



Brightside Tax Relief
Comprehensive Tax Relief Services

CHAPTER 2: SOLVING YOUR IRS PROBLEM

Everyone Fears the IRS

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**Note: Each Week, We'll Release a Short Paper on
Tax Problems for You to Review.**

THERE'S A NATURAL FEAR OF THE IRS

People stop filing their tax returns for many different reasons. In this chapter we are going to examine some of these reasons.

The IRS is the most powerful creditor on the planet. It can take all of the money out of your bank accounts. It can take most of your pay from your job under a wage levy or garnishment. It can take money owed to your business. It can even seize your car, house or business!

Because of the power of the government, most people have a natural fear of the IRS. Have you ever received a letter from the IRS? Our firm receives those letters every single day. As a tax law firm, we receive stacks of very scary letters from the IRS on a daily basis. It is not unusual for clients to bring a stack of unopened letters from the IRS to our office during our first meeting. The first time those letters are opened are in our conference room! Fear of the IRS can be a good thing insofar as that fear can drive people to file their tax returns and to pay taxes to the IRS. It is a good thing if everybody files their tax returns and pays their fair share. However, not everybody files their tax returns or pays their taxes.

When you have an IRS problem, it is often your deepest, darkest, secret. It is certainly not something that you talk about at a cocktail party. Many people with an IRS problem don't even tell their spouses or their business partners! When we meet with a new client, it is often the first time they are able to tell their story to somebody. Not only does a client look at us as attorneys, but they also look at us as their priests, psychiatrists, friends and, most importantly, confidantes. The look on our clients' faces when they leave the office after our first meeting is one of huge relief. Not only do they feel unburdened by finally having someone to whom they can tell their deepest secret, but they also leave with a clearly defined plan of how to permanently resolve their IRS problems.

Why do people with a huge IRS problem stick their head in the sand when qualified professional tax help is readily available? There are a thousand reasons, including “my spouse will divorce me, my kids won’t talk to me anymore, my family and friends will learn that I am not as successful as they think I am or maybe the IRS problem will go away by itself. Maybe I will lose my job or my business. Maybe people at church will no longer respect me.” I have heard all of these excuses, and many more. We call this “analysis paralysis”, and it is not a good thing. If you had a suspicious or painful lump on your arm, wouldn’t you tell your spouse or good friend about it and have a doctor look at it? Wouldn’t you go to a doctor and have it tested so that you knew what a clear, permanent solution to that problem would be? Your IRS problem is no different!

Don’t let your fear of the IRS or your IRS problem paralyze you into inaction. If you don’t go to the doctor for a health condition, your situation will only get worse. If you don’t seek the advice of a qualified tax attorney, your IRS problem will only get worse too.

Like it or not, taxes are the price of freedom in the United States. Taxes pay for the roads that you drive on. Taxes pay for the firemen to show up at your house when your house is on fire. Taxes pay to educate your children and to defend our country. Nobody enjoys paying taxes, but taxes are the price of freedom.

One of the reasons that people stop filing tax returns is because they either lost their documents or no longer have access to the documents needed to prepare their tax returns. Computers crash, documents are lost in a move, documents are inadvertently thrown out, a business goes out of business, your documents are locked up by your landlord or the accountant loses your documents somewhere in his storage room. Although it will make preparing your tax returns harder, the loss of documents should not stop you from trying. One can always “back into” documents from third parties or even from the IRS itself with the help of a qualified tax attorney!

Illness is often a common reason why people stop filing their tax returns. You or a family member gets sick, mom or dad or grandma or grandpa gets sick, friends become ill or a car accident gets in the way. Hopefully, the illness ultimately goes away and you can resume your normal life. One year can lead into another and another, your tax problem “snowballs” and you don’t know what to do. Don’t be paralyzed by the snowball effect. Rather, seek competent professional tax help.

A downturn in the economy or a downturn in one’s business can lead a person to not file their tax returns. The loss of a key client or a key employee can also affect one’s business which may lead to unfiled tax returns and unpaid liability.

Procrastination is also a huge reason why people stop filing their tax returns and stop paying their taxes. They are simply too busy, or getting their tax return information together is too hard, or there is something better to do than attending to their IRS problems. However, procrastination will simply lead to more problems, especially with your IRS problems.

Sometimes something happens in your life, such as a death or a divorce or an addiction, where you simply don’t care about anything anymore. You can lose interest in eating or socializing and become withdrawn or depressed. This “I don’t care attitude” can also affect other areas in your life, such as opening your mail, paying your bills and filing your tax returns. Hopefully, the “I don’t care” attitude goes away at some point and you begin living your life again after picking up the pieces. One of the pieces that you should pick up is your IRS problem, but only with the assistance of a qualified tax attorney.

Something we hear from all of our clients is the “snowball effect.” The snowball effect is when one year turns into another year, which turns into another year and your problem gets bigger and bigger as the “snowball” rolls down the hill. This is also part of the “analysis paralysis” discussed above. The “snowball effect” leaves you with many years of

unfiled tax returns and unpaid liability and you simply don't know where to begin to address your IRS problem. Like any journey, there is a beginning, a middle and an end. To start that journey, you simply need to take the first step. The first step is walking into your tax attorney's office and telling him or her about your deepest darkest secret-your IRS problem!

Sometimes, friends or family can get you into trouble with the IRS in a way you wouldn't think possible. For example, your friend who has a "great investment" that will be an "instant money maker" and talks you into using your retirement money for this "sure fire" investment. Sometimes a family member will ask you for a short-term loan from your 401K or IRA and promises to pay it back to you in a few weeks. Friends and family can sometimes get you into trouble with the IRS without you even really knowing about it.

There are people who believe that the taxation system in the United States is either illegal or simply does not apply to them. As a result, they stop filing their tax returns or file "tax protester" tax returns and stop paying their tax liability. Tax protesters have been around as long as there have been taxes, and there are hundreds of different tax protester arguments. These arguments include that filing tax returns or paying taxes is voluntary, that a person is not a "citizen" of the United States and is not subject to the federal income tax laws, that the Sixteenth Amendment of the United States Constitution is unconstitutional because it was not properly ratified, that taxes are a "taking" of property in violation of the Fifth Amendment of the United States Constitution and many more. Although we can discuss these arguments and the legality of the tax system in the United States over a cup of coffee, the United States Supreme Court has routinely upheld the legality of taxes here in the United States. As such, until the United States Supreme Court rules otherwise, taxes are the law of the land. Sometimes, a potential client will ask us to make tax protester arguments to the IRS, and we must decline. Again, until the United States Supreme Court rules otherwise, taxes are legal here in the United States. Taxes are also the price of freedom.

Nobody really likes the IRS, and this is a common refrain that we hear. However, sometimes a client's dislike of the IRS is so over the top that we need to determine if they are a tax protester and, in some extreme cases, whether they are a danger to themselves or to the community. If a client firmly believes in tax protester arguments and is not willing to abandon them to allow us to help them resolve their IRS matters, we stand up, politely shake their hand and conclude the meeting. Until the United States Supreme Court rules otherwise, taxes are the law of the land and, as tax attorneys, we are not permitted to make illegal arguments to the IRS. Sometimes, potential clients get a little scary because they feel that violence is a valid option against the IRS.

Some people will turn you in to the IRS by "dropping a dime" on you. We have all experienced the breakup of relationships in our lives, whether it is a divorce or a breakup with a business partner or friend. These breakups are often contentious and leave people angry or vengeful against each other. Sometimes, these feelings lead one to seek revenge by turning you into the IRS for vengeance or a reward or both. If there are unfiled tax returns or unpaid liability, spouses turn in spouses, business partners turn in business partners, friends turn in friends and employees turn in employers. Sometimes, people "drop a dime" to get revenge. Sometimes, people "drop a dime" to get a reward from the IRS.

The IRS whistleblower program pays awards to people who blow the whistle on others if the information results in the IRS collecting tax, penalties, interest or other amounts from the "bad" taxpayer. The IRS can make two different types of awards to a whistleblower. If the tax, penalties and interest in dispute exceed \$2 million dollars, the IRS can pay an award of between 15% and 30% of the amount collected. If the \$2 million dollars in dispute threshold is not met, you can still receive an award with a maximum amount of up to 15%. Of course, there are other requirements to the program that are not discussed here. The bottom line is that there is a money incentive for someone to "drop a dime" on you and get a reward from the IRS. Sometimes the IRS takes action on the information provided to it by informants and sometimes the IRS takes no action at all. Some of the steps the IRS can take include opening an audit,

taking enforced collection action on hidden assets or even opening up a criminal investigation! If you have a skeleton rattling around in your closet, somebody may “drop a dime” on you! If you do have a skeleton in your closet, it makes sense to speak with a qualified tax attorney about it before the skeleton comes tumbling out and before somebody drops a dime on you. It is always better to get out ahead of the IRS problem before it gets ahead of you.

Right now, you may have a huge IRS problem which can seem insurmountable. Maybe you have some unfiled personal or business tax returns. Maybe you have some unpaid personal or business tax liability due to the IRS. Maybe the IRS is completely asleep and is currently leaving you alone (but not for long!). Maybe the IRS is beating the heck out of you right now with liens and levies. Maybe you are paralyzed with fear and have not taken any action at all to resolve your IRS matters. Imagine what your life would look like if your IRS problems were in the rear-view mirror? “Maybe I would get along with my wife better or the divorce case will be dismissed. Maybe I will regain the trust and admiration of my children because they will no longer think badly of me. Maybe I can send my children to college. Maybe I can take my family on a long-needed vacation again. Maybe I can begin saving for retirement. Maybe I don’t have to endure the shame of the IRS showing up at my home or my business. Maybe I don’t have to worry about the IRS taking money out of my bank account. Maybe I won’t have to worry any more about making payroll. Maybe I no longer have to worry about my employees leaving me because they are afraid that they will not have a job tomorrow. Maybe I can hold my head high again in church. Maybe I can look forward to a life without an IRS problem.” All of these things are possible if you are willing to work hard to address your IRS problems with a qualified tax attorney, and IRS Trouble Solvers can help! Are you ready to begin work?