

IRS Help, News, and More

THE IRS TATTLER

8th Edition
April 2018

SHOULD YOU REPRESENT YOURSELF VS. THE IRS?

why not?



TRAVIS W. WATKINS
TAX RESOLUTION AND ACCOUNTING FIRM



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TAX RESOLUTION AND ACCOUNTING FIRM

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 - Deducting Legal Fees
 - Deadlines/Free Coupon

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DIRECT ON HOW
THEY COULD HELP.
THEY GAVE ME
PEACE OF MIND
— RICK P., OKC, OK

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Featured On:

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the failure to make a prompt deposit called the Trust Fund Recovery Penalty (TFRP). If you are the responsible person and you willfully fail to make a timely payment, you may be on the hook for the penalty. It is imperative that you contact an adequate tax attorney if faced with such an issue.

The IRS may assess the penalty against the "responsible person." A responsible person can be an individual or group. The person or persons can be a corporate officer, shareholder or a payroll service provider as long as they have the authority and control over the funds at issue. That authority and control cannot be mere bookkeeping. The person or persons must be authorized to make decisions on where the funds go.

To willfully violate the law, the responsible person knows or should know, that the deposits weren't made. The responsible person may be personally liable for the penalty if they showed an indifference to abiding by the law or intentionally ignored the rules.

IRS employees will decide who is the responsible person in your company and whether that person willfully violated the rule.

The IRS will notify the responsible person via a letter if they uncover an unpaid balance. The letter will notify you of the TFRP and your due process rights and your right to appeal. You will have 60-days from the mailing date of the letter in which to appeal if you wish to do so. You should contact a tax attorney with some experience dealing with the IRS.

The appeal will be an administrative law appeal. The process is less formal than that which you might expect from being sued in court. Because the process is less formal, the responsible person may receive advice that they do not need an attorney to represent them. However, one can and should hire a tax attorney for the appeal. The accused will have the right to present evidence and refute the IRS' position, and an attorney will be able to present the best defense.

You may skip the appeals process and take your case to a federal tax court, claims court or district court. If the administrative appeal is not resolved to your satisfaction, you may appeal the administrative decision to a federal court. In either circumstance, legal representation will be imperative.

If you fail to respond to the notice of the impending TFRP, after the 60-day period has elapsed, the IRS will send you a demand to pay. The IRS publishes several notices and web pages that discuss the TFRP in depth. You should review them with your tax lawyer. There exists other methods outside litigation in resolving any taxes or funds the IRS claims that you owe. A skilled tax attorney may be able to help resolve matters with little interruption in the operation of your business or your life.

It is better to ensure you avoid the trust fund penalty by filing timely payroll tax returns and paying over payroll taxes. We will focus on your business success and take control of your tax burden for you. Payroll taxes are really the most difficult types of IRS tax debts to negotiate successfully. Uncertainty about your future may be mounting as you try desperately to find a way to pay a debt that you have little or no funds to cover. There are many options that we can provide to give you a good night's sleep again. Call Travis W. Watkins Tax Resolution and Accounting firm today for your Free consultation at 800-721-7054.

IRS GRANTS OFFER IN COMPROMISE!

A recent client attempted an Offer in Compromise on his own, but gained no ground on resolving the insurmountable debt. His tax burden kept accumulating penalties and interest during the lengthy convoluted process and just became too much to deal with alone. Once coming to Travis W. Watkins Tax Resolution and Accounting Firm we were able to successfully negotiate an Offer in Compromise and save him 86% of his \$576,877.17 tax liability.

Having the feeling of being underrepresented is a struggle of itself. We

are here to get your life back on track with the IRS and are 100% devoted to having you feel stress-free with resources for the future.

BEHIND ON PAYROLL TAXES?

Employers must withhold payroll taxes from employee wages and make the required payments to the Internal Revenue Service. The responsible person in the business holds these funds in a trust until the business makes the payment in the form of a federal tax deposit. Congress has set a statutory penalty for

**86% SAVED ON
\$576,877.17 LIABILITY!**

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MEET OUR TEAM



-Madison Mueller, Tax Preparation Coordinator/Marketing Director

Madison works as the Tax Preparation Coordinator at Travis W. Watkins Tax Resolution and Accounting Firm. Madison graduated from the University of Oklahoma, with a Bachelors of Arts

degree. Madison majored in Human Relations, and has several years of sales experience. She loves meeting new people, and making new connections. Her family is very important to her. Madison also has

a golden retriever named Huck. When Madison isn't working she loves spending time with her family, and attending OU football games.

RAPPER DMX MUST PAY \$2.3M FOR TAX EVASION

Rapper DMX is being sentenced to 12 months behind bars for tax evasion. He had previously faced up to 40 years after he was arrested and charged with 14 federal counts last July. DMX struck a plea deal for leniency with prosecutors last

winter. He pleaded guilty to just one count of tax evasion, which carries a maximum sentence of five years. DMX after his sentence is served, the court has allowed him to make repayments in monthly installments, which is 10% of his gross monthly income.

The rapper has struggled with drugs and alcohol in the past, so the judge has also ordered him to complete outpatient programmes for substance abuse and mental health following his sentence.



DMX. (Streeter Lecka/BIG3/Getty Images)
WENN. (2018, April 03). DMX must pay US\$2.3M in restitution for tax evasion. Retrieved April 03, 2018, from <http://canoe.com/entertainment/celebrity/dmx-must-pay-us2-3m-in-restitution-for-tax-evasion>



“It was easy and pain-free. Wish I had decided to contact them sooner. They made me feel at ease on something that has been eating away at me for years.”

— Thomas P., OKC, OK

WANTING TO DEDUCT LEGAL FEES? THINK AGAIN...

The new tax reform law means it's more likely than ever that plaintiffs will have to pay taxes on their gross recoveries from lawsuits. Contingent or hourly legal fees may no longer be deductible on tax returns. This means that on a \$100,000 settlement where 40% goes to the attorney, the client is likely to be taxed on the full \$100,000, even though the client only nets \$60,000. Getting separate checks, one for the attorney and the other for the client, won't solve the problem.

This applies to many contingent personal injury cases, such as settlements where clients receive punitive damages related to a motor vehicle accident. Clients of qualified personal injury cases do catch a break. The new law won't affect cases where the entire recovery is tax free, but that doesn't apply to a lot of cases.

The other place plaintiffs can make use of an above-the-line deduction of attorney fees is when the suit is related to the plaintiff's trade or business. It's still possible that, if the client is in business, and the lawsuit relates to the business, the client could potentially deduct the legal fees as a business expense.

The rest of the time, with few exceptions, the client is likely to be on the hook for taxes on the full recovery amount. Before now, even when clients couldn't take an above-the-line deduction, they could still take a below-the-line deduction by listing legal fees as a miscellaneous itemized deduction for legal fees is gone.

Because of these changes, it's particularly crucial to discuss tax consequences with clients and plan for them. Otherwise, clients are likely to be shocked when presented with a tax bill for substantially more money than they actually received. This news may also affect how much a case is settled for, or if a settlement is reached at all.

With the complications brought on by the new tax laws, referring clients to a tax attorney is now more important than ever. A tax attorney can identify key parts of the tax code to utilize to help mitigate the client's overall tax burden, leaving more money in the client's pocket and less sent to Uncle Sam. Why let unanticipated tax consequences undermine a successful settlement when you can call in a professional to prevent it? Call Travis W. Watkins Tax Resolution and Accounting firm for your Free consultation at 800-721-7054 or visit TravisWatkins.com



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*Have You Filed Your
2017 Tax Return?
DUE: APRIL 17, 2018*



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"WE PROVIDE TROUBLED TAXPAYERS WITH A CUSTOMIZED, ACTIONABLE PLAN TO FILE OLD RETURNS, NEGOTIATE WITH THE IRS AND STOP IMMEDIATE THREATS TO THEIR LIVELIHOOD, SO THEY CAN GET A GOOD NIGHT'S SLEEP AGAIN."

TRIVIA QUESTION:

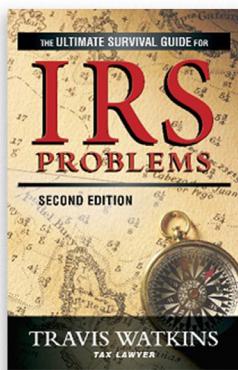
THE FEDERAL TAX CODE WAS 400 PAGES IN 1913. IN 2010 IT WAS HOW MANY PAGES?

- A) 70,000 B) 4,000 C) 25,000

PREVIOUS QUESTION/ANSWER:

ON AVERAGE, HOW MUCH DO AMERICANS SPEND EVERY YEAR DOING THEIR TAXES?

- A) \$27.7 BILLION



FREE
IRS Survival
Book

Redeem this coupon in one of our 4 locations for your FREE copy of *The Ultimate Survival Guide for IRS Problems*. You can also download your FREE version at TravisWatkins.com.



DEADLINES:

- April 17, 2018-Individual Tax Returns due, Individual Tax Return Extension Form Due, 1st Qtr 2018 Estimated Tax Payment Due, and Last Day to Make a 2017 IRA Contribution

