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THE IRS TATTLER

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NEW IRS AUDIT GUIDE RELEASED FOR CASH BUSINESSES

The IRS has just issued a new audit guide to its field examiners to pinpoint errors in underreported income for cab drivers, bail bondsmen, beauticians/stylists, car washes, laundromats, mini-marts and scrap metal dealers.

These busi-

nesses have traditionally been predominately cash businesses, and the IRS is cracking down on them in its on-going quest to close the growing tax gap. The guide is meant to educate agents on the methods these industries use to report less income.

This means that if you derive your income from any of these industries, you are well served to know what the IRS is looking at in order to audit you. If you have already been contacted about an audit, let's talk today. Call my office at 405-607-1192 .



TRAVIS W. WATKINS

CALL TODAY FOR YOUR FREE 30 MINUTE CONSULTATION

405.607.1192

FAQ: CAN THE IRS COME AFTER ME FOREVER?

No. The IRS has a statute of limitations or CSED (literally, Collection Statute Expiration Date), which is 10 years. There are a myriad of exceptions and tolling events that keep the CSED from running against them, however. The most important of these tolling events are: failure to file your return (the CSED never starts to run until you file); being outside the U.S. for six continual months or more; and the time you are in bankruptcy, plus 90 days.

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YOU'RE DREAM-ING. THE TAX WOES OF TERIUS NASH



2012 is turning out to be a blockbuster for celebrity tax trouble. This time, it's Terius Nash a/k/a "the dream." He owes a \$117,000 tax debt to the State of Georgia. The Dream is a music producer, whose directed hits include "Umbrella," by Rihanna. The Dream just recently inked his divorce from singer-songwriter/model/actress, Christian Milian.

The \$117,000 tax debt started as a \$60,500 state income tax debt that ballooned into this

monster, given the penalties and interest associated with the principal.

As The Dream can tell you, state tax troubles can be as devastating as IRS problems. Often, state liabilities run side by side with federal tax issues, and state agencies are often tougher in the immediate sense than the IRS. The Oklahoma Tax Commission, for example, will hire an outside collection firm to ruin your credit and sue for a judgment to collect its debt. This is in addition to state

tax warrants, liens and adverse credit effects you may already have.

The penalties and interest that compound with the debt can also be back breaking. But there is hope, even against the Oklahoma Tax Commission when it comes to penalties and interest.

Don't go it alone against the Oklahoma Tax Commission. Call a local, licensed Oklahoma tax lawyer to help you out. Call me, Travis Watkins, today at 405-607-1192.

\$117,000 TAX DEBT STARTED AS A \$60,500 STATE INCOME TAX DEBT



COUPON IS TRANSFERABLE

SPECIAL GIVEAWAY! \$250 OFF ANY TAX SERVICE I PROVIDE...

This is a fun section. Every month I ask a trivia question, and you take your best guess and call me at 405.607.1192 with your answer. Just get the answer right and I'll give you \$250 off any tax service I provide!!

What date should your 2011 Personal Taxes be filed?

- A. December 31, 2012
- B. April 15, 2011
- C. April 15, 2012
- D. April 17, 2012

TAX SOFTWARE DATA ENTRY ERRORS ARE "REASONABLE CAUSE" FOR PENALTY ABATEMENT

Add another event to the ever-expanding litany of "reasonable causes" for IRS penalty abatement/forgiveness.

The Tax Court ruled that penalties may be excused for data entry errors a taxpayer makes while using tax software programs. In *Olsen*, TC Summ. Op.

2011-131, a taxpayer incorrectly input some interest income, the IRS hit him for a 20% understatement penalty and the Court reversed it all. The taxpayer had acted in good faith and reasonably the Court reasoned.

Remember,

"reasonable cause" for penalty forgiveness is just about any legitimate reason you can convince one IRS examiner to believe. A tax attorney can help you draft such a forgiveness request. Call me at 405-607-1192. We draft these requests routinely.



IRS FOLDS ON PROFESSIONAL GAMBLING EXPENSES

The IRS knows when to hold 'em and when to fold 'em when it comes to professional gambling expenses. Gamblers have always been able to offset gambling losses against winnings.

Professional gamblers, though, have historically been able to use mileage, food and lodging as losses to offset winnings. However, they have never been able to go below zero. In other words, you could never expense more than your winnings.

Now, bowing to pressure, the IRS will allow gamblers to list these gambling expenses on Schedule C of their 1040 tax returns. A word of caution, though: this is only for "professional gamblers," not recreational ones.

Another word of caution: this only applies to LEGALIZED gambling.

So, who is a professional gambler under the IRS code? The answer is, it's complicated. But, if you are interested in the IRS particulars, give me a call at 405-607-1192. Generally

derive the majority of your income from gambling and it is your intent to make your living in this manner, you fit the bill.

The down-side is that professional gamblers have to pay self-employment tax (15.3%) in addition to personal income tax. Oh, that, and the likelihood of losing your shirt, of course. Happy gaming!

THE IRS
"KNOWS WHEN
TO HOLD 'EM
AND WHEN TO
FOLD 'EM"



'ME INVENT THE WHEEL!'

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IF YOU FIND ANYTHING IN THIS COMMUNICATION TO BE INACCURATE OR MISLEADING, YOU MAY REPORT THE SAME BY WRITING TO THE GENERAL COUNSEL OF THE OKLAHOMA BAR ASSOCIATION PO Box 53036 OKLAHOMA CITY, OK 73152 OR BY CALLING 1.800.522.8065



IRS' TAXPAYERS ADVOCATE OFFICE SAYS YOU CAN HAVE A HELPFUL OR TOUGH IRS, BUT NOT BOTH!

I told you that Congress has given the IRS a dose of what's going on on Main Street for the taxpayers it serves in 2012: a reduced budget for the second year in a row. So, the IRS complains that it won't be able to walk and chew gum at the same time anymore, with these cuts. According to the IRS Taxpayer's Advocate Office, taxpayers will now have to choose between continuing good service (huh?) and enforcement. Ah...choices,

choices. Only 1/3 of scared taxpayers polled by the IRS Oversight Board had the nerve to admit that good service takes a back seat to enforcement at the IRS already. I haven't seen the polls, but I would venture to guess that 100% of this group had dealt first hand with IRS enforcement agents. The IRS also blames Congress' obsession with changing the tax code

Well, the IRS is a work in progress, I suppose. Although, like many of us, its ideology is becoming more conservative with age and adversity. Don't bank on the leaner, more mature IRS to go easy on individual enforcement matters any time soon. If the IRS is taking its hurt feelings out on you, I'm here for you. Call OKC tax lawyer, Travis Watkins, at 405.607.1192 today!