

TRN

TAX REP NETWORK

CNC Status and RCP: How to calculate "Reasonable Collection Potential"

Eric L. Green

Housekeeping Items

- Criminal Tax Day
- 2018 NE IRS Representation Conference
- \$100,000 Challenge



The Criminal Tax Investigation

- Full-day Program
- Thursday May 17, 2018
- Agenda will follow
- 8 CPE credits



Quinnipiac
UNIVERSITY
Law

2018 New England IRS Representation Conference

- Thursday 11/29/18 – LITC Workshop
(Quinnipiac Law)
- Friday 11/30/18 – Mohegan Sun
- Members get free access
- Book your hotel early!



The four blogging topics for this month are:

- The 10-Year Collection Statute – why its so important
- Tax Transcripts – why they matter
- Options for resolution – uncollectible, installment agreement or offer-in-compromise
- What is uncollectible status and how to obtain it

\$100,000 Challenge

Get free programming through Tax Genius

Reasonable Collection Potential

- Gross monthly income
- Allowable expenses
- Determine future income
- Net equity in assets (QSV)
- $FI + NE = RCP$



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So what is CNC Status?

- CNC, or Uncollectable is where a taxpayer does not show the ability to make payments against their tax debt
- Statute keeps running
- No levy action
- Liens may be filed



Financial Guidelines



- Gross monthly income
- Allowable v. actual expenses



National Standard *Food, Clothing*

Expense	One Person	Two People	Three People	Four People
Food	345	612	737	845
Housekeeping Supplies	32	65	66	65
Apparel & services	83	138	193	293
Personal Care	36	63	73	77
Misc	143	254	309	370
Total	\$639	\$1,132	\$1,378	\$1,650

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National Standard *Out of Pocket*

Out of Pocket Costs

UNDER AGE 65	\$49
65 AND OLDER	\$117



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National Standard *Auto/Public*



Public Transportation	
National	\$189



National Standard *Auto/Public*

Ownership Costs		
	One Car	Two Cars
National	\$485	\$970



Local Standards



By state
and county



By region



Practitioner Secret!



Additional \$200 a month for operating an older vehicle (Offers only!)

IRM 5.8.5.22.3



Financial Guidelines

Expense	Actual or Allowable
Food, Clothing and Misc	National Standard
Housing and Utilities	Lesser of Actual or Local Standard
Automobile - Ownership	Lesser of Actual or National Standard
Automobile - Operating	Local Standard
Public Transportation	National Standard
Health Insurance	Actual
Out of Pocket Health Care Costs	Higher of Actual or National Standard
Court Ordered Payments	Actual
Child/Dependent care expenses	Actual (must be necessary)
Life Insurance	Actual (must be reasonable)
Current Year Taxes	FIT, FICA or SE, SIT, Local
Secured Debts	Actual
Delinquent State Taxes	Percentage of State v. Federal Debt

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On another note – how do you close the company

- Cease operating
- Liquidate the entity
- Reduce the liability to TFRP
- Issues of the assets – have attorney do the sales documents (appraisal issue)
- Form 14135
- Tax liens & Nominee issues



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Questions?



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