

The Professional Edge

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Tax Help Associates Assists Large Corporate Clients: Penalties Abated - Refunds Issued

Tax Help Associates has successfully assisted many clients by effecting the Abatement of Penalties

and Interest that the IRS assessed them for failure to timely deposit and/or failure to timely pay over payroll taxes, or to timely File returns.

Penalties assessed automatically.

Senator William V. Roth, Jr. Chairman of the Senate Finance Committee that oversees the IRS says that "penalties are out of control." Former IRS Commissioner Charles Rossotti said "a very big source of the problem is...that 90 percent of the collection activity that we do in the IRS is after six months and by that time no matter what structure you have, you've got interest and penalties built up." The IRS notes that most tax penalties are assessed automatically by computer when taxpayers fail to do something, such as remit full payment of their tax due.

Certain Civil Penalties can be abated due to Reasonable Cause. The IRS defines Reasonable Cause as "those reasons deemed administratively acceptable to the Service for justifying the abatement of penalties." Some common reasons are death, serious illness, fire, casualty, national disaster and lack of necessary records. Some IRS code sections require Ordinary Business Care and Prudence, while others require evidence that the taxpayer acted in Good Faith. It is the taxpayer's burden to establish Reasonable Cause.

Reasonable Cause.

Every Request to abate penalties is a unique situation. The merits of each claim need to be determined based on the events of the parties involved and whether or not the taxpayer exercised ordinary business care and prudence but due to circumstances or events beyond the taxpayer's control he was unable to meet the tax requirements. Documentary evidence needs to be submitted with each claim to support the abatement request. The IRS will not usually accept self serving uncorroborated written statements of the taxpayer.

Tax Help Associates has the expertise to interview clients in depth to identify and develop acceptable reasonable cause and the ability to gather documentary evidence including court cases to prove that ordinary business care and prudence was exercised but events beyond the clients control caused the assessment of the penalties and interest.

Recently Tax Help Associates represented a corporation that did not timely make Federal Tax Deposits to pay their payroll taxes. IRS penalties and interest assessed against the corporation totaled over \$310,000. Tax Help proved that the delay in deposits and payments was due to reasonable cause beyond the control of the corporate officers. We identified unique tax court cases that supported our claim that governmental agencies (traditionally slow payers) that were the company's main customers, caused the corporation not to meet its tax obligations. The governmental agencies had not paid for services on a timely basis as specified in their contractual

Every request to abate penalties is a unique situation...

Tax Help Associates has the expertise and experience...

agreement. Subsequently, the IRS abated the penalty and interest assessments and issued refunds to the corporation.

In another situation, a corporate client timely filed payroll returns without payment. Penalties and interest exceeded \$425,000. Tax Help proved to the government that non-payment of the tax was due to reasonable cause. The corporation had a \$1,000,000 fire at one of its job sites and it paid fire cleanup costs, operating expenses and net payroll rather than pay their payroll taxes. Tax Help proved by documentary evidence that there was a fire and protracted negotiations with the



CPAs Turn to Tax Help to Resolve Their Clients' IRS and State Tax Problems

Joseph D. Cipolla, CPA, EA
President, Tax Help Associates

Tax Help Associates is a natural extension of your staff..

When a client asks their accountant for legal advice, they are usually referred to a lawyer. When the same client asks for help with tax problems, most financial professionals will try to assist their client in resolving the situation. Sometimes due to the depth and complexity of the tax problem, it may fall outside their area of expertise. At these times, it is important to know where to turn for support.

Tax Help Associates assists CPAs and other financial professionals as an extension of their staff. The experts at Tax Help are former IRS employees with over 100 years experience, and know what it takes to resolve the most serious tax problems. Tax Help will serve as a "sub-contractor," aiding your client without actual contact, or, if you prefer, you can directly refer your client to us and we will keep you informed of the progress and outcome.

We have many years of experience handling tough tax cases. Tax Help President, Joseph D. Cipolla, CPA, EA retired from the IRS after 25 years to form his own business. He saw the opportunity to use his expertise to help individuals and businesses resolve their tax problems. Cipolla is most proud of the accomplishments of his staff, most of whom measure their IRS experience in decades as former IRS Agents and Officers. They provide a professional edge in dealing with the IRS from the inside out.

When you feel our expertise can fill your needs or benefit your client, please contact one of our staff to discuss how we can help resolve your clients' tax problems.

Penalties Abated continued *from front*

insurance carrier delayed the receipt of the insurance proceeds. It was also documented that corporate officers unsuccessfully attempted to obtain sufficient funding to timely pay their payroll tax liabilities. Immediately the IRS abated all penalty and interest assessments.

Tax Help Associates has the expertise and experience to identify root causes for the non-deposit and/or payment of payroll taxes, with specific emphasis on identifying and documenting a reasonable cause issue acceptable to abate penalty and interest assessments.

THE PROFESSIONAL EDGE

is published by Tax Help Associates. For additional copies of this news-letter or for answers to your specific questions contact:

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Tax Help Associates' Offers in Compromise accepted by the IRS

	OWED	PAID	SAVED
INSURANCE SALESMAN, Staten Island, NY	\$563,000	\$77,700	\$485,300
SOLE PROP.-CONSTRUCTION, Bridgeport, CT	\$296,000	\$28,000	\$268,000
RETIRED RESTAURANT OWNER, Cairo, NY	\$300,500	\$10,000	\$290,500
EDUCATION ADVISOR, Brooklyn, NY	\$ 56,000	\$ 2,535	\$ 53,465
IRON WORKER & WIFE, WAITRESS E. Brunswick, NY	\$167,000	\$ 6,500	\$160,500
RETIRED, Staten Island, NY	\$ 35,000	\$ 2,000	\$ 33,000
SALES EXECUTIVE, New York, NY	\$165,000	\$18,000	\$147,000
SOLE PROP.-SYSTEMS CONSULTANT, Madison, CT	\$100,000	\$ 5,000	\$ 95,000
SOLE PROP.-CABLE INSTALLER, Wappinger Falls, NY	\$ 50,000	\$ 3,000	\$ 47,000
DOCTOR, Greenwich, CT	\$365,000	\$84,200	\$280,800
SOLE PROP.-PACKAGE DELIVERY, Rochester, NY	\$ 49,000	\$ 2,500	\$ 46,500
INSURANCE AGENT, Stamford, CT	\$200,000	\$75,000	\$125,000
SALESMAN FOR TITLE INSURANCE, Vorhees, NJ	\$135,000	\$ 5,155	\$129,845
PAINTER, New Milford, NJ	\$ 83,000	\$ 3,000	\$ 80,000