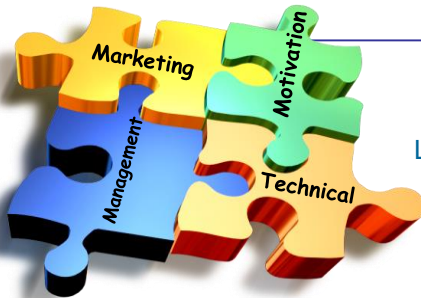


The Corporate Flip®

Done Right!



Lawrence M. Lawler, CPA, EA, CTRS

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Corporation Falls Behind on Employment Taxes

■ Cash flow interrupted

- ☐ Poor management
- ☐ Delinquent receivables
- ☐ Excess inventory
- ☐ Rapid expansion
- ☐ Under-capitalization

■ Pays net payroll

- ☐ Plans to catch-up as soon as cash flow interruption is corrected

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IRS Commences Enforced Collection Actions

- Additional quarters become delinquent
 - Some employees may be treated as independent contractors (improperly)
- Ostrich Method takes over and quarterly employment tax returns get “overlooked”
- IRS sends increasingly threatening notices that are ignored
- IRS demands payment
 - IRS does not care if the business fails, at least the tax debt won't pyramid

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The Wheels Come Off

- Business is out of control
 - Bank levies, receivable levies, federal tax liens occupy managements time
 - Credit dries up
 - Personal funds are consumed
 - Penalties and interest accumulate
- IRS commences enforced collection and threatens to assess the owner as being personally liable for trust funds

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The Home Grown Solution

- Business owner forms another corporation & commences “new business”...
 - Offering same services, similar name, same location, same equipment, same customer list, same phone number...
- Business owner is shocked that IRS determines the brand new business is an alter ego of the old business and assess the new business, and
- Assesses the TFRP on the owner.

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Better Alternative: Business Owner Seeks Help from a Specialist

- The business owner (ostrich) realizes he is in desperate straits
 - Business may be operating or shut down
 - Time is of the essence to deal with the IRS and to save the business
- The *Tax Problem Resolution Specialist* suggests a corporate flip

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The Players

- Old Corp – An enterprise with certain assets worth saving
 - Customer lists, relationships, facilities, market position, expertise...
- Founder – Old Corp Owner/CEO
- New Corp
- Angel – New Corp Owner
- IRS
- TPRS
 - Tax Problem Resolution Specialist

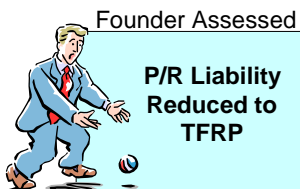
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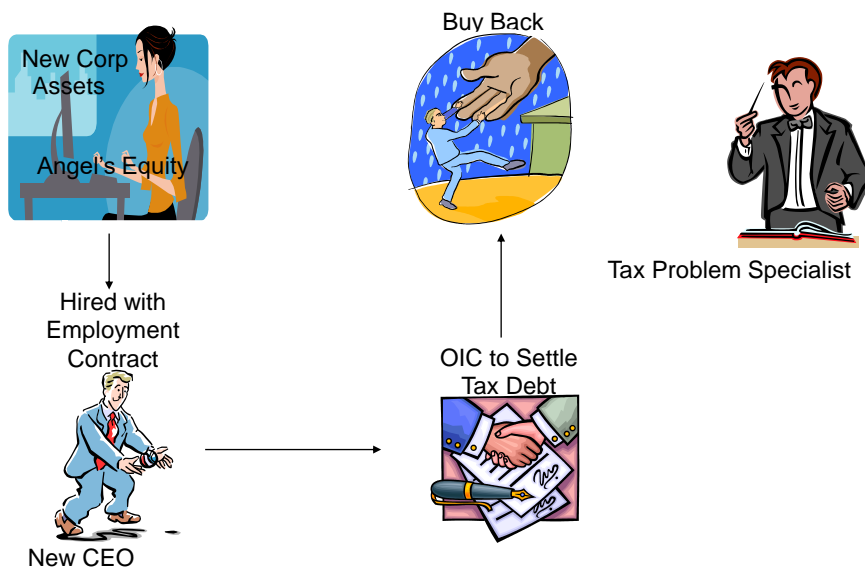
Lacking assets Old Corp dies with any remaining liabilities



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Tax Problem Specialist 8

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Marketing and Early Intervention

- Find target before the situation escalates out of control
 - Assets get depleted
 - Reputation is damaged
- Federal tax lien list
- Referrals from investor groups
- Promote available angel funding

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Angel's Inducement

- Bargain purchase of valuable corporate assets
- Growing network of profitable companies
- Dedicated entrepreneur group
- Saleable asset after turnaround

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ASTPS

**Thank You for
Your Time and
Attention**

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