

# IRS Help, News, and More

# THE IRS TATTLER

8th Edition  
October 2018



TRAVIS W. WATKINS  
TAX RESOLUTION AND ACCOUNTING FIRM

## In This Issue:

- IRS Myths Debunked
- Manafort/Cohen
- Client Savings
- Meet Our Team
- Capital Gains Savings?
- Testimonial
- Penalty Waived
- Celebrity News

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Volume VII, Issue X

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# TAX LESSONS DON'T

## TAX LESSON TAKEAWAYS FROM THE MANAFORT AND COHEN CASES

Trump's former campaign chairman Paul Manafort was convicted of eight different financial crimes as part of Special Counsel Robert Mueller's investigation. They've also secured a guilty plea from Michael Cohen, a Trump fixer who will serve up to five years for violating campaign finance laws. This political news holds some relevant tax lessons, including actions to avoid.

### Don't rely on the Defunct Offshore Voluntary Disclosure Program

Starting in 2008, the IRS utilized the Offshore Voluntary Disclosure Program (OVDP), which provided tax amnesty for foreign-held investments and formally closed in September 2018. Instead, the IRS Streamlined program is now subject to audits. So, it's a bad idea to rely on that program's protection.

### Don't Hide or Obfuscate Foreign Investments

FATCA, the Foreign Account Tax Compliance Act, applies a penalty on foreign banks who don't report Americans skirting tax obligations. Most countries and their banking systems already comply with the Act, so don't count on keeping your foreign accounts secret. The U.S. government also partners with 50,000 whistleblowers, voluntary disclosures, cooperative witnesses and banks under investigation. All in all, it's now an extremely bad idea to fail to disclose your investments.

To avoid the fate at Manafort and Cohen, don't obscure or cover up facts and try to pass them off as mistakes. You can certainly make mistakes, but the IRS often asks for a paper trail to show that the mistake was not intentional. If you use oversights and glitches to justify incorrect filings, you appear willful, and this changes your chances in court. Negligence and mistakes are understandable once in a while, but if you do it too many times, you may be accused of intent to conceal taxes.

### Other Things to Avoid

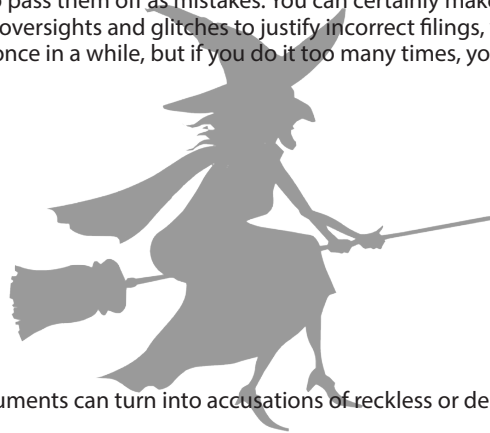
Here are a few other things to avoid:

- Don't set up trusts or corporations to cover up what you own.
- Avoid filing some tax forms and not others.
- Don't keep an extra set of books.
- Don't ask your bank to stop sending monthly statements.
- Don't make cash deposits or withdrawals.

Even if you can explain your action, repeated failures to comply with required documents can turn into accusations of reckless or deliberate disregard, which gave Manafort added things to worry about.

### Get Help

The IRS offers tips to ensure correct filing of foreign holdings. However, if you're worried you haven't been transparent enough, or previously relied on the Offshore Voluntary Disclosure Program to cover you, then it may be a good idea to consult with an expert. A CPA or tax attorney specializing in multinational holdings can provide the backup you need to show your intentions if the IRS takes an interest in your return. There are many different paths and roads to success. Staying compliant with the IRS is one of them. Learn how to radically improve your IRS situation by calling Travis W. Watkins Tax Resolution and Accounting Firm at 800-721-7054 or visit [TravisWatkins.com](http://TravisWatkins.com).



A client retained our office a very short time ago with several years of unfiled tax returns. Also, the IRS had filed some returns for him which resulted in a tax liability of \$32,386! The IRS then took action and started garnishing his wages. He was unable to provide for his family, due to the financial burden he was handed over. Upon investigation, we were able to quickly negotiate with the IRS and stop the wage garnishment. Our client now owes the IRS

only \$475, because of the outstanding professional service we were able to provide!

Do you want to understand how the IRS works? If you want to stop playing defense with your finances, you've got to get on offense. It's time to get the IRS to work...not just go to work. Call Travis W. Watkins Tax Resolution and Accounting firm at 800-721-7054 or visit [TravisWatkins.com](http://TravisWatkins.com).

**\$32,386**  
TAX LIABILITY SETTLED FOR  
**\$475!**



# MEET OUR TEAM

Ricky Kemper,  
Accountant



Ricky Kemper was an Army child and experienced living abroad of the U.S. With him growing up around the military, he joined the Army Reserve for over 22 years and retired. During his tenure he was activated to serve during Operation Desert Storm and Enduring Freedom. He was raised in Lawton, Oklahoma and

attended Eisenhower High School. Living in Lawton gave him an opportunity to work for Goodyear Tire and Rubber for 23 years and retiring. After retirement, he pursued his life-long passion for accounting. He obtained his BS degree to start a rewarding career helping individuals with their tax needs.

He enjoys spending his time with his wife and their son Duncan, the youngest of 5, who keeps him on his toes. When not being a father or husband he enjoys spending his time playing Golf whenever he gets the time.

## Tax Break On Capital Gains?



The Trump administration has been teasing high-income taxpayers with a big tax break on capital gains. However, so far, no decision has ensued. Treasury Secretary Steven Mnuchin has deferred to Congress, which hasn't proposed anything concrete. The Treasury Department says it's studying the impact the change would have on the economy and whether the tax break could be put into action without congressional backing.

The change proposes a reduction in the tax on stock and real estate profits, known as capital gains, and would adjust the final tax bill based on inflation over the time the asset was held. Currently, capital gains are calculated by subtracting the sales price from the original price paid for the asset. The difference is taxed at full value, regardless of inflation.

### Why People are Waiting to File (and Why It's a bad Idea)

Let's say you bought stock 28 years ago for \$100,000 and sold it at \$300,000, for a \$200,000 capital gain. Uncle Sam would take 23.8 percent, for a tax bill of \$47,600. However, if an adjustment for inflation decreased the profit to \$103,000, you'd pay \$27,514.

Unfortunately, many people are delaying their quarterly filings, waiting for the reduction to take effect. This is a dangerous waiting game that puts your assets at risk, especially with Democrats digging in to oppose the cuts. Unless you've consulted a tax attorney, this is a bad idea that could cost you big in penalties.

### Opposition to the Proposed Change

Democrats vowed to defeat the proposed capital gains tax break, citing the negative impacts it would have on the growing deficit. House Democratic Leader Nancy Pelosi has called the measure a tax scam for the wealthiest Americans. Democrats believe the measure would line the pockets of the wealthiest individuals while contributing to stagnant wages and soaring health care costs.

It's uncertain when, if ever, the change could gain enough traction to pass.

### Avoid Penalties, Work with a Tax Attorney

For taxpayers who owe taxes, payment is required by the filing date. Your accountant can make sure you file on time and get the amount correct. Trying to figure this out on your own could result in interest and penalties. Currently, the IRS charges four percent compound interest, for penalty of 0.5% per month. Remember that the late filing penalty can cost up to 10 times the amount of not paying at all. If the capital gains reduction is signed into law before the end of 2018, you could still receive a break on capital gains. Until then, it's better to continue with business as usual. You need to work with a professional tax attorney that deals with the IRS regularly. They know the rules and where the IRS may have some flexibility. Since we work with them on a daily basis, you are more likely to get the best possible outcome. Our team of Attorneys, Accountants, and Enrolled Agents are here to answer all your tax questions. Call Travis W. Watkins Tax Resolution and Accounting Firm now at 800-721-7054 for your Free consultation or visit [TravisWatkins.com](http://TravisWatkins.com).

“

THEY DID EVERYTHING THEY  
SAID THEY WOULD DO AND IT  
HAS CHANGED MY LIFE.



TRAVIS W. WATKINS  
TAX RESOLUTION AND ACCOUNTING FIRM

DAVID W., BROKEN ARROW, OK

“Travis and his team are absolutely amazing! They did everything they said they would do and it has changed my life. I put my name and reputation on it. If you're in an IRS hole, they will get you out.” -David W., Broken Arrow, OK

Are you ready to act? Don't wait...There are a number of options that we might be able to do to stop the IRS from barging into your life and taking your money/assets. It's time to take control of your IRS situation. It won't cost you a thing to talk to us to see if we can help. Call Travis W. Watkins Tax Resolution and Accounting Firm now at 800-721-7054 or visit [TravisWatkins.com](http://TravisWatkins.com).

IRS  
PENALTY  
WAIVED

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A recent client is in the Oil and Gas Industry and was struggling to make ends meet. He had previous years where he did not file. Because of this situation, he was unable to make his quarterly payments and his tax debt accumulated at a very high rate to almost \$70,000! Since we have taken on his case, we quickly did an investigation, filed his missing returns, and negotiated with the IRS to waive his penalties of \$10,849.95! Now, we are able to create a customized plan for a resolution on his remaining tax debt.

Hardships may not be unique to you-everyone has something difficult they must overcome. We are here to reinforce the success you may have not achieved yet. Don't be part of the masses who financially imprison themselves with the IRS. Find out what options you may have by scheduling your free appointment with Travis W. Watkins Tax Resolution and Accounting Firm at 800-721-7054 or visit [TravisWatkins.com](http://TravisWatkins.com).

## LIL' KIM HAS “NO TIME” FOR THE IRS

She calls herself the Queen Bee, but that doesn't mean she is above the law. Lil' Kim (Kimberly Jones) is having a rough few years with her finances. She had to file bankruptcy in June for allegedly not paying the IRS on her taxes. Documents now show that she has been hit with another \$188,000 tax lien after her \$211,629 debt on her 2016 income (*Bad*

*Boy Reunion Tour*). Her tax problems are well-documented and go back nearly 10 years. The IRS reports that the lien was placed from her 2006 income. She also battled her baby's father over custody and watched her New Jersey mansion go into foreclosure. Earlier this year, she was sued for failing to pay her former law firm for 5 years of legal services.

Kim states that she is planning to sell one of her homes, she no longer resides in, to pay off this tax debt and will file bankruptcy to reconcile the millions she owes to creditors.



LaChapelle, D. (2017, September 1). Lil' Kim: A Bona Fide Style Icon, But More Than Just a Force in Fashion [Photograph]. The Fashion Law, Tampa.

(@Gabriel\_Will1), G. (2018). The Daily Word: Lil Kim Owes The IRS Again?, Kim's Baby Father Posts Thirst Pic of Nicki Minaj. [online] Stuff Fly People Like | SFPL. Available at: <https://stuffflypeoplelike.com/114956/lil-kim-owes-the-irs/> [Accessed 3 Oct. 2018].



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## TRIVIA QUESTION:

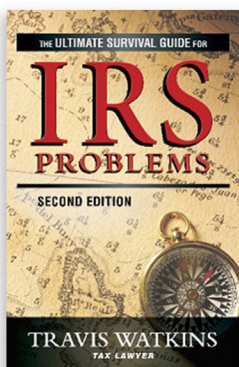
THE AVERAGE NUMBER OF DAYS A PERSON WORKED TO PAY HIS OR HER 2009 TAXES WAS?

- A) 205      B) 190      C) 103      D) 106

## PREVIOUS QUESTION/ANSWER:

WHEN WAS EFILE INTRODUCED IN THE U.S.?

- A) 1986



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## DEADLINES:

•October 15, 2018

### Extended Individual Tax Returns Due

If you got a filing extension on your 2017 tax return, you need to get it completed and postmarked by Oct. 15th.

### Last Chance to Recharacterize 2017 Roth IRA Conversion

If you converted a traditional IRA to a Roth during 2017 and paid tax on the conversion with your 2016 return, Oct. 15th is the deadline for recharacterizing (undoing) the conversion. Doing so could save you money if the IRS has lost money since the time of the original conversion.

