input type="checkbox"/> No					
<input type="checkbox"/> Industry <input type="checkbox"/> NR <input type="checkbox"/> HMT <input type="checkbox"/> RFPH <input type="checkbox"/> CTM <input type="checkbox"/> FS    MFT: _____    PBC: _____    Listed Transaction <input type="checkbox"/> Yes <input type="checkbox"/> No					
Preferred Conference Site _____				Fast Track End Date _____	
Form <b>14017</b> (Rev. 10-2010)    Catalog Number 51767Y    www.irs.gov    Department of the Treasury - Internal Revenue Service					

# Fast Track Mediation

- Use form 13369
- Mediator only views items at the examination level
- CANNOT be initiated at the appeals level
- Neither the taxpayer nor the IRS (via examining agent) are obligated to accept the mediators proposal.

# Fast Track Mediation

IRS FORM 13369  
Agreement to Mediate



# IRS Form 13369 Agreement to Mediate

Agreement to Mediate			OMB No. 1545-1844
To: Appeals Team Manager		Date	
<b>Compliance Officer Information</b> <i>(The person to contact in Compliance about this case)</i>			
Name	Title		
Office telephone number	ID/Badge number		
Taxpayer's Identification Number (TIN)	Year(s)		
Source (FE/OE/CO, etc.)	MFT		
Type of Tax (1040, 1120 Emp., etc) or Collection Issue (CDP, OIC etc)			
Taxpayer's name		Phone (Include Area Code)	
Home street address (P.O. Boxes are not allowed)			
City	State	ZIP code	
Representative's name		Firm name	
Office street address (P.O. Boxes are not allowed)			
City	State	ZIP code	
Office phone number (Include Area Code)		FAX number (Include Area Code)	
<small>IRS and Treasury employees who participate in any way in the mediation process and any person under contract to the IRS invited to participate, will be subject to the confidentiality and disclosure provisions of the Internal Revenue Code, including I.R.C. sections 6103, 7213, 7213A, and 7431. See also 5 U.S.C. section 574. The parties also acknowledge that IRS and all other Treasury employees involved in the mediation are bound by I.R.C. section 7214(a)(8) and must report information concerning violations of any revenue law to the Secretary. The Mediator will have the right to ask either party for additional information if deemed necessary for a full understanding of the issues being mediated. A copy of any submission a party gives to the mediator will be provided simultaneously to the other party.</small>			
<small>The Taxpayer consents to the disclosure by the IRS of the Taxpayer's returns and return information incident to the mediation to any participant or observer for the Taxpayer, including persons providing expert assistance for the IRS. If the mediation agreement is executed by a person pursuant to a power of attorney executed by the Taxpayer, that power of attorney must clearly express the Taxpayer's grant of authority to consent to disclose the Taxpayer's returns and return information by the IRS to third parties, and a copy of that power of attorney must be attached to this agreement.</small>			
Taxpayer's signature		Date signed	
Taxpayer's signature		Date signed	
Taxpayer's Representative signature		Date signed	
Compliance Officer's signature		Date signed	
<b>Other Participants</b> <i>(if applicable)</i>			
Name	Position or Affiliation	Phone (Include Area Code)	
Name	Position or Affiliation	Phone (Include Area Code)	
Name	Position or Affiliation	Phone (Include Area Code)	

# Taxpayer Advocate

Use form to request Taxpayer Advocate Service (TAS) assistance when:

- Taxpayer's problem with IRS is causing financial difficulties to taxpayer, taxpayer's family or taxpayer's business
- Taxpayer or taxpayer's business is facing an immediate threat or adverse action
- Taxpayer has tried repeatedly to contact the IRS, but no one has responded, or the IRS has not responded by the date promised
- If TAS does not respond within 1 week, contact TAS office via telephone

# Taxpayer Advocate

IRS FORM 911  
Request for Taxpayer Advocate

(800) 658-7590

www.taxresolutioninstitute.org

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**IRS Form  
911  
Request for  
Taxpayer  
Advocate  
(page 1 of 2)**

Form <b>911</b> (February 2015)		Department of the Treasury - Internal Revenue Service <b>Request for Taxpayer Advocate Service Assistance</b> (And Application for Taxpayer Assistance Order)		OMB Number 1545-1504
<b>Section I – Taxpayer Information</b> (See Pages 3 and 4 for Form 911 Filing Requirements and Instructions for Completing this Form.)				
1a. Your name as shown on tax return		1b. Taxpayer Identifying Number (SSN, ITIN, EIN)		
2a. Spouse's name as shown on tax return (if applicable)		2b. Spouse's Taxpayer Identifying Number (SSN, ITIN)		
3a. Your current street address (Number, Street, & Apt. Number)				
3b. City		3c. State (or Foreign Country)	3d. ZIP code	
4. Fax number (if applicable)	5. Email address			
6. Tax form number (1040, 941, 720, etc.)		7. Tax year(s) or period(s)		
8. Person to contact if Section II is not being used		9a. Daytime phone number	9b. <input type="checkbox"/> Check here if you consent to have confidential information about your tax issue left on your answering machine or voice message at this number.	
10. Best time to call		<input type="checkbox"/> Check if Cell Phone		
11. Preferred language (if applicable) <input type="checkbox"/> TTY/TDD Line <input type="checkbox"/> Interpreter needed - Specify language other than English (including sign language) _____ <input type="checkbox"/> Other (please specify) _____				
12a. Please describe the tax issue you are experiencing and any difficulties it may be creating (If more space is needed, attach additional sheets.) (See instructions for completing Lines 12a and 12b)				
12b. Please describe the relief/assistance you are requesting (If more space is needed, attach additional sheets.)				
I understand that Taxpayer Advocate Service employees may contact third parties in order to respond to this request and I authorize such contacts to be made. Further, by authorizing the Taxpayer Advocate Service to contact third parties, I understand that I will not receive notice, pursuant to section 7602(c) of the Internal Revenue Code, of third parties contacted in connection with this request.				
13a. Signature of Taxpayer or Corporate Officer, and title, if applicable		13b. Date signed		
14a. Signature of spouse		14b. Date signed		
<b>Section II – Representative Information</b> (Attach Form 2848 if not already on file with the IRS.)				
1. Name of authorized representative		2. Centralized Authorization File (CAF) number		
3. Current mailing address		4. Daytime phone number		<input type="checkbox"/> Check if Cell Phone
		5. Fax number		
6. Signature of representative		7. Date signed		
Catalog Number 16965S		www.irs.gov		Form <b>911</b> (Rev. 2-2015)

# IRS Form 911 Request for Taxpayer Advocate (page 2 of 2)

**Section III – Initiating Employee Information (Section III is to be completed by the IRS only)**

Taxpayer name			Taxpayer Identifying Number (TIN)	
1. Name of employee	2. Phone number	3a. Function	3b. Operating division	4. Organization code no.
<p>5. How identified and received (Check the appropriate box)</p> <p><b>IRS Function identified issue as meeting Taxpayer Advocate Service (TAS) criteria</b></p> <p><input type="checkbox"/> (r) Functional referral (Function identified taxpayer issue as meeting TAS criteria).</p> <p><input type="checkbox"/> (x) Congressional correspondence/inquiry not addressed to TAS but referred for TAS handling. Name of Senator/Representative _____</p> <p><b>Taxpayer or Representative requested TAS assistance</b></p> <p><input type="checkbox"/> (n) Taxpayer or representative called into a National Taxpayer Advocate (NTA) Toll-Free site.</p> <p><input type="checkbox"/> (s) Functional referral (taxpayer or representative specifically requested TAS assistance).</p>				6. IRS received date
<p>7. TAS criteria (Check the appropriate box. <b>NOTE: Checkbox 9 is for TAS Use Only</b>)</p> <p><input type="checkbox"/> (1) The taxpayer is experiencing economic harm or is about to suffer economic harm.</p> <p><input type="checkbox"/> (2) The taxpayer is facing an immediate threat of adverse action.</p> <p><input type="checkbox"/> (3) The taxpayer will incur significant costs if relief is not granted (including fees for professional representation).</p> <p><input type="checkbox"/> (4) The taxpayer will suffer irreparable injury or long-term adverse impact if relief is not granted. (if any items 1-4 are checked, complete Question 9 below)</p> <p><input type="checkbox"/> (5) The taxpayer has experienced a delay of more than 30 days to resolve a tax account problem.</p> <p><input type="checkbox"/> (6) The taxpayer did not receive a response or resolution to their problem or inquiry by the date promised.</p> <p><input type="checkbox"/> (7) A system or procedure has either failed to operate as intended, or failed to resolve the taxpayer's problem or dispute within the IRS.</p> <p><input type="checkbox"/> (8) The manner in which the tax laws are being administered raise considerations of equity, or have impaired or will impair the taxpayer's rights.</p> <p><input type="checkbox"/> (9) The NTA determines compelling public policy warrants assistance to an individual or group of taxpayers (TAS Use Only)</p>				
<p>8. What action(s) did you take to help resolve the issue? (This block <b>MUST</b> be completed by the initiating employee) If you were unable to resolve the issue, state the reason why (if applicable)</p>				
<p>9. Provide a description of the Taxpayer's situation, and where appropriate, explain the circumstances that are creating the economic burden and how the Taxpayer could be adversely affected if the requested assistance is not provided (This block <b>MUST</b> be completed by the initiating employee)</p>				
<p>10. How did the taxpayer learn about the Taxpayer Advocate Service</p> <p><input type="checkbox"/> IRS Forms or Publications   <input type="checkbox"/> Media   <input type="checkbox"/> IRS Employee   <input type="checkbox"/> Other (please specify) _____</p>				

# 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...)

# Tax Court

a brief look ...

# Tax Court

## Advantages

- Change of a favorable result to taxpayer has a high probability
- Over 90% of tax court cases reach settlement prior to trial



# Tax Court

## Disadvantages

- You cannot go to tax court if you have already paid the tax in question
- 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

# Tax Court

## Types of Tax Court

# 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

# 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

# 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

# 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](http://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](http://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.

(FIRST) (MIDDLE) (LAST)  
 \_\_\_\_\_  
 (PLEASE TYPE OR PRINT) Petitioner(s)  
 v.  
 COMMISSIONER OF INTERNAL REVENUE,  
 Respondent

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

} 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:  (CHECK ONE BOX)

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):

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# 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](http://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](http://www.ustaxcourt.gov)

	}	Docket No.
Petitioner(s)		
v. 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](http://www.ustaxcourt.gov)

Petitioner(s)	}	Docket No.
v.		
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 (\*).

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

\_\_\_\_\_  
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)

# Tax Court

Who can appear in tax court?

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

# Summary of topics covered today

- Tax Cuts and Jobs Act
- Grow your practice with Tax Resolution
- Marketing for professionals
- Gave away Professional's System
- Resolution case management
- Payroll Taxes
- Installment agreements
- Case study: installment agreement
- Offers in compromise
- Selling your professional services
- Gave away Professional's System
- Case study: OIC vs IA
- IRS criminal investigation
- Innocent Spouse
- Taxes and bankruptcy
- Audits
- Appeals

# Our mission today...

To give participants lots of FREE STUFF  
*(see your chat box for the link)*

- ✓ Teach you how to become a tax resolution specialist;
- ✓ Teach you how to make money
- ✓ Become your tax resolution partner; or
- ✓ Become your trusted referral source

Find us on the web at: [www.taxresolutioninstitute.org](http://www.taxresolutioninstitute.org)

Email us at: [info@taxresolutioninstitute.com](mailto:info@taxresolutioninstitute.com)

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