

Leif Jensen and Associates

July 2017

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If you need help preparing your taxes, please call our office to schedule an appointment.

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IRS Private Debt Collection

The Service's private debt-collection program started up just last April. Surprise there are some lawmakers are calling for its demise.

The 2015 statute ordered the agency to turn over many inactive receivables to private debt collectors in an effort to recoup overdue taxes owed by taxpayers.

Granted the IRS has tried this approach twice in the past, but it failed because it lost money, not to mention putting people's private data at risk and generated lots of complaints from taxpayers.

In addition, because collectors are authorized to call the debtors after sending written letters, there are concerns that taxpayers will think collectors who call them are scammers and not legitimate. As advertised by the IRS themselves stated that they never call taxpayers, and calls are from scammers.

This plan was not well thought out before implementation, in my opinion.

IRS and Bankruptcy Case

In this case, taxes shown on IRS-prepared late returns are not dischargeable in bankruptcy.

This is so, even when the taxpayer later files the overdue returns, according to the court.

When a man failed to timely file his tax returns, the IRS audited him and assessed taxes based on substitute returns that the agency prepared.

About one month later, he filed his own Forms 1040 for those years, and IRS reduced the taxes he owed.

But he never paid the taxes. After a few years had passed, he filed for bankruptcy arguing that the tax bill should be wiped out.

An appeals court ruled against him because his filings after IRS assessed taxes were not an honest attempt to comply with the tax law and thus weren't returns for bankruptcy purposes.

If he had applied for a payment plan and make payments, the results most likely would have been different. Ignoring the liability is never a good strategy of dealing with the IRS

Outsourced Payroll

The IRS is again attempting to notify employers that have outsourced payroll tax duties remain liable for unpaid taxes.

Even if the payroll taxes are taken by the payroll agents who then abscond with the employment taxes or fail to make the required deposits or payments to IRS, employers remain on the hook.

The IRS recommends that employers take the following steps to protect yourself if your business uses a payroll agent:

- Enroll in the Electronic Federal Tax Payment System so you can monitor deposits.
- Make sure all correspondence from IRS about payroll taxes goes to your address,

not the agent's.

A 2015 law aimed at protecting employers from crooked payroll agents requires the IRS to send out confirmation notices when it receives an address change.

Use an IRS-certified professional employer organization to handle payroll, if possible.

Take reasonable precautions to protect yourself and your business. For questions or concern call our office.

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