

THE IRS TATTLE

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From Travis' Desk

Well, it's finally here!

I will be hosting a LIVE radio broadcast every Sunday. We have already had 2 shows, and have had numerous callers (which is a big deal for a new show, I understand). The show is called "YOUR IRS WEAPON, THE TRAVIS WATKINS SHOW." It runs on KTOK AM1000 at 1:00 p.m. Sundays in OKC. Starting April 7, 2013, the show will run on KRMG AM740 in Tulsa at 4:00 p.m. Sundays. If you are in the Oklahoma City metro area, KRMG's signal extends here.

I'm excited to bring Oklahomans my show. It gives you a chance to ask your most pressing questions about tax problems (anonymously if you prefer), and I think it will help give people some relief, who are hurting from their tax problems. It gives you, the listener, a free front row seat to what we do and why we

do it. The advice is free and it's real.

Listen for live local and national guests from the tax arena and other areas of the law as well. Tune in for tax tips and strategies, as well as real life IRS problems solved in real time. You can also expect some fun stuff about celebrity tax problems. The show will be limited to tax problem cases, but we plan to host a forum for some select tax preparation issues in the coming weeks as April 15 approaches.

Call our regular numbers during show times (405-607-1192 in OKC, 918-877-2794 in Tulsa) and we will answer your most pressing questions on the air. Or, you can always call during the week and ask for Sherri if you prefer to ask your question off the air. Just simply tell her the purpose of your call. We will respect your privacy and time, and won't hassle you with a sales pitch. There are some taxpayers

that would prefer to ask these questions anonymously off the air, and we want to encourage you to keep the questions coming! You may also email your questions to an address that I have set up specifically for the show: irswapon@taxhelpok.com. You can also send me a tweet during or after the show @taxhelpOK.

I am working on adding the archives of these past radio shows to our website, www.taxhelpok.com. So, be on the lookout for that as well. I look forward to making Your IRS Weapon, The Travis Watkins Show a success.



Payroll Trouble? You Absolutely Need a Lawyer

Dodging payroll taxes is a very serious offense, and requires the aid of an experienced Oklahoma tax attorney.

There's a big difference between facing the IRS as a business owner and facing the IRS as an individual taxpayer. In the former case (if your offense is failing to forward your payroll taxes), you will be treated as the fiduciary for your dozens or hundreds of employees—not a person, but a corporate entity. In the latter case, the government has no choice but to treat you as an individual because your offense applies to your taxes and your taxes alone, not those of other individuals in your employ. That's why, if the IRS is

claiming you illegally used your withheld payroll taxes for your own purposes (or failed to deduct these taxes in the first place), you need an experienced lawyer at your side. Failing to forward payroll taxes is an extremely serious offense, and one that involves not just you, but all of your employees. In fact, in the minds of most IRS revenue officers, business owners who repeatedly run afoul of their payroll responsibilities are no better than bank robbers, since they are availing themselves of funds that technically belong to the

U.S. government. Can a lawyer get you off the hook for your payroll offense? That will depend, to a large extent, on whether this was a one-time oversight (say, your business was suffering and you desperately needed the money to stay afloat), or you continued to flout the payroll laws quarter after quarter, year after year. In the latter case, not only will you need to retain a tax attorney, but you may require a criminal lawyer as well! Call our office today 405-607-1192

Do You Think You Have the Luck of the Irish, Since the IRS Has Not Caught up With You (Yet)?

St. Patrick's Day is right around the corner, and with it, the question: do you have the luck of the Irish? Some people with IRS problems certainly think they do. A guy told me he had been running from the IRS longer than I have been alive. Just "lucky," he guesses. Here are 3 mindsets of some people who have (so far) outrun the IRS. You be the judge of just how lucky these folks really are.

1. As long as you file your taxes every year, you're fine! The IRS can moan, groan, threaten, harass and demean you, but it can't send you to debtor's prison and it can't get blood from a turnip. Did you know that a 5 year old can open a bank account in his very own name, if he has \$25? However, the enlightened tax evader cannot because the IRS would levy his

account.
 2. The IRS can levy my paycheck, but I'll just quit my job and work somewhere else. January 31 every year, the IRS gets a free set of new information on every working American whose boss claims wages as a business deduction. This information is the W-2 form. You can quit your job to spite the IRS or the president or anyone you choose, but will they really get the message? When January 31 rolls around next year, you will have to quit again.
 3. If I never file my returns, I'm off the radar--i.e. no return, no tax bill. At some



point, the IRS can and usually will file an estimated return for you based on those documents filed by your boss or whoever pays you (W-2's and 1099's). If you don't appeal those numbers, they are the lay of the land for IRS collections and they add penalties and interest to make things interesting. The worst part of this mindset is that the general 10 year statute of limitations for individual tax debts does not start to run until you file. If you don't file, technically the IRS has forever to collect. The big picture is this. The IRS is vast and one hand often doesn't know what the other is doing. It is generally painfully slow at EVERYTHING.

However, don't be fooled. The mindset of nearly every IRS agent is-"payday someday." In other words, "we always get our man!" You think you're lucky? The IRS is ok with that. They will make you pay penalties and interest to keep your gloating to a minimum.

Three traits of the "lucky" ones who think they have beaten the IRS' system.

Q&A WITH TRAVIS WATKINS

LOOSENED IRS GUIDELINES MAKE IT EASIER TO SETTLE TAX DEBTS

Q: I understand the Internal Revenue Service has changed the rules for settling tax debt for less than a taxpayer owes through the offer in compromise program. How does the process work?

A: If the IRS approves your offer in compromise (OIC), your entire tax debt is forgiven when you pay the accepted offered amount. Since savings can be substantial, OIC requirements are strict. The IRS considers the equity you have in assets that could be seized for full payment, as well as the disposable income (i.e. your income less allowable expenses) you could pay each month toward your total tax debt. The OIC rules changed recently, for the better. The IRS still looks at assets that could be seized to pay the total debt, but the disposable income you must pay has been reduced significantly. The monthly amount of disposable income used to be multiplied by 48, but it is now multiplied by 12. For instance, if your income is \$4,000 per month and your disposable income is \$1,500, your OIC (plus asset equity) would be \$1,500 times 12, or \$30,000, versus \$72,000 (\$1,500 times 48) under the old rules. The IRS will average your last six months of disposable income if you are self-employed. If your total debt is under \$50,000, you may qualify for a streamlined OIC, which receives less scrutiny from IRS examiners. These are big developments, but some of the new rules are expected to expire this summer.

Q: Why are so few offers in compromise approved?

A: Many taxpayers mistakenly believe the IRS will cut a deal because the government runs on deficits and massive spending. But you must provide supporting documentation for all your figures. Also, if you have assets, substantial home equity for instance, you must offer the value of those assets in your OIC calculations. Lastly, most taxpayers are unaware of the IRS' appeals program, which can be a game-changer.

Q: Do I need a lawyer to prepare my offer in compromise?

A: No. But representing yourself, you, even with a good offer, may get pressured into an installment agreement or a one-size-fits-all payment plan. I recommend using a local Oklahoma tax attorney who represents taxpayers before the IRS routinely and has high marks with the Better Business Bureau and a reputable peer review rating service like martindale.com. Most importantly, make sure your lawyer or tax professional will take your case on a flat-fee basis. There are unscrupulous national outfits that prey on taxpayers with big promises and low up-front costs with higher and higher recurring monthly charges.

PAULA BURKES, BUSINESS WRITER



Travis Watkins
Tax attorney

If your attorney doesn't have a background in tax law, he can be fooled easily by an IRS revenue officer.

Rap Singer Ja Rule Sentenced on Tax Charges

The popular rap singer Ja Rule was slapped with a jail term of two years and four months for failing to file his taxes with the Internal Revenue Service.

The rapper, whose real name is Jeffrey Atkins, was sentenced in a federal court in Newark, N.J., on Monday. The 35-year-old hip-hop performer had previously pled guilty to three counts (see Ja Rule Pleads Guilty to Tax Charges). U.S. Magistrate Judge Patty Shwartz imposed a 28-month sentence on him. "Taxpayers do not have the luxury of deciding whether to comply with laws," she said.

According to prosecutors, from 2004 to 2008, Atkins was the sole shareholder in two businesses, ASJA Inc. and Rule Tours Inc., in which he received income from music royalties, tours and live performances.

The rapper pled guilty to charges only for tax years 2004, 2005 and 2006, but his sentence took into account the tax loss for all

five years, including 2007 and 2008. Prosecutors claimed a total loss to the government of approximately \$1,137,912 in tax revenues. Under his plea deal, Atkins also agreed to file accurate tax returns and to pay all the taxes and penalties he owes to the IRS.

In addition to the prison term, which will run concurrently with the rapper's sentence on unrelated



state charges, Judge Shwartz sentenced Atkins to one year of supervised release. The rapper was sentenced last month in New York to up to two years in prison on weapons charges after a gun was found in his automobile four years ago.

"I in no way attempted to deceive the government or do anything illegal," Atkins said before he was sentenced Monday, according to the New York Post. "I was a young man who made a lot of money... I didn't know how to deal with these finances, and I didn't have people to guide me, so I made mistakes."

Your Lawyer May Be Out of His Depth with the IRS

To invoke a crude but effective metaphor, you don't want to send a guy with a knife to a gun fight—and you certainly don't want to send an attorney with no background in tax law to negotiate with an IRS revenue officer. Yes, that lawyer who draws up your business contracts may be a great guy, and he may even have saved you a lot of money, but if he doesn't have a deep background in tax law (and the requisite vocabulary that a government bureaucrat can understand), he will be out of his depth. What is the worst that can happen if you let an inexperienced lawyer handle

your tax case? Well, he may not be aware of the various weapons at his disposal (such as an Offer in Compromise, by which you can reduce the size of your tax bill and pay it in installments), or he may be taken advantage of by a wily revenue officer. If an IRS representative decides your lawyer doesn't know what he is talking about, the IRS officer may offer what seems like a great deal, but what a seasoned tax lawyer can immediately determine is all smoke and mirrors. Your attorney may even be proud of himself—"Guess what! They've agreed to reduce your tax bill by one-

quarter!"—when an experienced tax lawyer easily could have sliced your back tax bill in half. That's why, if you have been presented with a huge back tax bill by the IRS, you should hire someone who actually knows the ins and outs of tax law and can negotiate with an IRS revenue officer on equal terms. If you live in Oklahoma, a good start is to call the tax experts at Travis W. Watkins, PC (800-721-7054) for a free consultation. We'll aggressively tackle the IRS head on and secure the best possible outcome to your case.

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Question:

What was the national color of Ireland at the time of St Patrick?

- A. White*
- B. Gold*
- C. Blue*
- D. Green*