

# Tax Resolution Case Prep

Learn how to onboard tax resolution clients including engagement agreements.



## Roger Nemeth, EA

- Started managing tax franchises in 2006.
- Developed Audit Detective in 2010.
- Qualified as an N.T.P.I. Fellow in 2015.
- Worked as a programmer for the largest Tax Resolution Company integrating automated transcript systems into workflow programs.
- Assisted in the downloading and research of over 30 million transcripts.
- To date our software has been used to download just under one-fifth of a billion transcripts.




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## **About This Course**

This course is a best practice course on how to do a proper tax resolution client intake. The target audience should have a basic knowledge of IRS transcripts and tax resolution work.

This is the first webinar in a 5 part series on the life cycle of a tax resolution client.

## 5 Part Series

1. Onboarding Tax Resolution Clients.
2. Completing the IRS Financials and/or analyzing the taxpayer's overall status.
3. Assisting the taxpayer with deciding which qualified resolution option is best for their situation.
4. Negotiating with the IRS towards a resolution.
5. Post resolution work flows and best practices.

## Handouts

1. Flow Chart
2. IRS Publication 594

## Fundamentals of Collection Work

1. Remember your time has value.
2. Resolution profitability is a function of:
  - Profit = Amount Charged – (Lead Cost + Payroll Hours).
  - Most tax pros just getting started already have their overhead allotted to their tax business.

The more time you spend talking with your client the less money you make!!!

## Case Evaluation Determines Profitability & Customer Satisfaction

- Properly evaluating the case and setting customer expectations determines the outcome & profitability of the case.
- You can have a client be satisfied paying \$10,000 per month and an unhappy client that does an OIC and pays \$1,000 to eliminate \$100,000.

## Client Initial Meeting

1. Get 2848 (and state POA's if necessary) signed to cover all years at issue at a minimum (recommended back to 1998 to check for FTA opportunities).
2. Make sure to ask about businesses and request Civil Penalties and Separate Assessments for individuals to avoid surprises later.
3. Ask about state issues and get appropriate POA for each state/municipality.
4. If you are confident you will be representing the client ask them to start gathering their financial records.

## To Charge or Not to Charge For Initial Consultation?

- Some tax pros charge for the initial interview and some charge for the transcript analysis.
- Some Tax Pros do this for free, but it does have value.
- Charging for the initial IRS Account Analysis can be a good indicator if the client is just shopping or fishing for free information or if they are committed.
- Fees range from \$50 to \$1,500 or more.

## Determine Client Expectations

- If your client expects pennies on the dollar this may not be the best fit.
- Always determine what the client thinks they can afford to pay monthly. This will usually indicate if they have realistic expectations.
- **DO NOT SELL WHAT YOU CANNOT DELIVER!!!** Somebody posted on the message boards recently that they had no problem getting several OIC cases. When pressed for details they had not prepared financials or even done a basic financial interview.

## State Attorney Generals

- Recently the state attorney generals have started reviewing the business practices for the resolution firms.
- At least one national company has reached an agreement due to improper business practices. The new point of issue is focusing on the OIC/pennies on the dollar when a financial interview has not taken place.

## Best Practice Tip

- If your client owes less than \$50,000 have them log into the IRS Online Payment Agreement and complete the interview. (2848 can also log in for the client).
- When you get to the page that asks how much you propose to pay put \$25 per month (this is the minimum amount). The tool will respond with the minimum payment amount to full pay before CSED. (The data can be fake just to get through the interview, but do not submit it).
- Strategically this number is great when determining the resolution strategy.
- The taxpayer does not need to validate their cell phone when creating an account.

## Initial Interview Red Flags

If the client indicates any of the following circumstances exist the rest of the process may need to be accelerated. Example: If the client is being levied the tax pro does not want to wait 3-5 business days for a 2848 to be accepted by the CAF unit to get transcripts.

1. Are there any indicators case is criminal?
2. Client actively being levied or garnished.
3. Client has received certified letters from the IRS.
4. Client is in audit or exam.

Best Practice Tip: These red flags should increase the price of the services since it requires expeditious handling and extra work.

## How To Acquire IRS Transcripts Exeditiously

1. Priority Practitioner Line (PPL/PPS) (or Collections).
  - Tip. Use EnQ to reduce hold time to less than 3 minutes.
  - Transcripts will be sent to the SOR (e-Services Mailbox) immediately.
2. Get Transcripts (Taxpayer signs up for IRS Online Account).
3. IRS Office (however some require an appointment).

Online 2848/8821 is still more than a year away and not a great process.

## Is Case Criminal?

- If taxpayer is a serial non-filer and tax debt is over \$100k the client **MAY** want to consult a tax attorney.
- \$10,000 of omitted income in any one tax year is an automatic review by CID.
  - Only for review. This does not mean these cases all become criminal.
- Has client been contacted by IRS CID?
  - Have people with guns and badges visited?
  - Has anyone from the IRS read the client their Miranda Rights?
  - Do they have a business card from a Special Agent?
- Is RO acting suspicious and evasive or ignoring calls?
- Are interviews being recorded (video and/or audio).
- Is a Net Worth Analysis being prepared.

If necessary obtain Koval Letter and proceed at attorney's direction.

Remember to document if you advised the client of the possibility of it being criminal. The decision to retain counsel should be theirs. The decision to take them as a client is yours.



## Is Collections Active?

1. Has the client already been levied?
2. Are the client's wages being garnished?
3. Has the client received (or ignored) any certified letters?

Nothing worse than having a new client get levied before you are able to review their transcripts.

## Should I Contact Collections Immediately or Wait?

If your client is in active collections the IRS can begin forced collections at any time. The two schools of thoughts are as follows:

1. Contact Collections immediately in order to assess what they need to enter a resolution.
  - This may accelerate some deadlines and force the case to move along faster.
2. Wait until your analysis is complete so when you contact Collections you are prepared to negotiate based on your client's circumstances.
  - Problem with waiting is that the IRS could issue a Levy or Garnishment. Nothing like having a new client that gets a levy just after engaging your services.

## Passport Revocation

In February 2018 the IRS began a program that allows the State Department to Revoke or Deny Passports for the following criteria:

- Seriously delinquent tax debt is an individual's unpaid, legally enforceable federal tax debt totaling more than \$52,000 (including interest and penalties) for which a:
  - Notice of federal tax lien has been filed and all administrative remedies under IRC § 6320 have lapsed or been exhausted or
  - Levy has been issued

The TC 971 First Levy on module is an indicator the criteria on the account has been met (this is an educated guess on my part).

## New Old IRS Policy

It has been on the books for awhile, but it appears recently the IRS is enforcing this. If a tax pro or the taxpayer contacts the IRS for routine matters like getting transcripts or a CSED the person is transferred to collections or the RO.

Presumably this is being done to encourage communication to resolve the matter.

## Is Client Under Exam or Audit?

1. Although the client should know this you may be surprised (or not) at the clients response.
2. Remember if the client ignores all communications the audit usually is completed by the IRS and not in the clients favor.
3. This can be difficult to determine in the initial interview, but it is worth asking. The transcripts will have more specific information.



## Once Initial Interview is Completed

1. Fax 2848 (or 8821) to the CAF Unit if not already submitted.
2. Obtain and analyze transcripts as soon as they are available (99% of the time transcripts should be acquired immediately through PPS).
3. To analyze transcripts you can either create your own spreadsheets or use commercially available software.
  - Don't forget to value your time.

## Taxpayer Review After Transcripts Obtained

- This should be done immediately after (or even during) initial client meeting.
- A tax resolution company's number one enemy is mismanaged inventory.
  - The faster the cases are worked the

## Is Case Criminal? (from transcripts)

Unfortunately I have not found a way to detect criminal investigations from the account transcripts. The best advice is to review the set of circumstance after the initial client interview and transcript analysis.

Serial non-filer's with debt over \$100k is usually when I would start thinking criminal investigation is a possibility. This does not mean a client who owes \$105k and has not filed in 6 years is being investigated just that they might be. IRS CID investigations have been conducted on cases under \$100k.

Anytime the taxpayer omits over \$10,000 in any one tax year the case is reviewed by CID. A review does not automatically start a CID investigation.

IRS criminal cases are extremely rare, but tax pros need to be aware of them.

IRS ACCOUNT STATUS DASHBOARD

Year	Return Filed	Filing Status	Extension Date	Lien Active	Collections Active	Examination Active	Assessed Balance	Accrued Balance	Transcript Date	
2018	No	Uk					\$0.00	\$0.00	5/2/2018	
2017	No	Uk	10/15/18				\$0.00	\$0.00	5/2/2018	
2016	No	Uk				02/01/16	\$0.00	\$0.00	5/2/2018	
2015	No	Uk				Ased Expired	\$0.00	\$0.00	5/2/2018	
2014	No	Uk	10/15/14				\$0.00	\$0.00	5/2/2018	
2013	No	Uk	10/15/13				\$0.00	\$0.00	5/2/2018	
2012	No	Uk	10/15/12				\$0.00	\$0.00	5/2/2018	
2011	SFR	S	10/15/11		04/11/14	09/10/14	Closed	\$156,040.57	\$167,219.18	5/2/2018
2010	Original	MFJ	10/15/10	09/01/12	05/10/14		Closed	\$18,899.36	\$22,403.52	5/2/2018
2009	Original	MFJ	10/15/09				\$0.00	\$0.00	5/2/2018	
2008	Original	MFJ	10/15/08	Released		Closed	\$0.00	\$0.00	5/2/2018	
2007	Original	MFJ	10/15/07				\$0.00	\$0.00	5/2/2018	
2006	Original	MFJ	10/15/06				\$0.00	\$0.00	5/2/2018	
2005	Original	MFJ*	10/15/05				\$0.00	\$0.00	5/2/2018	
2004	Original	MFJ*	10/15/04				\$0.00	\$0.00	5/2/2018	
2003	SFR	S	10/15/03	Released	No	Closed	\$0.00	\$0.00	5/2/2018	
2002	Original	MFJ*	10/15/02				\$0.00	\$0.00	5/2/2018	
2001	Original	MFJ*	10/15/01				\$0.00	\$0.00	10/26/2017	
2000	Original	S					\$0.00	\$0.00	10/26/2017	
1999	Original	S					\$0.00	\$0.00	10/26/2017	
1998	Original	S					\$0.00	\$0.00	10/26/2017	
1997	Original	S					\$0.00	\$0.00	10/26/2017	
1996	Original	S					\$0.00	\$0.00	10/26/2017	
1995	Original	S					\$0.00	\$0.00	10/26/2017	
1994	Original	S					\$0.00	\$0.00	10/26/2017	
1993	Original	S	10/15/93				\$0.00	\$0.00	10/26/2017	
1992	Original	S					\$0.00	\$0.00	10/26/2017	
1991	Original	S					\$0.00	\$0.00	10/26/2017	
1990	Original	S					\$0.00	\$0.00	10/26/2017	
						Total**	\$174,939.93	\$189,622.70		

Serial Non Filer.

Overall balance greater than \$100k.

## Criminal Indicator on a Mod A Transcript?

The Mod A transcript can show the presence of criminal investigation. The IRS is supposed to redact the Mod A criminal indicator if they provide it, but in my experience they redact only if it is in the affirmative.

Mod A's can (sometimes) be obtained by calling the IRS, but sometimes they require a FOIA.

- TC 596 is a referral to CI.
- TC 910 is a CI hold.
- TC 914 is actively being worked by CI.
  - This will result in a -Z freeze on the account.

## Is Client In Active Collections? (from transcripts)

1. Check the transcripts for years with a balance.
2. For each year with a balance due look for TC Code “971 Collection due process Notice of Intent to Levy – issued”
3. Look through the transactions to see if the client is in a resolution:
  - CNC, Pending IA, established IA, Pending or accepted OIC, and/or Bankruptcy (or Tax Court).
  - Double check to make sure the resolution has not been reversed or denied.
  - AuditDetective.com has a list of IRS Transaction Codes.

## Levy Release?

If your client is in active collections and the IRS has already levied your client you can apply to have the levy released. The IRS is required to release the levy if it determines that:

- You paid the amount you owe,
- The period for collection ended prior to the levy being issued,
- Releasing the levy will help you pay your taxes,
- You enter into an Installment Agreement and the terms of the agreement don't allow for the levy to continue,
- The levy creates an economic hardship, meaning the IRS has determined the levy prevents you from meeting basic, reasonable living expenses, or
- The value of the property is more than the amount owed and releasing the levy will not hinder our ability to collect the amount owed.

## Is CDP Needed?

The taxpayer is entitled to a CDP hearing before Appeals if the IRS sends the taxpayer a notice concerning a proposed levy, a notice of levy, or a Notice of Federal Tax Lien, if such notice states the taxpayer have the right to request a CDP hearing.

### CDP Procedure

- You have 30 days to request a CDP hearing
- Complete Form 12153, Request for a Collection Due Process or Equivalent Hearing
- It is important to identify all the reasons for any disagreement you have.
- The completed Form 12153 should be sent to the same address that is shown on your CDP Notice
- If your request is timely made within 30 days, you will be entitled to an Appeals hearing and to seek judicial review of that hearing with the Tax Court
- If your request is timely, IRS levy action is generally suspended against you for the tax periods you appealed.
- If your request is not timely, you are still entitled to request an Equivalent Hearing with Appeals within the 1-year period described in the Form 12153. However, if you still disagree with the Appeals decision in the Equivalent Hearing you have no right to judicial review by the Tax Court

## Equivalent Hearing In Lieu of CDP

- A CDP Tolls the CSED date and two of the bankruptcy discharge rule dates.
- Generally, an Equivalent Hearing can be requested up to year after the notice (A CDP is within 30 days).
- An Equivalent Hearing does not toll the CSED, but is very similar process.
- Be aware the Equivalent Hearing does not have Tax Court Appeal Rights.
- If you desire to file an Equivalent Hearing make sure you file more than 30 days after the notice date and always give yourself a little extra time.

## Is NOD Appeal Needed?

Check the transcript for TC 494 Final notice before tax is determined for you by IRS (Statutory notice of deficiency). If it has not already been reversed by TC 495 Tax determination closed there is a 90 day window to file an appeal.

Not all NOD's show up on account transcripts. A FOIA can be submitted to verify if an NOD has been properly filed.

Bill Nemeth, EA gave a class on Pro Se Tax Court Cases and Procedures.

## Liens?

1. You should also check for liens during the CDP Check.
2. Check for liens TC Code:
  - 582 Lien placed on assets due to balance owed
3. If a lien is present check to see if it has been released or removed:
  - 583 Lien released
  - 583 Lien removed
4. Consult with the client to see if the lien needs to be removed or released and evaluate the options.



## Lien Expiration Happens Before CSED

- When a lien is filed the expiration date on the lien is the CSED on the date the lien is filed.
- If any CSED Tolling Events occur between the lien filing date and expiration date the lien is released.
- The IRS can (and does) refile the liens but it does take some time.
- A potential strategy is to calculate the CSED for current liens and then plan on selling an asset as soon as it expires and before the IRS re-files. This could also assist in timing a bankruptcy filing.

## Is Client in Exam or Audit? (from transcripts)

1. On any year where the ASED has not expired check the transcripts for the Audit/Exam Transaction Codes:
  1. 420/424 Examination of tax return
  2. 922 Review of unreported income
2. If you see the audit has started check for the following codes to see if they have ended:
  1. 421 Closed examination of tax return
  2. 290/300 Additional tax assessed

## Is Client in Exam or Audit? (Cont'd)

1. If your analysis shows a 290/300 Additional tax assessed try to determine if an audit reconsideration would benefit the client.
2. Start by interviewing the client about what happened at the audit. Call PPL to see if you can get any information on the audit. As a last resort a FOIA might be an option to find out what happened.
3. If needed file an amended return and put "Audit Reconsideration" at the top.

## Remember Audit Work Is Different Than Collections

- ~~1. It is difficult to make money representing clients in audit. It is hard not lose money representing clients in audit. It is hard not to work for free representing clients in audit.~~
2. I recommend a separate engagement letter for the audit.
3. Audits while the client is in active collections can be a challenge. Charge accordingly.

IRS ACCOUNT STATUS DASHBOARD

Year	Return Filed	Filing Status	Extension Date	Lien Active	Collections Active	Examination Active	Assessed Balance	Accrued Balance	Transcript Date
2018	No	Uk					(\$8,598.00)	(\$8,598.00)	5/2/2018
2017	Original	MFS	10/15/18				\$12,584.11	\$18,245.32	5/2/2018
2016	Original	HOH			02/15/17	02/01/16	\$28,382.11	\$29,547.96	5/2/2018
2015	Original*	MFJ			02/15/17	01/24/14	\$8,582.14	\$9,588.60	5/2/2018
2014	Amended	MFJ	10/15/14				\$27,296.32	\$31,390.77	5/2/2018
2013	Original	MFJ	10/15/13	04/11/14	05/10/14		\$4,987.09	\$5,488.85	5/2/2018
2012	SFR	S	10/15/12	04/11/14	No		\$42,734.13	\$49,146.55	5/2/2018
2011	SFR	S	10/15/11	04/11/14	05/10/14	Closed	\$56,040.57	\$67,219.18	5/2/2018
2010	Original	MFJ	10/15/10	09/01/12	05/10/14	Closed	\$8,899.36	\$12,403.52	5/2/2018
2009	Original	MFJ	10/15/09				\$0.00	\$0.00	5/2/2018
2008	Original	MFJ	10/15/08	Released		Closed	\$0.00	\$0.00	5/2/2018
2007	Original	MFJ	10/15/07				\$0.00	\$0.00	5/2/2018
2006	Original	MFJ	10/15/06				\$0.00	\$0.00	5/2/2018
2005	Original	MFJ*	10/15/05				\$0.00	\$0.00	5/2/2018
2004	Original	MFJ*	10/15/04				\$0.00	\$0.00	5/2/2018
2003	SFR	S	10/15/03	Released	No	Closed	\$0.00	\$0.00	5/2/2018
2002	Original	MFJ*	10/15/02				\$0.00	\$0.00	5/2/2018
2001	Original	MFJ*	10/15/01				\$0.00	\$0.00	10/28/2017
2000	Original	S					\$0.00	\$0.00	10/28/2017
1999	Original	S					\$0.00	\$0.00	10/28/2017
1998	Original	S					\$0.00	\$0.00	10/28/2017
1997	Original	S					\$0.00	\$0.00	10/28/2017
1996	Original	S					\$0.00	\$0.00	10/28/2017
1995	Original	S					\$0.00	\$0.00	10/28/2017
1994	Original	S					\$0.00	\$0.00	10/28/2017
1993	Original	S	10/15/93				\$0.00	\$0.00	10/28/2017
1992	Original	S					\$0.00	\$0.00	10/28/2017
1991	Original	S					\$0.00	\$0.00	10/28/2017
1990	Original	S					\$0.00	\$0.00	10/28/2017
							Total**	\$187,467.83	\$221,011.55

Active Collections.

Open Exams.

Taxpayer is compliant.

Active Liens.

## Are CSED's close?

- Calculate the CSED's and/or call PPL and get them.
  - Tax pros should always verify the IRS CSED's since the IRS IG reports 40% of CSED's with tolling events are incorrect.
  - According to the IRS IG 10.6% of CSED Tolling Events are not properly documented.
- If any of the CSEDs are close they should be evaluated as part of your resolution strategy. Accurate calculations can make or break this strategy.
- I recommend at this point the bankruptcy discharge dates are evaluated. These are not available through PPL and need to be calculated.

**Best Practice Tip:** I recommend advising clients on estimated bankruptcy dates and advise them to seek counsel from a bankruptcy attorney if they choose. I would note this in their file that a conversation was held discussing the bankruptcy option. Make sure they understand you are not giving legal advice (unless you are an attorney or USTCP).

## CSEDs On The Account Transcript

- In the past 18 months we have noticed the IRS has started including the CSED for TC 290 and 300.
- Unfortunately they do not include them for the primary assessment from a TC 150 Tax Return Filed.
  - Remember these CSEDs may not be correct, but it is nice to verify your calculations.

CSED CALCULATIONS AND IA PAYMENTS

YEAR	CODE	ASSESSMENT	DATE	ORIGINAL ASSESSED AMOUNT	REMAINING BALANCE	ESTIMATED TOTAL TOLLING DAYS	ESTIMATED CSED	LESSER OF MONTHS UNTIL CSED OR 72	IA AMOUNT
	360	Fees and other expenses for collection	5/9/2011	\$10.00	\$0.00	89	4/28/18		\$0.00
	276	Penalty for late payment of tax	7/25/2011	\$66.75	\$0.00		4/28/18		\$0.00
	276	Penalty for late payment of tax	8/1/2011	\$402.22	\$0.00		4/28/18		\$0.00
	196	Interest charged for late payment	8/1/2011	\$778.64	\$0.00		4/28/18		\$0.00
	196	Interest charged for late payment	8/13/2012	\$31.33	\$0.00		4/28/18		\$0.00
		2004 Total IA Payments							\$0.00
2005									
	150	Tax return filed	10/9/2006	\$4,608.00	\$0.00	254	6/21/17		\$0.00
	276	Penalty for late payment of tax	10/9/2006	\$93.15	\$0.00		6/21/17		\$0.00
	170	Penalty for not pre-paying tax	10/9/2006	\$126.00	\$0.00	254	6/21/17		\$0.00
		Penalty for filing tax return after the due date	10/9/2006	\$998.82	\$0.00	254	6/21/17		\$0.00
	196	Interest charged for late payment	10/9/2006	\$142.22	\$0.00		6/21/17		\$0.00
	276	Penalty for late payment of tax	5/14/2012	\$672.96	\$0.00		6/21/17		\$0.00
	196	Interest charged for late payment	5/14/2012	\$1,246.74	\$0.00		6/21/17		\$0.00
		2005 Total IA Payments							\$0.00
2006									
	150	Tax return filed	1/5/2009	\$6,549.00	\$0.00	145	5/31/19		\$0.00
	276	Penalty for late payment of tax	1/5/2009	\$683.44	\$0.00		5/31/19		\$0.00
	176	Penalty for not pre-paying tax	1/5/2009	\$163.27	\$0.00	145	5/31/19		\$0.00
		Penalty for filing tax return after the due date	1/5/2009	\$1,464.52	\$1,231.89	145	5/31/19	13	\$54.75
	196	Interest charged for late payment	1/5/2009	\$930.58	\$930.58		5/31/19	13	\$71.58
		2006 Total IA Payments							\$166.33
2007									
	150	Tax return filed	7/6/2009	\$5,196.00	\$5,196.00	145	11/29/19	19	\$273.47
	276	Penalty for late payment of tax	7/6/2009	\$389.70	\$389.70		11/29/19	19	\$20.51
	170	Penalty for not pre-paying tax	7/6/2009	\$236.00	\$236.00	145	11/29/19	19	\$12.42
		Penalty for filing tax return after the due date	7/6/2009	\$1,169.10	\$1,169.10	145	11/29/19	19	\$61.53
	196	Interest charged for late payment	7/6/2009	\$380.59	\$380.59		11/29/19	19	\$20.03
		2007 Total IA Payments							\$387.96
2008									
	150	Tax return filed	12/6/2010	\$5,402.00	\$4,802.00	121	4/7/21	36	\$137.20
	276	Penalty for late payment of tax	12/6/2010	\$480.20	\$480.20		4/7/21	35	\$13.72
	170	Penalty for not pre-paying tax	12/6/2010	\$154.00	\$154.00	121	4/7/21	35	\$4.40

Estimated CSED's

## Evaluate If Returns or Amendments are Needed?

1. The IRS usually defines filing compliance as the past six tax years. If an original return was never filed technically they can go back forever. A Substitute for Return does make a year considered compliant.
2. Check to see if the IRS filed any Substitute For Returns (SFR) on any of the past 6 years or any year with a balance due.
  1. Review the SFR year's Wage & Income Transcripts and interview the client to see if filing an original return will help.
  2. Make sure to add "SFR Reconsideration" at the top of the return when filing.

## Returns Needed? Cont'd

1. If no returns have been filed for one of the past six tax years start gathering data from the client and Wage & Income Transcripts.
2. If original returns have been filed review the return transcripts for the past four tax years to see if they were prepared correctly and if there is an opportunity for an amendment and a refund.
3. Review any tax return that still has a balance (no matter how old) or any year where a payment has been made in the last two years.
4. If there is no tax due and the RSED has expired for a year then there is no need to do an amendment unless you want to document a correction.

## Start Tax Returns Immediately!!!

1. This is a rookie mistake. The IRS will not enter into a resolution unless the taxpayer is compliant.
2. Currently Not Collectible is the exception. The tax payer is not required to be in compliance, but they can ask.
  - According to Tax Payer Advocate: "Before the IRS will place your account in CNC status, it may ask you to file any past due tax returns."

## Check for First Time Penalty Abatement?

1. For each year with a Failure to File, Failure to Pay, or Failure to Deposit Penalty check to see if any penalties have been assessed in the prior 3 tax years.
2. Also, check the prior 3 tax years to see if there are any penalty abatements.
3. If there are no penalties or penalty abatements in the prior 3 years then that year may qualify for FTA.
4. To get an FTA there needs to be an outstanding balance or the RSED for the FTA year must not be expired. (RSED enforcement for FTA is constantly changing and there is no definitive answer).
5. FTA will only be approved if the taxpayer is considered compliant and in an installment agreement if tax is owed.

PENALTY AND INTEREST DASHBOARD

Year	Return Filed	FTA	PA	Penalties Failure to File	Penalties Failure to Pay	Accuracy Related	Accrued Penalty	Total Penalties*	Accrued Interest	Assessed Interest	Total Interest
2018	Original						\$0.00	\$0.00	\$0.00		\$0.00
2017	Original						\$0.00	\$0.00	\$0.00		\$0.00
2016	Original	Y		\$1,458.62	\$855.33		\$256.18	\$2,570.13	\$235.61		\$235.61
2015	Original*		N	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00		\$0.00
2014	Amended						\$0.00	\$0.00	\$0.00		\$0.00
2013	Original						\$353.70	\$353.70	\$127.86	\$53.18	\$181.04
2012	SFR		N	\$399.40	\$648.64		\$718.92	\$1,766.96	\$218.82	\$348.73	\$567.55
2011	SFR					\$8,362.00	\$584.65	\$8,946.65	\$5,593.96	\$132.89	\$5,726.85
2010	Original*						\$1,859.74	\$1,859.74	\$1,844.42	\$1,197.54	\$3,041.96
2009	Original		N		\$1,431.24		\$0.00	\$1,431.24	\$0.00	\$1,514.46	\$1,514.46
2008	Original						\$0.00	\$0.00	\$0.00	\$154.73	\$154.73
2007	Original		N		\$0.89		\$0.00	\$0.89	\$0.00		\$0.00
2006	Original						\$0.00	\$0.00	\$0.00		\$0.00
2005	Original		N	\$12,839.74	\$3,622.18		\$0.00	\$16,461.92	\$564.25		\$564.25
2004	Original		Y	\$0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$121.48	\$121.48
2003	SFR					\$963.40	\$0.00	\$963.40	\$0.00	\$331.82	\$331.82
2002	Original						\$0.00	\$0.00	\$0.00		\$0.00
2001	Original						\$0.00	\$0.00	\$0.00		\$0.00
2000	Original	n/a					\$0.00	\$0.00	\$0.00		\$0.00
1999	Original	n/a					\$0.00	\$0.00	\$0.00		\$0.00
1998	Original	n/a					\$0.00	\$0.00	\$0.00		\$0.00
1997	Original	n/a					\$0.00	\$0.00	\$0.00		\$0.00
1996	Original	n/a		\$156,197.12	\$28,689.15		\$0.00	\$184,886.27	\$0.00		\$0.00
1995	Original	n/a					\$0.00	\$0.00	\$0.00		\$0.00
1994	Original	n/a					\$0.00	\$0.00	\$0.00		\$0.00
1993	Original	n/a					\$0.00	\$426.23	\$0.00		\$0.00
1992	Original	n/a					\$0.00	\$0.00	\$0.00		\$0.00
1991	Original	n/a		\$29,367.87	\$11,895.65		\$0.00	\$41,263.52	\$0.00		\$0.00
1990	Original	n/a					\$0.00	\$0.00	\$0.00		\$0.00
Totals				\$200,262.75	\$47,569.31	\$9,325.40	\$3,573.19	\$260,730.65	\$8,584.92	\$3,854.83	\$12,439.75

FTA calculations.

## Wait to File FTA?

1. If a penalty is still accruing the tax pro may want to wait in order to file for the FTA.
2. FTA is only applied to "Assessed Penalties" not the accruals. The Tax Pro can request that collections move the accruals into assessments. Sometimes they do sometimes they don't.

## Represent The Client?

1. Once the analysis of the tax situation is complete determine if you want to represent them.
2. If the case is beyond your abilities refer them to a qualified practitioner and seek more training
3. It is possible that the client is not a good fit for your business. They may have misrepresented facts or something else to give you pause. I have never regretted not taking a case, but I have often regretted taking one.
4. Check out the red flags on the next slide.

## Representation Red Flags?

1. Client lied during the initial interview.
2. The client has defaulted on one or more resolutions.
  1. This is a big problem. What looks like a simple full pay installment agreement can evolve into a collections nightmare.
3. Multiple 2848/8821's have been filed and withdrawn for the client.
  1. This may indicate they are shopping tax pros for a variety of reasons.
4. If client comes across as a pain in the rear charge accordingly. I cannot emphasize this enough.



## Prepare Engagement and Get Payment

1. This is the most important step. Set reasonable expectations of the resolution outcome.
  1. Pro Bono cases should also have engagement letters to set expectations.
  2. A good friend got burned by this recently.
2. Make sure your engagement has a clause to charge more if the case goes sideways due to uncooperative IRS employees or non-communicative clients.
3. Make sure your engagement has a clause to end the case due to an uncooperative client or client who misrepresents themselves or the facts.

## Free Resources

**Credit Report:** Have your client obtain their free annual credit report while in your office to assist with your financial disclosures.

**Nexis Asset Report:** The IRS has access to this report. Great way to find many of your client's assets they may have forgot about. Have your client request their free Nexis report at:

[https://personalreports.lexisnexis.com/access\\_your\\_full\\_file\\_disclosure.jsp](https://personalreports.lexisnexis.com/access_your_full_file_disclosure.jsp)

This report is mailed and will arrive in 1-3 weeks at the taxpayer's residence.

The IRS has access to both of these resources and will use them to verify 433 forms in some cases.

## IRS Fresh Start Program

The IRS Fresh Start Program applies to debts under \$100,000 and will be covered in more detail in the second webinar. It is mentioned here since if the taxpayer qualifies for Fresh Start the process can be streamlined lowering your overhead on the case.

## Start Resolution

Best practice tip: Anytime you can get data from a 3<sup>rd</sup> party source like a credit report, IRS Transcript, or other source do it.

## 5 Part Series

1. Onboarding Tax Resolution Clients.
2. Completing the IRS Financials and/or analyzing the taxpayer's overall status.
3. Assisting the taxpayer with deciding which qualified resolution option is best for their situation.
4. Negotiating with the IRS towards a resolution.
5. Post resolution work flows and best practices.

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# QUESTIONS?

Additional Free Information Can be found at:  
[TaxHelpSoftware.com](http://TaxHelpSoftware.com)