



The IRS Relief Letter

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Thank You!

Thanks to **YOU**, the word is spreading. Thanks to my clients and friends who graciously referred me to their friends, clients and relatives last month! I enjoy building my business based on the positive comments and referrals from people just like you.

I just couldn't do it without you!

Dan Bingham, CPA
Bradley Rich, Esq.

IRS Creates New Task Force to Target the Super-Rich

As Congress Proposes Legislation to Force Overseas Companies to Reveal Wealthy U.S. Account Holder's Info

IRS Commissioner Doug Shulman announced Monday October 26th that a new "task force" has now been setup to help the Internal Revenue Service decode the complex offshore trusts, partnerships, and other complicated techniques used by the super-wealthy to evade taxes.

The "Global High Wealth Industry Group" will first set out to audit individuals with net assets or income in the tens of millions of dollars, says Shulman.

"You cannot assess compliance among the nation's wealthiest individuals by looking only at their 1040s [tax returns]," Mr. Shulman said.

"Our goal is to better understand the entire economic picture of the enterprise controlled by the wealthy individual and to assess the tax compliance of that overall enterprise."



Rich Tax Cheats: The

IRS says "*Be Afraid....
Be Very Afraid*"

This comes on the heels of Congress' announcement of the Foreign Account Tax Compliance Act, aimed to force overseas finance companies to divulge information about U.S. account holders.

President Obama and Treasury Secretary Timothy Geithner both spoke in support of the measure, "For too long, individuals have taken advantage of the system by hiding money in accounts overseas, while millions of families and small businesses here at home pay the price," Geithner said in a prepared statement.

"This legislation will reduce the amount of taxes lost through the illegal use of hidden accounts and is the next step in making sure that everyone pays their fair share."

How To Know If The IRS Is About To Dip Into Your Bank Account

Some people don't have the money when the tax bill comes around, so they just don't pay. They may plan on paying the money when they're able...but that time never seems to come around.

If nothing seems to happen or they don't get 'caught', some people start believing that they've somehow slipped under the radar of the IRS and that they're getting away with it. They're not.

In fact, it might take years for the IRS to come after you, but they will eventually.

Here's how it happens:

1. A Notice and Demand for Payment is sent from the IRS.
2. Either you pay or don't pay the tax.

If you don't pay, you'll be sent a Final Notice of Intent to Levy and

Notice of Your Right to a Hearing at least 30 days before the levy. That's when you know you've got big problems.

That means in 30 days, the IRS is going to start helping themselves to the money in your bank account. If you've received a Final Notice of Intent to Levy, you need to take action immediately. There's absolutely no time to waste.


Upon investigation, it may be determined that there are a number of solutions that could keep the IRS from dipping into your bank account and causing you serious financial hardship:

- * You may have some deductions coming to you that you didn't claim
- * The IRS may have miscalculated your tax
- * It may be possible to negotiate a legal extension to the process

- * You could be declared Non-Collectible Status
- * You could have the debt reduced through an Offer-In-Compromise
- * You could set up a monthly installment agreement plan
- * You could set up a partial installment agreement (where you pay less than the total owed)
- * You may declare bankruptcy depending on your situation

If you owe back taxes, even if you haven't received your first Notice and Demand for Payment from the IRS, eventually you will.

And the worst part is that there are interest and penalties that are adding up every day that you don't pay. Ignoring the problem makes it worse...by the day.



For
The
Kind
Words!

Having contacted you was the best thing that we could have done. Your knowledge, advice and professionalism was truly refreshing and a breath of fresh air in our seemingly hopeless situation!! You seemed to understand that we are good people that had made some bad business decisions and gotten into a mess. We appreciate you treating us with respect and dignity.

Mark and Lisa C.

Common Myths About the IRS:

Myth: It's easy to negotiate a deal with the IRS to accept "pennies on the dollar".

Answer: Is it really possible to pay the IRS "pennies on the dollar" and have the rest of your tax bill forgiven? Yes – it is possible...but it's **NOT** very likely. It's called an Offer-In-Compromise - and it used to be the only legitimate way to negotiate an actual lowering of the amount of taxes owed to the IRS by a taxpayer...sometimes far less. However, since the IRS has seen so much "abuse" of this particular method of tax relief in recent years, they have shown by their actions that they are less and less apt to accept an Offer-In-Compromise. In a press release dated October 2004, the IRS stated "This program serves an important purpose. But we do warn taxpayers to watch out for unscrupulous promoters charging excessive fees to taxpayers who have no chance of meeting the program's requirements," said IRS Commissioner Mark W. Everson. "Taxpayers should not be duped by high-priced promises." In fact, as of 2006, the IRS now rejects 85% of all Offers-in-Compromise. Since the IRS only accepts 15% of Offers-In-Compromise, any good lawyer representing you must have a full knowledge of all other options available through the IRS. Plus, they would need to be able to thoroughly examine your case before they ever made a suggestion of the best action to take.

Detroit Dentist Sentenced for Defrauding the IRS

On November 7, 2006, in Detroit, MI, Dr. Daniel Foote was sentenced to 24 months in prison and to two years of supervised release following his conviction on tax evasion charges. According to court records, in 1974, Foote was a practicing dentist in Plymouth, Michigan. He took a vow of poverty and transferred his business income into a bank account in the name of Life Science Church of Liberty Mission, which later became known as the Church of Liberty Mission. Foote's living expenditures were paid with funds drawn from the church's account. In 1976, Foote stopped filing federal tax returns. Notwithstanding his vow of poverty, in 1977 and 1978, Foote purchased real estate, securing mortgages that reflected his annual income at \$100,000. From 1977 to 1979, Foote failed to report over \$179,000 in income. Foote was considered a fugitive until he was arrested entering the United States from Portugal in September 2005.

Owner of California Lumber Company Sentenced to 15 Months

On April 25, 2006, in San Francisco, CA, Lee Nobmann, the CEO and owner of Golden State Lumber (GSL), was sentenced to 15 months in prison, fined \$40,000 and ordered to pay \$330,000 in restitution. Nobmann pleaded guilty on Dec. 8, 2005, admitting that he had his company pay for his personal expenses and deduct the funds as the company's business expenses from 1996 to 2000. Nobmann also acknowledged that he received rebate checks from vendors and deposited them into his personal bank account and did not report the payments as income for the company or as income on his personal income tax returns. As a result, his company underreported its income by approximately \$1.1 million and he did not report the income on his personal income tax returns.



Are You My Client of the Month?

Every month I choose a very special *Client of the Month*. It's my way of acknowledging good friends and saying "thanks" to those who support me and my business with referrals, word of mouth and repeat business.

This month's Client of the Month is Mark and Lisa Carter. This couple is wonderful and Mark loves biking. They have gushed with appreciation for resolving their debt.

Congratulations to Mark and Lisa. I am sending them a gift certificate to the local Red Lobster as an appreciation for them being such awesome clients.

You might be my next client of the month, too! Watch for your name here in an upcoming month.

Is It Possible To Be Declared "Non-Collectible" Indefinitely?

Being declared "Currently Non-Collectible" means that the IRS considers that your current financial situation makes it impossible for you to pay your taxes and they determine that they cannot collect the money from you...at least not for now.

So, in other words, being declared CNC is a potential short-term fix to your IRS problem. But, in the end, you may still have to pay the taxes you owe (plus penalties and interest) once you start making more money.

This assumes that someday you'll be making more money than you're making now...

The interesting thing about being declared Currently Non-Collectible is that can last indefinitely.

If the IRS monitors your future W-2's and sees that your income has not increased by 15%-20%, your Non-Collectible Status stays "current".

The IRS usually gives you some breathing room and reevaluates your situation after 18-24 months. If by that time you're showing positive cash flow, you may be put on a payment plan.

However, if you are declared CNC, it doesn't get you off the hook for paying your taxes in future years. In other words, if you're declared to be Currently Non-Collectible for the taxes due for years 2004-2006, you will still owe the taxes due for the year 2007, 2008 and so on.

In fact, you must pay these future taxes in full and on time or

you'll blow it big time. If you neglect to pay your taxes for future years, or worse - you don't file...the whole CNC deal is off.

If this happens, the IRS will come after all of the money you owe them, and they may use garnishments, levies, seizures, liens and all of the "nasty" tactics at their disposal to get their money.

If you're thinking "man, that sounds like it's for me...I'm so broke it's a joke. Surely I'll be declared non-collectible"... don't rush to the phone to call the IRS just yet.

You see, what you list to the IRS as being "ordinary and necessary living expenses" - causing you not to be able to pay...may not jive with what the IRS considers "ordinary and necessary".

And guess who has the last word? The IRS, of course.



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Good To Know:

The Partial Payment Installment Agreement (PPIA) program was created as another way for taxpayers to pay their tax debts using installment payments – but with the possibility that once the payment plan was completed, any outstanding debts that remained and haven't been paid would be erased.

However, under this plan, the IRS reserves the right to review your finances every 2 years. If they determine at this time you can afford more than what was originally agreed to, they may demand you pay more.

Also if they find that your financial situation has improved significantly, there's a chance that they could terminate the agreement altogether.

If You Have An IRS Problem Let Me Deal With It For You.

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"Who Else Wants To Win A \$250 Transferable Gift Certificate?"

Take my Trivia Challenge and you could win too!

This is one of my favorite sections. Each month I'll give you a new trivia question. The first THREE people who call my office with the correct answer win a free \$250 reduction on any IRS service I provide. (One per client, please.) And best yet, your certificate is transferable. Use it yourself, or give it to a family member or special friend and help them save money. Take your best guess, then call me at 801-444-9302.

In "The Polar Express" a trainload of children were taken to the North Pole on Christmas Eve, so that they could experience first hand the magic that is Christmas. What talented actor's face was faithfully rendered in animation as he gave voice to many of the characters including the Hobo, the Train Conductor, and to Santa himself?

- a. Tom Selleck
- b. Tom Cruise
- c. Tom Hanks
- d. Tom Sizemore

Call me right now with your answer! 801-444-9302



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