

TRAVIS W. WATKINS, PC

# THE IRS TATTLER

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## Congress Eyes Ex-patriot Exit Tax As Facebook Co-Founder "De-Friends" U.S. to Likely Avoid Capital Gains Tax



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Senator Chuck Schumer, D-N.Y. and Senator Bob Casey, D-Pa. have proposed a 30% exit tax for any United States Citizen who denounces citizenship likely to avoid taxes. The proposal is aimed at Facebook co-founder, Eduardo Saverin. He's one of the pretentious nerds not played by Justin Timberlake in the movie named after the corporate behemoth. Saverin renounced his citizenship in favor of Singapore (which doesn't have capital gains taxes) several months before Facebook (aka "Faceplant") stock went public. Saverin publicly says that the U.S. is just imagining things. As with any legislation that is targeted at one person, the proposal goes way too far. It introduces an intent element which puts the burden on the renouncing citizen to prove that they are not denouncing to avoid taxes. If the taxpayer can't prove the opposite, they are subject to a 30% exit tax and are barred

from re-entry to the U.S. Ex-patriots already face a 15% exit tax, which operates for capital gains purposes as though you just sold all your property at the time of exit. The new proposal just opens up more snooping into our private lives (as though Facebook has not done enough to degrade our privacy already!). Luckily, this one only applies to rich folk-those with net incomes in excess of \$2 million.

There is nothing new under the sun, and this proposal is no exception. The IRS already tried this and the test for expatriate tax avoidance (i.e. intent) was thrown out altogether in 2004 because it was too easy for the taxpayer to show political, family and business ties to the migration country of choice. My question from a practical standpoint is, if this ever passes again in some form or another, how is the IRS going to collect this money?

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## Sleep Loss Corner

Tax Problems have a way of affecting every area of your life, including your sleep habits.

### Consequences of Too Little Sleep:

*Too little sleep may cause:*

*-Memory problems*

*-Depression*

*-A weakening of your immune system, increasing your chance of becoming sick*

*-Increase in perception of pain.*

If the IRS is keeping you up at night, your health may actually be in danger! Call Travis Watkins and get the sleep you need.

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**IRS Shows That's What Friends Are For-\$1.2 Million Dollar Release of Dionne Warwick's Tax Lien**

Surprisingly, the IRS has partially released a \$2.2 million dollar lien on Dionne Warwick's property for unpaid taxes from the 1990's. She still owes over \$1 million dollars of that liability, so she's not out of the woods yet. IRS liens are pretty easy for the service to invoke. They must:



1. Assess the liability;
2. Send a Notice and De-

mand for Payment reciting the amount owed;  
 3. Wait 10 days before filing.

That's it. Removing an IRS tax lien is a more difficult issue. The lien is only good for 10 years, then it goes away by operation of law, but the IRS rarely goes the extra step and affirmatively dismisses or withdraws the lien. This can cause prob-

lems with title examiners if you go to sell your house, for instance.

You can get liens released if you pay the tax in full, of course. The IRS will also release if you post a bond guaranteeing payment. However, the IRS started a new program last Summer that allows the lien to be released after 3 months of timely debits toward an agreed installment plan with the IRS, if you owe less than \$50,000.00. This is a huge development. If they fail to release the lien, they owe you damages in Federal court.

*Wishing  
 You  
 A  
 Happy  
 Father's  
 Day!*



Three Generations of The Watkins Men

## SCARY IRS CASE MAY SET PRECEDENT FOR SALES AND SEIZURES OF JOINT PROPERTY

This is a big deal. The 6th Circuit Court of Appeals has ruled that the IRS may be able to force a sale of a home jointly owned by a married couple to satisfy the tax debt of only one spouse. In *Winsper*, 6th Cir., a husband owed the IRS \$900,000 in separate taxes from his wife. The husband's portion of the equity from a forced sale would not have satisfied the debt, and the wife's equity share would have

been insufficient to afford her suitable housing.

A lower district court ruled that the IRS could not force the sale for these reasons. In a bizarre twist, the appeals court ignored the strong state law presumption against forced sales of joint property, finding that "other factors" weighed heavily in favor of the government. The case has been sent back to district court for fur-

ther findings on the appropriateness of the sale. Stay tuned for more on these developments.

Your old tax burdens may affect others. They may become your spouse's burden, or vice versa, if the IRS is allowed momentum to get at property jointly owned by a spouse with IRS problems and one innocent spouse. Call Travis Watkins at 800-607-1192 or locally at 405-607-1192 (OKC) or 918-877-2794 (Tulsa).

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### FAQ: What are my rights to appeal an IRS action?

**Answer:** IRS appeals are a broad right the taxpayer possesses. Generally, you can appeal just about any IRS action, inaction or denial *ad nauseum*.

Here are some popular ones:

**The Collection Appeal Request** (CAP Form 9423). This is typically a levy appeal with a Revenue Officer or a disagreement with an audit item.

**The Collection Due Process Hearing Request** (CDP Form 12153). This is an informal hearing to determine the propriety of any IRS activity. The hearing provides a designated time for you or your lawyer to request a collection alternative (offer in compromise, installment agreement, currently not collectible request, innocent spouse or lien subordination or discharge, e.g.).

**The Audit Reconsideration.** This is typically a filing of a return to stand in place of the IRS' substitute for return they may have filed on the taxpayer.

**Application for Taxpayer Assistance Order** (Form 911). The Taxpayer's Assistance Office (TAO) generally acts as the public defender for very egregious IRS practices. You must typically prove that you have exhausted all other avenues before the TAO will step in.

Most of these appellate procedures are time sensitive. In other words, you have a set deadline in which to assert these rights. Call attorney Travis Watkins to learn more about your valuable appellate rights and how to appropriately use them to combat IRS collection activity at 1-800-721-7054 today.

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**Q: Who was the President who made Father's Day a holiday to be celebrated on the third Sunday of June?**

- A. Woodrow Wilson**
- B. Franklin D. Roosevelt**
- C. Lyndon Johnson**