

THE IRS TATTLER

9th Edition

March 2019

Oklahoma Tax Lawyer Exposed (In a Good Way)



Travis W. Watkins Tax Resolution & Accounting Firm's principal, Travis Watkins, has some curious advice for taxpayers in IRS trouble. These tips may prevent an IRS problem before it begins.



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1. Don't extend your filing and payment deadlines, if you can help it. If you want to avoid tax problems, file your returns on time. I often hear small business owners complain, though, that they must extend their personal filing date for one reason or another. Perhaps they are waiting on K-1 partnership income statements. Sometimes, this is just out of their control. However, your deadline to pay cannot be extended. How are you going to know how much to pay on April 15th, if you don't prepare those taxes (or a *pro forma* of your return)? A lot of these small business owners that extend are the very ones that have the ability to control when the K-1 gets filed in the first place, if you're a partnership or company of one or a few, you can control when you send out the K-1 to yourself and this is just the best practice. Don't prolong the inevitable! You're just racking up crippling penalties and interest and essentially lining the government's pockets by waiting.

2. You can do some things yourself when it comes to IRS paper audits. The IRS routinely sends out paper notices to taxpayers that say, "explain to us why your return doesn't match what third parties have told the IRS that they have paid you this year." If you have minor mistakes or things that need to be "shored up" with the IRS, such as a simple reporting error, then you can certainly discuss those things with the IRS. However, if you've underreported 20% or more of your income, now you're starting to look at significant penalties and fraud concerns start to emerge. That would be a good time to hire a tax professional to talk to the IRS on your behalf.

3. If you can pay back what you owe the IRS within 120 days, you may not need a tax resolution specialist to assist you with a formal payment plan. You can call the IRS in those situations and obtain a reprieve of 120 days to pay your taxes. They will do that routinely if you can convince them that you have a windfall coming or a third-party is going to assist you in paying off that debt soon. If you haven't been in tax trouble before, you can call them up and just tell them, "please give me 120 days to pay this." Now, that doesn't stop penalties and interest from running and it doesn't necessarily stop the IRS from filing a lien. However, all things considered, you don't need a tax professional to do this.

4. If you owe the IRS less than \$10,000, you're probably not getting a good "bang for your buck" by hiring a tax resolution firm. This is mainly because tax resolution outfits, mine included, charge taxpayers an industry-standard 10% of what a taxpayer owes as a resolution fee. Most tax resolution firms are also going to set a "floor" on that fee, a \$2,500 fee, for instance. So, if you owe \$10,000 and you're paying \$2,500 or more to a specialist, then it's not feasible, nor logical situation. If you're in that situation, there's a plethora of things on the IRS' website and free YouTube videos on my channel to assist you.

5. You may be a candidate for the IRS' First-Time Penalty Abatement Program, so you can make that request on your own. If you have a good track record of filing and paying on time, let's say for five years, then you may be able to call the IRS yourself and ask them for this First Time Penalty Abatement. If you just had one tax year "hiccup," the IRS will often forgive that one year of penalties and associated interest. They never forgive straight interest on these things, unfortunately. Here's a tip I said that if you've been good, they may do that for you "as of right," without having to explain a whole lot of circumstances of why you got into trouble in the first place. However, even if you haven't been good, you can call up the IRS and get that one year first-time penalty abatement, and it goes through sometimes.

6. Don't hire a tax professional if you can pay your IRS debt, but you just simply don't want to do so. Tax resolution is not tax evasion. There is a lot of misinformation out there that the U.S. is a "voluntary tax system" and paying taxes are somehow illegal. Don't call for it! If you're a tax protester, then you may not need a tax professional. You may need a criminal lawyer because these arguments incite the wrath of the IRS. More importantly, these arguments just don't hold water.

7. Finally, if you have the time and guts to call the IRS' collection officials, you may not need a tax professional. At our office, even when calling on the taxpayer professional priority hotline, we may wait hours to talk to the person that we want to talk to at the IRS. Most taxpayers don't have that kind of time. Most importantly, if you have the ability when under pressure to ask the IRS for more (more time to file or pay, for instance), then that may be a situation where you may feel comfortable on your own. The IRS' reputation for intimidation is well documented, though. We stand in the taxpayer's shoes and negotiate on their behalf, which can lessen that intimidation factor. We can, in many circumstances, buy you some more time.

I CAN'T PAY LIFE'S BASIC NECESSITIES, BUT THE IRS IS GARNISHING MY WAGES.

If I can't make enough money to pay for necessities, if I can't pay my bills, if my expenses are more than my income, then will the IRS stop collections because of this hardship that I'm in? **The answer is yes, they will. There is a program at the IRS that proves that they're not completely tone-deaf to these problems that folks face with hardships in life and they call it, 'The IRS Currently Not Collectible Status,' or "CNC.:** It means that you are essentially uncollectible at the IRS and they will put you in a safe harbor or stop collections for usually two years, sometimes longer, up to the full amount of the statute of limitations or "CSED" as they call it there at the IRS, the Collection Statute Expiration Date. So that is the CNC in a nutshell.

Here are a few things that are drilling down a little bit deeper on this issue. If things are bleak and you cannot pay for necessities of life, such as food, clothing, shelter, health, welfare, transportation to work, those types of necessities of life, then you might consider making a request for Uncollectible Status. It is a "Status 53" at the IRS. When the IRS puts you into a Status 53, in most circumstances they will now send you a letter saying that they have put you in to that Uncollectible Status with them. They used to not do this at all, as they would just flag something as uncollectible and you never really knew if you were in it or not. You would just enjoy the benefits of not being collected upon during that period of time but now, the IRS will send you some notification that you are least in that program.

The IRS can review a CNC status every two years. What sets that off and what kicks folks out of uncollectible status is quite simply, they're just making enough money to now pay for necessities of life and to pay for their tax liabilities. But how does the IRS know this? Well, it just shows up on your tax returns or people that are filing 1099s or W-2s on you and it looks like you're back in business and able to be collected upon again.

Here's what the recipe is quite simply for uncollectible status. They will ask you for a Form 433A. Basically, it's the collection information statement at the IRS. It shows what assets that you have, it shows what your income is, and it also shows your expenses. Those have to be legitimate expenses with backup if the IRS asks for backup on these things. It's the same form that you fill out really for any type of tax relief with the IRS. If it shows there that your assets and expenses are higher than the income, then they will put you into this Status 53. Also, as I mentioned you've got to show that you either don't have assets or the assets are upside down or you can't access them for some reason quickly, then they'll put you into Status 53.

The downside of Status 53 uncollectible status is that the IRS will still file liens in this process of you owe more than \$10,000. They still have to collect and protect their interest in any property that you have, and that lien will stay on conceivably during the whole time that you're in uncollectible status. The same thing for the tax debt itself, it just hangs out and it doesn't go away which is a downside. It just hangs out there, collecting penalties and interest while you are in this safe harbor.

Another downside, it may trigger a Trust Fund Recovery Penalty Assessment. What that means is, if you're a small or large business owner and you have a payroll debt, the IRS can come after the responsible person(s) for that tax debt. It's usually anywhere from 40-60% of the whole payroll tax that can be assessed against the owners or the responsible persons at the business. And it's the same for liens; the IRS wants to go ahead and get its assessment out there against the individual or owners of the business, even if those owners may not be solvent and collectible at that time. The IRS has to protect its interests there and they will still do trust fund assessments.

The biggest one though, is that the tax never truly goes away while you're in that status unless the Collection Statute Expiration Date happens to run. It does run the entire time that you're in Status 53 and if the "CSED" passes while you're in Status 53, well then so be it. The tax essentially just gets forgiven, but again, that "CSED" is 10 years. The IRS has plenty of time to do collections there and they're usually quite content letting the penalties and interest just continue to run. You'll also have to, in most circumstances, file any unfiled returns, especially the most recent one. The IRS wants to check the income, the net disposable income to see if you are indeed collectible or not.

Here's how you do it; here's how you ask for a Status 53. If you have a Revenue Officer assigned to your case, one of those real-life collection officials from the IRS, they have the power to put you into Status 53 and it's a pretty quick deal. It's just showing them that you can't pay your bills, you can't really stay alive without this safe harbor, and so it's an immediate status that happens at the IRS and your Revenue Officer can put you into that.

If you don't have a Revenue Officer, then thank your lucky stars for one thing! But if you need to make this request, just call the automated collection service at the IRS that number is 1-800-829-1040 and be prepared to wait on hold, depending on what time of day you call. The officials there at the automated collection systems can make a Status 53 assessment. They'll give you a fax number to send in some documentation, probably the document 433A and your last file tax return also. A lot of people ask me, "Why do they make me send in my tax return? They are the IRS; don't they already have it?" Well yes, they may, but they want you to send this into the collection wing and not the filing compliance wing of the IRS to check this. This is very important deal with the IRS, especially if you cannot make your payments to stay alive, to pay for necessities such as food, clothing, health, shelter and transportation to work. If you need help with this process, we are available anytime to talk with you at 866-224-3309.



EX-SPOUSE FILED WITHOUT CONSENT BEFORE DIVORCE, NOW THE IRS IS AFTER ME!

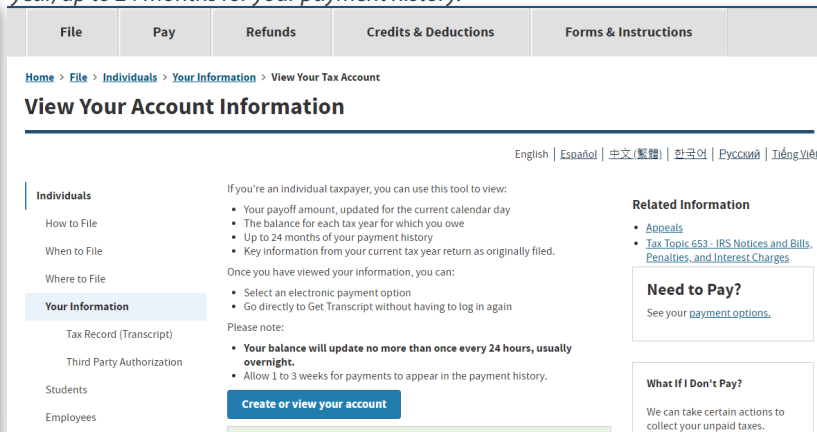
Let's be frank for just a moment - divorces are messy, strenuous and costly. But imagine after all the paperwork is signed and the divorce is finally over, you find out from the IRS that your ex-husband or wife had been filing joint tax returns without your consent by forging your signature on the returns, and sequentially, you're stuck with an outstanding tax liability that you didn't even know about! We have seen this exact scenario play out numerous times over the years at our offices, and today, we will show you why it is so important to review your "Account Transcripts" with the IRS, especially after a divorce!

It is extremely important for every American taxpayer to know where exactly they stand with the IRS and how to be able to access their "Account Transcripts" to see what exactly has been filed on them, so that they can diagnose the true nature and extent of their IRS problem. In recent years, the IRS has launched an online portal with the IRS.Gov website, when one can log on and gain access to their "Account Transcripts." Through this process, you will be able to find out things such as the filing tax period, filing status, Adjusted Gross Income (AGI), taxable income and all payment types. It will also show any changes made after the original return is filed. With this basic amount of data obtained from the "Account Transcripts," you will be able to find out how you became liable for a taxable incurred from your ex-spouse that you didn't even know about!

To do this, complete the following steps:



From there, you will be redirected to a page where you will have the option to click on "Tax Records" which is your transcripts. You can use this tool to view the entire tax liability due, updated for the current calendar day. You can also view the balance for each tax year, up to 24 months for your payment history.



By utilizing this tool available to you anytime on IRS.GOV, you will have a good knowledge of what the IRS is saying you owe because of your ex-spouse's poor financial decision making.

Have you found yourself in a similar situation, stuck with a tax liability that you didn't create because of a fraudulent ex-spouses' wrong-doing? Does this scenario sound familiar with someone you know that may be going through something similar? Or, have you recently divorced and you just want to make sure that your ex didn't try to stick you with a big tax bill? Our offices receive cases like this on a regular basis, and we help innocent taxpayers find relief from the mess that their ex put them in! Give us a call today at 866-224-3309, so that you can put your ex-spouse and your tax problem behind you, so that you can move forward in living your best life yet!



MEET OUR TEAM

Joey Akbar is an enrolled agent and tax accountant for the Travis W. Watkins Tax Resolution & Accounting Firm. He values the importance of having roots and developing strong lifelong connections. After high school, Joey attended the University of Central Oklahoma and earned his bachelor's degree in finance and later earned a master's degree in accounting. He comes from a family of accountants including his father, sister, uncles, and cousins, and he feels that numbers are part of his DNA.

For several years, he owned two retail clothing stores and quickly learned the struggles of owning a small business and dealing with day-to-day operations and taxes. Today, he enjoys passing on his knowledge and helping the clients of Travis W. Watkins Tax Resolution & Accounting Firm with their personal and small business taxes. Joey takes great pride in the work he does and when he is helping a client, he puts himself in their shoes and works hard to get their lives back on track.

Outside of the office, you will find Joey spending time with his boys, Preston (16) and Cole (12).

SUCCESS STORY

Self-employed? Unable to make estimated tax payments to the IRS due to unforeseen circumstances? Read what happened to a recent client of ours.

A local small business owner was struggling to make ends meet and could not pay his estimated tax payments to the IRS. This accumulated quickly into an insurmountable tax liability of \$69,487.18, with penalties and interest accruing. The stress and sleepless nights on this issue were unbearable and he knew he had to find a solution. The decision to come into Travis W. Watkins Tax Resolution and Accounting Firm made it possible for him to settle his tax debt for just \$3,000!

Are you ready to resolve your tax issues once and for all? What do you want your IRS tax story to be? Learn proven strategies that will impact your IRS situation by call 866-224-3309 for your FREE consultation. Don't allow the IRS to ruin your life.





THE IRS TATTLER



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BASIC 1040
(MOST W-2 RETURNS)

\$300

"I very much enjoyed my experience with Travis Watkins doing my taxes the past two years!"
-Lynn H., Tulsa, OK.

PROFIT AND LOSS STATEMENT PROVIDED BY CLIENT

1040 with
SCHEDULE C

\$500

2018 TAX RETURN

BUSINESS TAX RETURNS

\$500

PROFIT AND LOSS STATEMENT PROVIDED BY CLIENT



Another Oklahoma taxpayer who's extremely satisfied with our continued tax preparation services that we've been providing her for the past two years! Whether you're a W-2 worker, 1099 self-employed or even both, we handle all income tax preparation, from the most simple to difficult and complex! We have a strong and ready team of Tax Attorneys, CPAs and Enrolled Agents ready to handle all of your tax preparation needs!

We offer a highly competitive pricing structure and best of all, we are now offering an Audit Protection Plan for all 2018 tax returns! For just \$75, you will receive a full and comprehensive Audit Protection Plan that's valued at \$7,500! That's a savings of 99%! Call us NOW at 866-224-3309

DEADLINES:

March 15, 2019- S corporation and partnership tax returns due. Note that S corporations and Partnerships do not pay taxes on their income. That tax is paid on the individual incomes of the shareholders or partners.

March 15, 2019- Deadline to file for an extension for S corp and partnership tax returns.

STAY UP TO DATE:



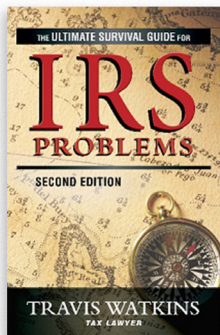
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