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THE IRS TATTLER

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FISCAL CLIFF-NOTES, FACTS AND FICTION BY Clifford El-Fisk, STAFF WRITER

Fact: The Bush-era tax cuts for virtually all Americans are set to expire December 31, 2012 without a Congressional deal extending them before that deadline. This reality has set the stage for a game of high-stakes political chicken.

Fiction: Without an extension of the Bush era cuts, along with some help from the Mayans, the world ends.

Fact: The U.S. Treasury and the IRS have latitude in adjusting withholding rates for Americans--or not adjusting them--as they see fit. Transla-

tion, even without a deal in place, these taxing authorities can effectively maintain the status quo.

Fiction: The IRS has hired 16,000 bloodthirsty new agents to crack down on violators of the Affordable Care Act.

Fact: The Affordable Care Act in its current form has no enforcement teeth. The IRS can hold your refund in 2014 for penalties if you don't attach proof of insurance coverage to your return, but it can't levy you for the penalties.

Fiction: You should sell all your stock and real property and disclaim inheritances after 2013 to avoid large capital gains.

Opinion: Some deal will be reached eventually that will allow life as we know it to continue. The cuts will likely go on for most middle income earners, and top earners (depending on how you define them) will see their Bush tax cuts expire, resulting in higher rates. We will miss a prime opportunity for tax reform for all Americans.

The Internal Revenue Service has reportedly seized actress Lindsay Lohan's bank accounts because of her outstanding tax debts.



The IRS had previously filed tax liens against the movie and TV star for unpaid tax debts of \$233,904 for 2010 and 2011 (see *IRS Files Tax Lien against Lindsay Lohan and IRS Slaps Lindsay Lohan with Another Tax Lien*). Her friend, actor Charlie Sheen, recently paid \$100,000 of her tax debts after they talked about her

financial problems on the set of *Scary Movie 5* (see *Charlie Sheen Pays \$100,000 of Lindsay Lohan's Tax Debts*). However, according to TMZ, Lohan also owes taxes for 2011, and the IRS has run out of patience.

Lohan is reportedly trying to raise money to pay off the rest of

her tax debts so she can regain control of her bank accounts. The troubled actress has been in and out of rehab in recent years and was arrested last week for allegedly punching a fortuneteller at a New York nightclub after accusing the woman of stealing her purse.

Warren Buffett has revived his calls for increased taxes in op-ed pages of *The New York Times*

In a new op-ed that appeared Sunday entitled, "A Minimum Tax for the Wealthy," Buffett follows up on an earlier editorial, "Stop Coddling the Super-Rich," which appeared in August 2011. Buffett suggested that the super-rich should not be paying lower tax rates than their employees, which prompted President Obama to propose the so-called Buffett Rule (see *Buffett Says Tax Code is 'Coddling the Super-Rich'*).

In his latest editorial, Buffett proposes a minimum tax rate on the ultrarich. He noted that the taxes paid by the 400 people with the highest incomes in the U.S. averaged only 19.9 percent of their adjusted gross income in 2009, down from 26.4 percent in 1992. More than a quarter of them paid less than 15 percent in com-

bined federal income and payroll taxes, he added, while some of them paid no taxes at all.

"This outrage points to the necessity for more than a simple revision in upper-end tax rates, though that's the place to start," Buffett wrote.

He said he supports President Obama's proposal to eliminate the Bush tax cuts for high-income taxpayers, although he added that he prefers a cutoff point above \$250,000, perhaps \$500,000.

"Additionally, we need Congress, right now, to enact a minimum tax on high incomes," Buffett wrote. "I would suggest 30 percent of taxable income between

\$1 million and \$10 million, and 35 percent on amounts above that. A plain and



simple rule like that will block the efforts of lobbyists, lawyers and contribution-hungry legislators to keep the ultrarich paying rates well below those incurred by people with income just a tiny fraction of ours. Only a minimum tax on very high incomes will prevent the stated tax rate from being eviscerated by these warriors for the wealthy."

Buffett added that such changes should not be delayed by efforts to reform the Tax Code and said he was in favor of eliminating the carried interest tax break that enables "income from labor to be magically converted into capital gains."

"And it's sickening that a Cayman Islands mail drop can be central to tax maneuvering by wealthy individuals and corporations," Buffett added. "But the reform of such complexities should not promote delay in our correcting simple and expensive inequities. We can't let those who want to protect the privileged get away with insisting that we do nothing until we can do everything."

Happy Holidays from the Watkins family



A Warm Welcome to our New Employee



Mr. Wilcox is an Associate Attorney for The Law Office of Travis W. Watkins, PC. He has an in depth knowledge of the IRS code and a deep desire to help Oklahomans resolve their oft-times complex and crippling tax problems. He received his Law Degree from Ave Maria School of Law in 2012. He attended Weber State University and received his B.A. in Sales and Service Technology

in 2008. It is his passion for people that makes Mr. Wilcox such an asset to his clients as they work to resolve their tax problems. He is admitted to practice before the Internal Revenue Service and all State courts in the State of Oklahoma. Mr. Wilcox lives in Edmond with his wife, Kelye, and their three sons, Tate, Hayden, and Cole. He is a dedicated husband and father, an active member of the

Church of Jesus Christ of Latter-Day Saints, and a passionate advocate for Oklahomans. When he is not working, Mr. Wilcox enjoys playing soccer, rattling the foosball table, and spending time with his family. Mr. Wilcox is fluent in English and Dutch.

We are excited to have him on board.

Sleep Loss Corner-Stress and Sleep Patterns-Study

Why do some people lose sleep during periods of stress, while others seem to “sleep like a baby”? Research suggests that the difference may be explained by the ways people cope.

At Tel Aviv University, Dr. Avi Sadeh conducted a study of students. He found that those “who tended to focus on their

emotions and anxiety during the high-stress period were more likely to shorten their sleep, while those who tended to ignore emotions and focus on tasks extended their sleep and shut themselves off from stress.”

The researchers stated that during a routine week of studies, and again during a highly

stressful month, sleep patterns of 36 students (aged 22 to 32) were documented. Sleep quality improved or remained the same for students who directed their focus away from their emotions, but diminished for those who fretted and brooded as a way to cope with stress.

Almost titling his paper, “If you can't cope with it, sleep on it,” Sadeh said “sometimes sleep can help you regulate your nervousness and offer you an escape from stress, particularly when there's nothing you can do about it.

If your IRS problem, is causing stress and loss of sleep give us a call!

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Happy Holidays



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Question:

In the song "Grandma got run over by a reindeer" what did Grandma go get?

A. Medication

B. Slippers

C. Eggnog

D. Sleigh bells