

**Unique Cases
Before the IRS**

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GONE TOO SOON



20 years of tax returns filed with the
Oklahoma Tax Commission
No tax returns filed with the IRS


CASE-STUDY

- Client filed his Oklahoma Tax Commission tax returns to maintain his license, but failed to file his Internal Revenue Service returns and the IRS deemed it to be criminal tax evasion.
- Client failed to tell his wife they had not been filing their tax returns for over 20 years.
- They were selected for an audit and the client attempted to handle the audit without involving his wife.
- Millions in taxes resulted.

PRACTITIONERS TIP:

- Practitioners can take this situation and evaluate how much the client is currently earning, the future earning capacity of the client in relation to the IRS' interest and determine the best resolution option available for the client.

A "Ruff" Situation



20 years of non-filing for "small operation" resulted in millions of dollars in back taxes.

CASE-STUDY

- Client ran a successful dog show business in many states and failed to ever file a tax return.
- The IRS selected the client for an audit and the client was found to owe several millions in back taxes.
- Client wanted to continue to run dog show business, but the IRS wanted to shut it down.

PRACTITIONERS TIP:

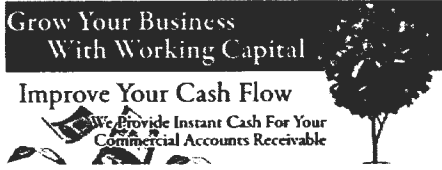
- Practitioners who find themselves facing this case should calculate a profit and loss statement for the client to determine if the business has the ability to both be compliant with required taxes, while also turning a profit. If yes, the opportunity is available to pursue a resolution with a Revenue Officer.

"Factors" to Consider

Grow Your Business
With Working Capital

Improve Your Cash Flow

We Provide Instant Cash For Your
Commercial Accounts Receivable



Tax Liens prevented business from
access to cash flow for operations

CASE-STUDY

- Client had a business with inconsistent income that relied heavily on income that could be secured through liens placed on accounts receivable.
- The factoring companies that loaned funds to the business could no longer do so because of the tax liabilities that have accrued.
- The tax liabilities placed a tax lien against all assets and the factoring company lost priority.

PRACTITIONERS TIP:

- Practitioners can take this situation and negotiate with the IRS to withdraw the lien because of the harm it is causing to the business and to the future taxes the IRS can receive through both compliance and an installment agreement on back taxes due.

ILLEGAL EMPLOYMENT

Client was audited. All of his employees were found to be illegal. Client had knowledge/should have known clients were not legal. IRS assessed millions. Client agreed to shut his business down.


CASE-STUDY

- Client had a construction business and all employees were illegal immigrants.
- The IRS' position was that the client did know or should have known that the employees were not documented.
- The IRS disallowed all of the payroll expense claimed by the owner and the resulting income created a million dollar tax liability.

PRACTITIONERS TIP:

- Practitioners can advise their client that if the client is willing to provide information to the government regarding their former employees they may be able to negotiate mercy on any criminal charges.
- If a client finds that their business is shut down the practitioner is then provided the opportunity to pursue a settlement on the entire liability.

**INCARCERATED TO
IN-COMPLIANCE**



Tax Protestor – Saved from Prison


CASE-STUDY

- Client wrote letters to the IRS declaring that taxes are unconstitutional and he had no intention of paying them.
- Client paid for these letters and attended meetings with other tax-protestors and one "attorney" provided him with template pleadings that could be filed with the court pro-se and letters that could be sent to the IRS to state his case.

PRACTITIONERS TIP:

- If a client has taken willful steps to advise the IRS they have no intention of paying taxes, the client will likely face a criminal investigation and may face jail time. It may become necessary for a criminal defense attorney to co-counsel the case.
- Clients can negotiate for a lesser charge by cooperating fully with the criminal investigators and providing names, phone numbers, and addresses of those who assisted them to formulate their position.

**FAILURE TO
REPRESENT**



Client was with a Tax Resolution Firm in Oklahoma City for 4 years and they did absolutely nothing on his case.


CASE-STUDY: ETHICS

- Client had a tax liability that did not require the involvement of a Revenue Officer or any delay to begin negotiations.
- Attorney failed to take any action on the case and let the client's case sit for 4 years.
- Client would contact attorney from time to time to check on status but received no updates of substance.

PRACTITIONERS TIP:

- The danger of practicing in this area of law is that the IRS does not place deadline dates on you to move your cases forward as the courts do.
- There are no pre-trial hearings and meetings with the judge to provide status updates on the case, unless your case reaches tax court.
- Thus, a practitioner should have either a sophisticated software program to ensure no clients are overlooked or some type of system that will alert you of clients with no activity for a prolonged time period.

PLAY MONEY



Disgruntled Employee "turned in" a local VFW for money they had "failed to declare and report".

CASE-STUDY

- A local VFW had a slot machines that you could play with party tokens.
- An employee was fired and claimed to the IRS that the slot machine was earning undeclared income for the VFW.
- The IRS assessed \$235,000 from their estimate of income that could have been earned.

PRACTITIONERS TIP:

- Practitioners must get creative when you don't have documentation to support your position.
- In this case the practitioner may consider getting affidavits from other employees and other former employees to support their claim that no money had changed hands on this slot machine.
- In many audit cases a practitioner must formulate their narrative and piece together evidence to support their theory of what transpired without the direct documentation the IRS requires.

MILLION DOLLAR BABY



Drug Addict Client. Got Clean. Turned his life around. Started over again.

CASE-STUDY

- Client had previously been a drug addict and during the time period he was addicted to drugs failed to file his tax returns.
- Client completely lost control of his life and went to rehab.
- After coming out of rehab client found it very difficult to maintain a job and was in and out of homeless shelters.
- The IRS came after the client for back taxes owed on years prior to rehab.

PRACTITIONERS TIP:

- When a client is down on their luck, it is the very best time to get a settlement approved with the IRS.
- The IRS considers current financial documentation to determine your ability to pay.
- Your role as their representation is to advocate for your client's need to start over again and to show the efficiency for the government in settling this client's liability.
