

THE IRS TATTLER

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March/April 2017

IRS Budget Cuts: Yay or Nay?

President Trump recently announced his intended plans for the upcoming fiscal budget. While many aspects of the budget remain relatively un-noteworthy, there is one area that has been causing quite a bit of stir – the IRS budget cuts.

In his budget blueprint announcement, Trump indicated his intention to slash the IRS budget by a whopping \$239 million – enough cash to take a family of four to Disneyland for a week – but we digress. Job cuts are anticipated, too, with savings being put towards an increased defense budget. While this news certainly appeals to many American citizens, we're going to ponder a mind-boggling question: Is cutting the IRS budget actually a positive thing? Let's do some investigating.

The Pros: For many Americans, simply hearing the acronym IRS sends shivers down their spines. The IRS, after all, is known for terrifying individuals who have made errors on their taxes, or neglected to pay them altogether. No matter your reason for wanting to avoid the IRS, the mere notion you don't have to worry about the taxman gaining strength is perceived as a good thing. In addition to this, there are many individuals who believe the IRS is already overpaid, overstaffed and overutilized. After all, the annual budget for this government service is over \$11 billion – a considerable amount of cash spent for the purpose of collecting money.

The Cons: Historically, though the IRS has certainly had its fair share of negative press, it has been undergoing a great deal of changes over the past few years. Last year, for example, the IRS suffered a budget cut of 17%, in addition to a 14% reduction in staff. To some, while cutting the IRS budget may not seem like a bad thing, there are some snafus. With fewer staff to take incoming calls, wait times to speak to an agent have dramatically increased. In 2014, for example, the average wait time had increased to 17 minutes, up from 10.8 minutes a few years prior. When you're anxious to speak to someone about your taxes, this can feel more painful than watching paint dry.

What's more important, however, are the financial repercussions of cutting the IRS budget. When a budget is cut and staffing has been decreased, this ultimately means there are less bodies working to recoup unpaid taxes. When money that is *legally owed* to the government is lost, this means – you guessed it – the money has to come from somewhere else. So, not only is the IRS unable to meet the basic service needs of taxpayers, but the lack of revenue is going to be felt through increasing the costs of other services, too. Even the IRS Commissioner, John Koskinen, stated "*essentially, the government is forgoing billions to achieve budget savings of a few hundred million dollars.*" Coming from someone with inside knowledge of the agency – and concerns from the public – this speaks volumes. Alas, while this may not be the ending you were hoping for, the stats don't lie. The truth is, Trump's cuts to the IRS budget are only going to cause you increased stress and frustration.

The good news is, Travis W. Watkins Tax Resolution and Accounting Firm can help. We are a proud, local tax resolution agency by Oklahomans, for Oklahomans. Now, more than ever, you need IRS tax professionals that can help you get the tax resolution you deserve - as stress-free and quickly as possible. Contact our office at 405-607-1192 in OKC or 918-877-2794 in Tulsa and relieve your tax burden - today!

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Travis W. Watkins
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Radio Show
Saturdays at 9:30am



IRS “drains Tory Spelling and Dean McDermott’s bank account”...

The IRS has drained the bank accounts of Tory Spelling and her husband Dean McDermott. The reality star couple - who welcomed their fifth child a few weeks back - owe tens of thousands of dollars to a series of creditors. Now the U.S. government has taken action to recover funds from the pair, reports Page Six. It is not known how much the couple owe in unpaid taxes. However it emerged last year that they had been issued with a lien for \$707,487.30 in unpaid federal taxes for their 2014 bill alone.



Former 90210 star Tory is also known to owe over \$87,000 in unpaid credit card debt to American Express. City National Bank is also claiming Tory and Dean defaulted on half of a 2012 \$400,000 loan, and wants reimbursement of Tory's \$17,000 overdraft. On top of this Dean's ex-wife Mary Jo Eustace is chasing more than \$100,000 in back child support for their son Jack. Indeed Dean only narrowly avoided jail last month, after paying her an installment of \$2,500, while telling the court he had 'fallen on hard times'.

Despite their debts the couple don't appear to have curtailed their spending, with Dean showing off a brand new \$15,000 motorcycle last month. And Tory seemed oblivious to any financial pressure this week, as she told People magazine she was thinking of having another baby. 'All my kids have their little pair, so I would be open to one more,' said the 43-year-old.

Perhaps they are relying on Tory's mother, Candy Spelling, to bail them out. Candy, the widow of famed producer TV mogul father Aaron Spelling, was left the bulk of his \$600 million fortune when he passed away in 2006 aged 83. She is thought to be currently footing the bill for many of the family's expenses. Last year Candy, 71, revealed she was paying Tory and Dean's \$9,500 a month rent, private school tuition for the children, and grocery bills. Tory, 43, and Dean have five children, Liam, 10, Stella, 8, Hattie, 5, Finn, 4, and now baby son Beau. (Source: Daily Mail and Page Six)

Mark Your Calendars:

June 15, 2017

2nd Quarter 2017 Estimated Tax Payment Due

If you are self-employed or have other second-quarter income that requires you to pay quarterly estimated taxes, make sure your payment is postmarked by June 15, 2017 tax deadline.

September 15, 2017

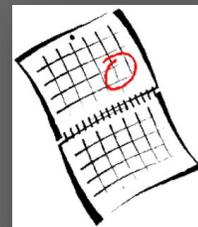
3rd Quarter 2017 Estimated Tax Payment Due

If you are self-employed or have other third-quarter income that requires you to pay quarterly estimated taxes, make sure your third quarter payment is postmarked by Sept. 15, 2017 tax deadline.

October 16, 2017

Extended Individual Tax Returns Due

If you got a filing extension on your 2016 tax return, you need to get it completed and postmarked by October 17, 2017.



Study: Taxpayers spend 17 hours on average preparing their returns

A new study from a conservative group says American taxpayers spend 17 hours on average completing their personal tax paperwork.

The study from the American Action Forum (AAF) was released on Tuesday April 18th, Tax Day. "The individual income tax generates 2.6 billion hours of paperwork from roughly 150 million tax filers. This equates to 17 hours per response, or roughly two work-days dedicated to tax returns," according to Sam Batkins, director of regulatory policy at AAF. The group also found that companies spend about 275 hours each preparing their taxes.

The IRS says the cost of tax paperwork for businesses and individuals comes out to \$86 billion, but AAF says their estimate puts it as high as \$170 billion annually. (Source: The Hill)



Despite Record Collections, 52,062,499 Filers Paid No Income Taxes in 2014

In tax year 2014, according to a report published by the Internal Revenue Service, the federal government hauled in a then-record \$1,377,797,136,000 in individual income taxes.

Nonetheless, of the 148,606,578 individual income tax return filers that year, 52,062,499 (or 35 percent) filed what the IRS calls "nontaxable returns," which means they paid no net individual income taxes.

Among these 52,062,499 filers who did not pay income taxes in 2014, according to Table 3.3 in the report, were 31,129,405 filers who also received \$90,276,007,000 in payments from the federal government for "refundable" tax credits.

"In total, taxpayers claimed \$105.6 billion in refundable tax credits," said the IRS report. "Of this, \$5.5 billion was applied against income taxes and \$9.8 billion against all other taxes. The remaining \$90.3 billion in refundable tax credits was refunded to taxpayers."

"Tax credits are used to offset taxes," the report explains. "Certain tax credits are also refundable in that if the credit exceeds the total tax owed, the excess can be refunded to the taxpayer."

The effect of "refundable" tax credits, according to the data published by the IRS in Figure F of its report, is that the entire class of tax filers earning under \$30,000 in 2014 collectively paid a net negative in federal income taxes. For example, according to the report, the "total income tax minus refundable credits" paid by the 18,881,000 tax filers earning between \$20,000 and \$30,000 in 2014 was a negative \$12,003,000,000. The 52,062,499 filers who had "nontaxable returns" in 2014 and paid no income taxes equaled 35 percent of all filers.

The other 96,544,079 filers--the 65 percent of filers who did pay income taxes--paid an average of \$14,271, according to Figure A in the IRS report. The 148,606,578 filers included single individuals, married couples filing jointly, married persons filing separately, surviving spouses and heads of households. (Source:CNSNews.com)

Discipline today
leads to more
options
tomorrow.

Dave Ramsey

The IRS Tattler

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