

Anatomy of a Civil Tax Controversy

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Anatomy of a Civil Tax Controversy

- There is a certain rhythm to the audit process, and it's a very scary beat. It's much easier to go through this with a good attorney who is also a good advisor.



Anatomy of a Civil Tax Controversy

- **Step one:** The IRS conducts a tax audit
 - A tax audit is an examination of your income and expenses to ensure that you correctly reported your tax liability.
 - All types of tax returns are subject to audit, including income, business, estate, and gift tax returns.

Anatomy of a Civil Tax Controversy

- **Step two:** The 30-day letter
 - An examination results in three possible determinations:
 - (1) An increase to TP's liability
 - (2) A decrease to a TP's liability
 - (3) No change to TP's liability
 - Upon completion of an examination, suppose that the revenue agent determines that a *deficiency* exists. A deficiency is defined as the taxpayer's correct liability, as determined by the IRS, less the amount reported on the return.

Anatomy of a Civil Tax Controversy

- Assuming there is a deficiency, the agent will prepare a “Revenue Agent Report” (RAR). Included with the RAR is a cover letter and a settlement agreement.
- A taxpayer who disagrees with the revenue agent’s findings may request a conference with the IRS Appeals Division, but must do so within 30 days. It is for this reason that the cover letter is known as a “30-day letter.”
- A taxpayer who receives a 30-day letter faces a strategic decision between requesting a conference with the IRS Appeals Division or doing nothing.

Anatomy of a Civil Tax Controversy

- **Step three:** If a taxpayer requests an Appeals conference but the parties do not come to an agreement, or if the taxpayer simply ignores the 30-day letter, the IRS will send the taxpayer a notice of deficiency (i.e., a “90-day letter”).

The notice of deficiency provides the taxpayer with two options:

1. Pay the asserted deficiency and follow the refund procedures, or
2. Petition the tax court to contest the claimed deficiency within 90 days of the date the notice was mailed.

Anatomy of a Civil Tax Controversy

- The mailing of the notice of deficiency begins a period during which the IRS is prohibited from assessing tax.

Anatomy of a Civil Tax Controversy

- **Step four:** Taxpayer petitions the Tax Court
 - Assuming the taxpayer *timely* files his tax court petition, he can challenge the deficiency claimed by the IRS *and* any overpayment claimed by the taxpayer.
 - The IRS is *prohibited* from assessing tax until the tax court's decision is final.

Anatomy of a Civil Tax Controversy

- Who represents the IRS in Tax Court? Contrary to popular belief, the IRS is *not* represented by a revenue agent in tax court. Instead, the IRS is represented by an attorney from IRS Chief Counsel's Office.

Anatomy of a Civil Tax Controversy

- As a general rule of thumb, these individuals are more likely to make some concessions to reach an out-of-court settlement than the revenue agents are.
 - First, they are less emotionally invested in the case than the original auditor;
 - Second, their dockets are extremely full, and every case they resolve is one less case they have to try; and
 - Third, they are quite familiar with the hazards and costs of litigation, and they factor these variables into their negotiations.

Anatomy of a Civil Tax Controversy

- When there is no agreed resolution, the matter proceeds to a bench trial. Only a very small number of cases make it this far, because it is essentially the bottom of a funnel.
- If the taxpayer loses, he may appeal the resulting decision to the Court of Appeals for the circuit *in which he resided at the time he filed the petition.*

Anatomy of a Civil Tax Controversy

- **Step five:** If the taxpayer does *not* respond to a notice of deficiency by petitioning the Tax Court in the time allotted or by paying the tax outright, the IRS will make an assessment.
 - Once an assessment is made, it becomes a debt of the taxpayer.

Anatomy of a Civil Tax Controversy

- The IRS must give notice and demand for payment to the taxpayer as soon as practical and *within sixty days of making an assessment*.
- If the taxpayer refuses or neglects to pay the tax after notice and demand for payment is made, the amount of the tax liability becomes a *lien* on all of the taxpayer's real and personal property until it is paid.

Eggshell Audits

- A slight digression
- The IRS often audits taxpayers who, unbeknownst to the IRS at the start of the examination, have major criminal problems
- The practitioner assisting such a taxpayer will have done his H.W. and ascertained that there is a problem and the scope of the problem
- The strategy becomes one of damage control

Eggshell Audits

- A traditional source of CI referrals is the civil audit

Eggshell Audits

TIPS

- Too late for a voluntary disclosure
- In some cases, disclosure to the agent may be the best option.
 - For example, when the practitioner can obtain a reasonable level of assurance that the civil agent will *not* refer the matter to CI, so that disclosure of the fraud to the agent will not result in a referral for criminal investigation.

Eggshell Audits

- Disclosure to the agent may still be the best option even if reasonable assurances cannot be obtained. If the fraudulent item is so obvious that it is not a matter of “if” but “when” the agent will uncover it, the best strategy may be to disclose the error in the hope that by correcting the item, the disclosure will gut the *willfulness* element to such an extent that CI may not be interested in taking the case

Eggshell Audits

- Assuming the civil examination proceeds without making a full disclosure, limit the contact between the agent and the taxpayer
- “Audit” the agent. In other words, track the investigation to keep current on what the agent knows. IRS civil agents must notify the TP before contacting third parties and to keep a record of the third parties contacted during the civil phase of an investigation

Eggshell Audits

- And Section 7609 requires the IRS to notify the TP of summonses issued to third parties. The notice requirement is void in criminal investigations
- If a witness voluntarily provides information without the need for a third-party summons, the record may be collecting dust in the agent's file, generally until it's requested by the defense. However, establishing a good relationship with potential witnesses during a civil examination and asking these witnesses to call you if the IRS contacts them will put you in the "know" a lot sooner than receipt of records via a FOIA request

Eggshell Audits

- If the Agent issued a third-party summons and neither you nor the TP received notice, that summons probably was:
 - Issued incident to a criminal investigation;
 - Issued with notice sent to the incorrect address; or
 - Issued in violation of the notice requirement.

Eggshell Audits

- If the civil audit turns quiet, contact the agent or his supervisor immediately to find out what is going on without tipping the agent off about anything nefarious. A FOIA should also be considered if it becomes clear that the case will be referred to CI

Eggshell Audits

- After the agent has completed the audit, it can take one of two directions:
 - First, the agent may not perceive there to be any fraud and close the civil examination with proposed adjustments or a no-change letter

Eggshell Audits

- Second, the agent may determine that the case has sufficient criminal potential to be referred to CI. Although the IRM requires that the agent refer the case to CI whenever there is a “firm indication of fraud,” in practice agents are taught to consult with their group managers or fraud technical advisors to review the fraud potential in an examination. While a referral can occur anytime during the examination, it normally happens near the end

Types of Cases Recommended for Prosecution

- What type of cases are generally referred for prosecution?
 - Let's back up and shed some light on the criminal tax enforcement system. It has limited resources.
 - Coordination and prioritizing are essential to get the maximum bang for the enforcement buck.
 - DOJ-Tax handles all tax trials in the federal courts of the United States. It has authority to approve all tax-related indictments.

Types of Cases Recommended for Prosecution

- DOJ’s Criminal Enforcement Section (CES) applies its investigative and prosecutorial resources strategically so as to support the overarching goal of our tax system – “preserving the integrity of this nation’s self-assessment tax system through vigorous enforcement of the internal revenue laws.”
- It does so by prosecuting relatively few cases each year (anywhere from 2,000 to 3,000), focusing on the strongest cases in which conviction is highly likely and zeroing in on targets with a high profile (i.e., celebrities) so that the conviction will receive the maximum amount of publicity, encourage compliance, and heighten the deterrent effect among “would-be” tax cheats.

Types of Cases Recommended for Prosecution

- DOJ and the IRS accept the fact that there is a *substantiality* requirement to tax evasion.
- In general, the IRS will recommend criminal prosecution under Section 7201 *only* if the average yearly additional tax for criminal purposes is at least \$ 2,500 in “specific items” cases with *uncomplicated* facts or at least \$ 10,000 for the prosecution period in “indirect method” cases or cases with *complicated* facts.

Types of Cases Recommended for Prosecution

- Upon receipt of the referral from CI, CES determines whether the case is within its prosecution enforcement priorities.
- It has the *discretion* to decline the IRS's recommendation and return the matter to the IRS either for further investigation or with instructions to close out the criminal investigation.

Types of Cases Recommended for Prosecution

- However, if CES approves the case, it will usually forward it to the U.S. Attorney's Office for the district where venue for criminal prosecution lies.

Privilege

- Section 7525(a)(1) of the IRC: Covers the common law protections of confidentiality that apply to *communications between a taxpayer and a federally authorized tax practitioner.*

Privilege

- In *U.S. v. Arthur Young & Co.*, the Supreme Court of the United States held that accountants' workpapers are *not* protected from an IRS summons under the work-product doctrine.
- Information and documents that are already in the possession of a tax preparer are not privileged and thus could be obtained by IRS.

Attorney-Client Privilege in Tax Realm

- The attorney-client privilege in the tax realm protects legal advice *and* tax advice. However, where the advice is tax advice, the scope of the privilege is *limited*.
- First, there is no privilege for communications relating to investment or business advice or services.
- Second, the preparation of tax returns is generally *not* considered to be legal advice within the scope of the privilege.

Attorney-Client Privilege in Tax Realm

- A quick and dirty rule is that any legal advice given by a tax attorney that ultimately *ends up on the client's tax return* is treated as given as part of return preparation and is *not* covered by the privilege.
- For example, in *U.S. v. KPMG*, the court held that a tax opinion regarding the tax consequences of certain investment portfolio transactions was *not* subject to the attorney-client privilege because the opinion was “prepared in conjunction with preparation of a tax return.”

Attorney-Client Privilege in Tax Realm

- However, the case of *U.S. v. Frederick* (7th Cir.) takes a more nuanced approach to the privilege stating that “it cannot be assumed that everything transmitted to the [tax attorney] by the taxpayer was intended to assist him in his tax preparation of a tax return and thus might be conveyed to the IRS.”
- The court recognized that information furnished to a tax attorney could just as easily have been offered by the client for the purpose of receiving legal advice.

Kovel Accountant

- A Kovel accountant is an accountant that is brought under the cloak of the attorney-client privilege, which is a stronger privilege than the tax practitioner-client privilege
- The Kovel accountant should be engaged as *early in the process as possible* in order to derive the maximum benefit from the accountant's work

Strategy for Use of Kovel Accountant

- If the budget permits, three professionals should be engaged during an *egg shell audit*: (1) tax attorney, (2) forensic accountant, and an (3) independent accountant.
- The Kovel accountant would assist the tax attorney in gathering all potentially relevant information and the tax attorney would determine what portion of the information to disclose to the independent return preparer.

Strategy for Use of Kovel Accountant

- In that way, while the independent preparer's knowledge is discoverable by the IRS, the information disclosed to the Kovel accountant would remain privileged under the attorney-client privilege.
- Keeping the roles of the original preparer and the Kovel accountant *distinct* best preserves the attorney-client privilege. Why?

Strategy for Use of Kovel Accountant

- Using the original preparer as the Kovel accountant is a recipe for disaster (even though it saves money) because the risk is too great that the original preparer will not be able to distinguish between what he learned *prior* to the time the privilege attached and what he learned *after* the privilege attached. Only the latter would be covered by the attorney-client privilege.

Strategy for Use of Kovel Accountant

- Moreover, the initial preparer already possesses enough information to provide a roadmap to the fraud making him witness number one in the Government's case against the taxpayer-defendant

Crafting An Air Tight Kovel Agreement

- First, the attorney should engage the Kovel accountant and *not* the client. It is also recommended that the lawyer pay or at least approve the accountant's invoices.
- Second, a new accountant, rather than the client's existing accountant, should be engaged. The client will want his existing accountant to be used for a variety of reasons.

Crafting An Air Tight Kovel Agreement

- However, this could wreak havoc later on. For example, it might be difficult to distinguish between what the accountant knows outside the Kovel engagement and what he knows within the scope of the Kovel engagement. Remember that only the latter is protected by the attorney-client privilege.

Crafting An Air Tight Kovel Agreement

- Moreover, using the existing accountant requires that additional steps be taken to ensure that the information garnered within the scope of the Kovel agreement is clearly *separate* from the information learned *before* the Kovel agreement was executed. This can become tedious and arduous.

Crafting An Air Tight Kovel Agreement

- For these reasons, it is best to start fresh and hire an independent accountant from the get go.

IRS Appeals

- The Role of Appeals
- Hazards of Litigation
- What does Appeals Consider?
- What issues can the TP Raise?
- Overview of Appeals Process
- Role of the Appeals team manager
- What if agreement is reached?
- What if agreement is not reached?
- Independence of Appeals & Ex Parte
- Non-docketed versus Docketed cases

The Role of Appeals

- Legal requirements found in:
 - IRC
 - Treasury Regulations
 - Revenue Rulings
 - Revenue Procedures; and
 - Court decisions that consider tax disputes

The Role of Appeals

- Appeals employee must consider:
 - Did Compliance follow all required legal and administrative procedures?
 - Consideration of issues raised by the taxpayer
 - E.G., Whether the notice of federal tax lien is appropriate and whether there are appropriate collections actions.
 - Balancing the need for efficient tax collection with the taxpayer's concerns about the intrusiveness of the collection action

Hazards of Litigation

- What makes the Appeals function distinct from the examination function? Appeals is uniquely positioned to recommend a resolution that is somewhere between fully sustaining or fully conceding the examiner's proposals based on the uncertainty of the outcome if the case was considered by a court of law
- Compare what examination does to what appeals has been granted the authority to do
- Fair and impartial:
 - Reflects mutual concessions
 - Based on relative strength of positions
 - Where litigation uncertainty exists

Hazards of Litigation

- In evaluating hazards of litigation, appeals considers both *factual hazards* and *legal hazards*

Factual Hazards

- When there is uncertainty as to the court's findings of facts. Factual hazards exist when there is either incomplete evidence or conflicting evidence. This evidence could either be records and/or testimony of witnesses.

Factual Hazards

- Example: TP may be claiming actual mileage as a business expense. TP presents documentary evidence that establishes odometer reading at beginning and end of year. These numbers determine total mileage driven throughout year. Yet, during the examination process, TP told examiner that he lost the business mileage log so the evidence needed to support business mileage deduction was incomplete. Conflicting evidence comes into play when the testimony of witnesses does not corroborate the same story

Legal Hazards

- Uncertainty as to how court would apply or interpret law. Legal hazards exist when there is conflicting case law, absence of legal precedent, conflict between the IRS's position on an issue and court decisions, ambiguity in the applicable statute or regulation, or conflicting law.

What Does Appeals Consider?

- Three main issues:
 - (1) Did compliance follow all required legal and administrative procedures. For example, was the notice of intent to levy issued in accordance w/ the law; did the IRS notify TP as required that notice of lien was going to be filed, did the IRS issue the notice of hearing timely
 - (2) The Appeals employee will consider all issues raised by TP with the exception of moral, religious, or constitutional objections;

What Does Appeals Consider?

- (3) Appeals employee will balance the need for efficient tax collection w/ TP's legitimate concerns about the intrusiveness of the proposed collection action

What Issues can TP Raise?

- (1) Any relevant issue relating to the unpaid tax or the proposed levy (including appropriate spouse defenses). Appeals will only consider challenges to liability if TP (1) has n/ received a notice of deficiency or (2) otherwise had an earlier opportunity to dispute the liability before Appeals

What Issues can TP Raise?

- Example: If TP received a Letter 1153 informing him of a proposed trust fund recovery penalty and did n/ appeal the proposal at that time, Appeals does n/ have the authority to consider whether TP is liable for the penalty during the CDP hearing

What Issues can TP Raise?

- (2) Challenges to the appropriateness of the collection actions; and
- (3) Offers of collection alternatives
 - IRC S 6330 requires Appeals to evaluate collection alternatives offered by TP such as posting of bond, installment agreements, offers in compromise, and substitution of other assets
 - A basic requirement before Appeals will consider alternatives is that TP has filed all required tax returns *prior* to the hearing

Note Well

- While Appeals is considering the case, interest continues to add up on any unpaid balance your client may owe!

Overview of Appeals Process

- Sources of cases: Appeals receives cases from:
 - LMSB,
 - SBSE,
 - W & I,
 - TEGE

Overview of Appeals Process

- Generally, disputed tax cases come from the compliance function within these divisions – e.g. examination or collection. Within each function, field offices or campus offices work the entire spectrum of cases relating to that spectrum. Therefore, appeals receives cases from both field and campus sites.

Overview of Appeals Process

- How to request an appeal depends on the *source of dispute*. Since Appeals is separate and independent from compliance, TP must:
 - (1) Request an Appeal to the office that proposed the original determination or specific collection action. Appeals will receive a complete administrative case file that includes your client's position and the government's position

Overview of Appeals Process

- (2) In tax disputes generated as a result of an examination of your client's tax return, TP must submit a written request to the examination office that reviewed your client's return. In cases where the dispute is less than \$25K, no formal protest is required.
- (3) For collection issues, it depends on the type of collection dispute

Commitments & Expectations

- Commitments:
 - Explaining your appeal rights and the Appeals process
 - Listening to your concerns,
 - Being courteous and professional,
 - Being responsive (and allow you a reasonable amount of time to respond to any requests for information)
 - Being fair and impartial

Commitments & Expectations

- Expectations:
 - Listen to Appeals' explanation of your appeal rights and the Appeals process
 - Give Appeals a statement as to how you understand the facts and the law, listing all issues w/ which you disagree and why
 - Give Appeals any additional information or documentation that will help your case
 - Tell Appeals when and how you think the case should be resolved
 - Let Appeals know the best time to contact you

Conferencing Options

- Appeals consideration of tax dispute is designed to be an informal administrative process
- Conferencing options
 - Correspondence
 - Telephone
 - Face-to-face

Role of Appeals Team Manager

- Appeals team manager approves the final outcome of the case. Appeals employee will make a recommendation to the Appeals team manager including whether or n/ an agreement has been reached.
- The appeals team manager will review the file and approve the case if the settlement is appropriate, or return it to the Appeals officer if additional work or consideration is needed

What if Agreement is Reached?

- If agreement is reached and client doesn't owe anything or a refund is due, tax preparer need not do anything. If there is a refund, the campus will send it to your client.
- If TP owes some amount, they have payment options.

What if Agreement is Reached?

- TP can pay a few different ways:
 - Pay the full amount due,
 - If TP can't pay the full amount all at once, he or she may qualify for a payment plan (if total amt. owed is under \$25K, TP qualifies for a 60-month payment plan)
 - If TP doubts that he can afford to pay the full amount even under a payment plan and he has filed all of the required tax returns, he can consider submitting an offer in compromise. If successful, TP may pay a lesser amount than what he owes
 - If TP does n/ reach an agreement with Appeals, the Appeals officer will inform TP as to any further options he or she may have

What if Agreement is NOT reached?

- If the TP requests an Appeals conference but the parties do not come to an agreement, the IRS will send the taxpayer a notice of deficiency (i.e., a 90-day letter)

What if Agreement is NOT reached?

- A notice of deficiency provides the taxpayer with *two* options:
 - Pay the asserted deficiency and follow the refund procedures; or
 - Petition the tax court to contest the claimed deficiency within 90 days of the date the notice was mailed

What if Agreement is NOT reached?

- The mailing of the notice of deficiency begins a period during which the IRS is prohibited from assessing tax. If the TP petitions the Tax Court, the “prohibited period” continues until the Tax Court’s decision is final

Independence of Appeals & Ex Parte

- Mission: To resolve tax controversies without litigation on a basis that is fair and impartial to both gov't and TP. How can appeals demonstrate it is fair and impartial to both parties to the tax dispute (after all appeals employees work for the IRS)?
- Integrity of Appeals depends on its ability to remain fair and impartial to both parties

Independence of Appeals & Ex Parte

- Congress recognized the need for Appeals' independence when it passed the Restructuring and Reform Act of 1998
 - S 1001 required the commissioner to develop a plan to reorganize the IRS
 - S (a)(4) devised a plan to ensure an independent appeals function w/in the IRS – a plan that prohibited ex parte communications btwn appeals employees and other IRS employees to the extent that such communications appeared to compromise the independence of the appeals employees
 - Rev. Proc. 2000-43 resulted from this legislation. It describes what ex parte communications are and what is prohibited and what is allowed

Independence of Appeals & Ex Parte

- How do the ex parte rules affect how appeals communicates with compliance?
 - (1) There can be no discussions about substantive case issues between Appeals and compliance w/o inviting TP to participate (includes both oral and written communications)

Independence of Appeals & Ex Parte

- (2) If TP provides new information to Appeals, Appeals asks the examiner for their opinion in writing and shares their comments w/ TP. When there is need for further clarification from examiner, Appeals officer may contact TP and invite TP to participate in a conference call or meeting w/ them about the new information
- (3) This law includes discussions w/ IRS Chief Counsel attorneys about non-docketed cases. If Appeals needs advice about an issue, it must be given by an IRS Chief Counsel attorney who did n/ provide advice to the compliance employee.

Independence of Appeals & Ex Parte

- (4) If an Appeals employee believes it is necessary to talk to a previous IRS Chief Counsel attorney regarding an issue, TP or rep. will be given an opportunity to participate in that discussion

Independence of Appeals & Ex Parte

- Exceptions to the Ex Parte Rule
 - The administrative file itself developed by compliance and forwarded to Appeals does not violate ex parte rules. Since the adm. file contains the proposed determination and TP's protest, it sets forth the boundaries of the dispute between TP and the IRS and forms the basis for Appeals to assume jurisdiction

Independence of Appeals & Ex Parte

- Where contact w/ compliance relates to administrative, ministerial, or procedural matters (if communication is necessary to confirm whether a particular document is reviewed, that ex parte communication is permitted);
- Where the communication is needed to understand an individual's handwriting;

Independence of Appeals & Ex Parte

- If TP's representative has been offered the opportunity to participate in a discussion btwn Appeals and compliance but unnecessarily delays responding to that opportunity, the ex parte rules will n/ apply. Delay must be beyond a reasonable amount of time.

Independence of Appeals & Ex Parte

- Do the ex parte provisions change the appeals policy regarding raising new issues?
 - No, appeals still has the right to raise new issues but it doesn't do so often. New issues are never raised casually or haphazardly by an Appeals employee. They are never raised for bargaining purposes

Independence of Appeals & Ex Parte

- To raise a new issue, it must be:
 - Substantial and
 - Potential affect on tax liability must be material (having real importance and great consequence)

Non-docketed versus Docketed Cases

- Non-docketed: These are Appeals made on a “protest” basis in response to a 30-day letter (i.e., “Revenue Agent Report”). This means that no court has jurisdiction over the TP’s dispute

Non-docketed versus Docketed Cases

- Docketed: If TP petitions the Tax Court without having had a conference with the Appeals Division, the case is considered to be in “docketed status.” If appropriate, IRS Chief Counsel may forward the case to Appeals for the purpose of reaching a negotiated settlement prior to case being heard by Tax Court. However, if Appeals and the TP are unable to reach a negotiated settlement, then a court of law will ultimately decide the TP’s dispute

Types of Nondocketed Cases

- (1) Cases where the examination function has issued a 30-day letter accompanied by an examiner's report outlining the proposed adjustments resulting in an increase to TP's tax liability. TP has 30 days in which to agree to the proposed adjustments or to request an Appeal to the proposed adjustments

Types of Nondocketed Cases

- (2) Denied claims for refund or abatement of unpaid tax

Types of Nondocketed Cases

- Tax disputes from TPs who requested an audit reconsideration. If TP's request for an audit reconsideration is granted yet examination does not reduce tax liability in full or in part, TP can have dispute considered by appeals.

Note well

- Taxpayer has the right to appeal an adverse U.S. Tax Court decision to the Circuit Court of Appeals for the Circuit within which the TP resided *at the time he filed the petition.*

Transfer & Conference Procedure

Changes in Appeals

- Appeals has implemented changes to its case transfer and conference procedures. Previously, in cases where a face-to-face conference was requested, Appeals allowed automatic transfer from the Campus Service Center to Field offices.
- After reviewing this procedure, the IRS discovered that taxpayers often requested a case transfer where a Campus employee could have resolved the case. In addition, there were added costs for shipping as well as a delay in case resolution.
- Another consideration was that many of these transferred cases were ultimately resolved by a telephone conference.

Transfer & Conference Procedure

Changes in Appeals

- The change is that Appeals will *not* transfer cases based only upon the taxpayer's request and will consider a number of factors before an in-person conference is granted.
- The hearing officer makes the initial determination to grant an in-person conference and the Appeals Team Manager will make the final decision.
- The Internal Revenue Manual has been updated to reflect these changes.

IRS Collection Methods

- IRS can collect amounts owed in several ways:
 - Installment agreement: Allows TP to pay the amount due over a period of time
 - Offer in compromise: If accepted, allows TP to pay a lesser amount to settle the case
 - Levy action: A legal seizure of property, such as cash, wages or bank accounts to satisfy a tax debt

IRS Collection Methods

- Filing a notice of federal tax lien
 - Lien: Gives the gov't a claim to property as security or payment for a tax debt
 - Notice of federal tax lien: Notifies the public that the gov't has such a claim

IRS Collection Methods

- During Appeals consideration, what happens w/ the *collection action*?
 - Levy action is suspended during the period of time that Appeals is considering TP's timely request for a CDP hearing relating to a notice of intent to levy. In equivalent hearing cases, collection can move forward on levy if IRS determines that collection of tax is in jeopardy



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