

How to Build a Scalable and Highly Profitable IRS Rep Practice

Eric L. Green, Esq.

TRN
TAX REP NETWORK

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Eric Green, Esq.

- ▶ Managing partner in Green & Sklarz LLC, a boutique tax firm with offices in Connecticut and New York.
- ▶ Focus is civil and criminal taxpayer representation before the Department of Justice Tax Division, Internal Revenue Service and state Departments of Revenue Services.
- ▶ Eric is a contributing columnist for Bloomberg Tax and has served as a columnist for CCH's Journal of Practice & Procedure.
- ▶ Attorney Green is the past Chair of the Executive Committee of the Connecticut Bar Association's Tax Section.
- ▶ Eric is a Fellow of the American College of Tax Counsel ("ACTC").



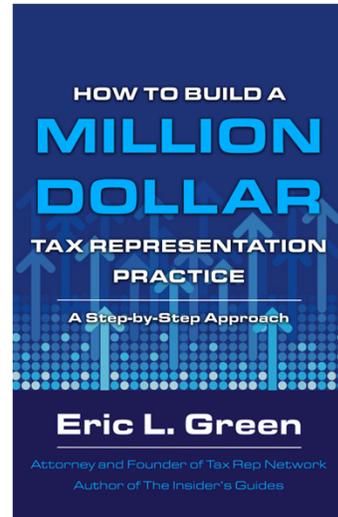
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Book release

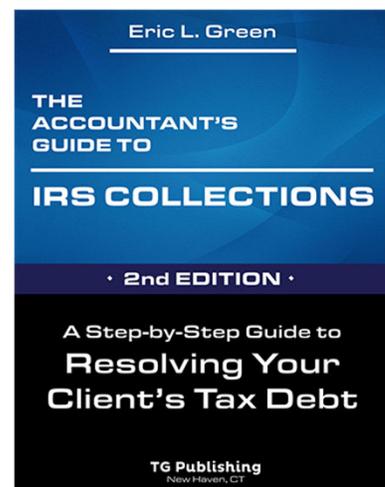
- ▶ New Book is out (Audible book expected 1/31)
- ▶ How I did what I did
- ▶ Success is yours, however discipline is required!
- ▶ <https://tgpublish.com/million-dollar/>



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Join me for In-House Offers-in-Compromise Training

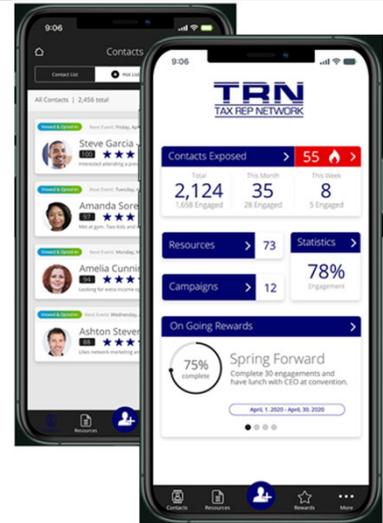
- ▶ Monday January 30th
- ▶ 1:00 pm – 5:00 pm
- ▶ Join the Green & Sklarz Staff for our own in-house Offer training
- ▶ It is how we do what we do
- ▶ Limited to 100 non-G&S attendees
- ▶ \$199, Ebook on Collections is our gift (\$99 value)
- ▶ <https://taxreplc.com/20230130-inhouse-oic/>



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Tax Rep App – FREE Version is out

- ▶ App is available
- ▶ Download “Rapid Funnel”
- ▶ Use group code “TRN”



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Agenda

- ▶ The process
- ▶ Training your staff
- ▶ Onboarding
- ▶ Checklists
- ▶ Tracking
- ▶ Resolution
- ▶ Creating the annuity

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The demand is huge...and its not lawyers doing this!

- ▶ More than 10 million non-filers (TIGTA Report, 5/29/20)
- ▶ More than \$15 million in collection (Data Book plus Inventory Assigned to PDCs)
- ▶ 82% reduction in tax attorneys who handle tax rep/controversy work (865 in 2014 to 163 in 2022) ~ per Martindale Hubble

So what is IRS Representation (Tax Rep)

- ▶ Non-Filers
- ▶ Audits
- ▶ Appeals
- ▶ Penalty Abatement
- ▶ Resolving Back Tax Debts



Why it is so lucrative...

- ▶ Audit: \$5,000 retainer (billed hourly)
- ▶ Innocent Spouse: \$5,000 retainer (billed hourly)
- ▶ Collection (IA, CNC, OIC): \$2,500 analysis, flat fee
- ▶ Collection Resolution (IA/CNC): \$4,500 – the \$2,500 analysis, so \$2,000
- ▶ Offer-in-Compromise (OIC): \$6,000 - \$2,500 analysis, so \$3,500
- ▶ Offer Appeal: \$2,500 billed hourly

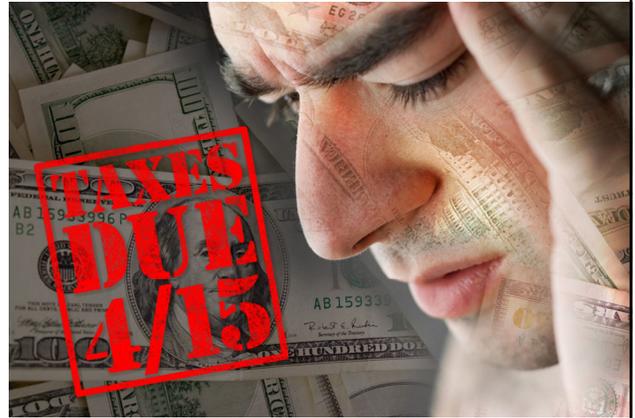
Oh yeah, before we move on...

- ▶ Whatever your hourly rate is...
- ▶ Increase it by \$100 per hour
- ▶ Your fees, don't need to match mine, but DO understand your value!



Why do clients come to us?

- ▶ Because of our ability to fill in forms?
- ▶ Because we can explain the process oh so well?
- ▶ Because of the sleek exterior we have?



They come because...



- ▶ We can end the pain!
- ▶ We can end the sleepless nights, the fighting with the spouse, get rid of liens, compromise away tens of thousands or even millions of dollars!

IRS Representation

- Is about process and formula
- The process – both audit and collection – are linear
- Collections comes down to a formula

$$FI + NE = RCP$$

(Future Income + Net Equity in Assets = Reasonable Collection Potential)

Critical: Line Up Your Process

- How are we finding clients?
- What happens when they call?
- How do we get paid?
- How does the information get into the firm?
- How do we get the work done?
- What happens when the case is over?

So where are clients?

- Everywhere (25 – 35 million of them)
- Biggest challenge is making sure people know you do this
- Get the message out to your existing clients and network



The Services...?

- Penalty abatement
- Challenging assessed taxes
- IRS Exams
- Appeals
- Resolving Payroll Tax Issues
- Sales Tax
- Criminal Tax Investigations and Prosecution
- Bookkeeping
- Forensic accounting
- Tax Return Prep
- Offers-in-Compromise
- Installment Agreements
- Uncollectible Status
- Transcript analysis
- Tax Liens
- Tax Levies

Line Up Your Technology

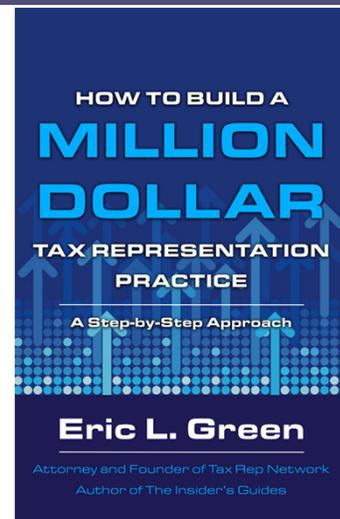


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Remember the ABA story in the book

- ▶ Worse fight I've had with my wife
- ▶ Is this really necessary?
- ▶ Don't worry – I will make money with it!



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Each component generates income

- ▶ ENQ – shaves 5 hours a week off the hold time (x \$300/hr for Amanda) = \$1,500 of billable time
- ▶ Anchor – is free and gets us paid, dripping the potential client until they sign and alerting us when the money shows up
- ▶ RC Reports – created an annual annuity of 25 S-Corps x \$750 = \$18,750/yr
- ▶ THS – handles or rep clients and forms, transcripts, and we make \$73,000 a year on monitoring the client's IRS accounts
- ▶ Free revenue of \$91,750, and have my EA bill clients an extra \$72,000 a year from time we no longer waste on hold



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Nice Job

- ▶ Get 5-star reviews from your clients
- ▶ It helps get more clients
- ▶ We went from 80 to 172 in 3 hours!
- ▶ Its Tax Season – get the clients to do this now!



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The client call....



- So the phone rings
- The potential client wants help
- And then the story starts....

Because of this...

- All calls are directed to Nicole (my admin)
- Nicole completes the intake form
- Does the Intake form



Questions

- Intake circulated
- Do we want this client?
 - a. Do we handle this?
 - b. Does it make economic sense?
 - c. Is this client crazy?

NEW CLIENT INTAKE FORM

|

Name: _____

Telephone Number: _____

Email: _____

Who referred you to us? _____

Who is your tax preparer? _____

I need tax help with:

Internal Revenue Service (IRS)

State (which one) _____

Define tax matter:

Personal Income Tax

Corporate, Partnership or other entity

Trusts and Estates

Foreign

Cryptocurrency

Tax planning

Have you received any written communications from the taxing authority? Yes ___/ No ___

Please attach the most recent correspondence from the taxing agency. [Completion of the form or submission of correspondence does not establish an attorney/client relationship.]

The Consult

- ▶ What type is it?
 - Transcript Analysis? \$1,500
 - Collection Analysis? \$2,500
 - Strategy Consult? \$750

Why the Consult...and why the fee?

- If we do not charge a fee, guess what we will spend our day doing?
- It confirms they are serious
- Also, what are we doing?



What are we doing?



- CNC?
- Installment Agreement?
- Offer-in-Compromise...and if so, periodic or lump-sum?

anchor

- My Dashboard
- Agreements
- Proposals
- Drafts
- Invoices 8
- Payouts
- Contacts 353
- Services

- Help
- Notifications
- Add charge

Hi Eric!

Agreements pipeline

Pending proposals \$46,992	Approved agreements \$968,432.04
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Pending invoices

Require attention \$734

Expected earnings for January 2023 - only for issued invoices

In your bank account \$92,368.67	Collected successfully \$1,058.50	Pending verification \$1,310
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Notifications center

- Agreement with KeyStone LLC was approved by Marc Wise 13 hrs ago
- A payout of \$395 was deposited to your bank account on 1/20/2023, 2:00 AM. 14 hrs ago
- A payout of \$429.50 was deposited to your bank account on 1/19/2023, 2:00 AM. 1 day ago
- A payout of \$143 was deposited to your bank account on 1/19/2023, 2:00 AM. 1 day ago
- Amendment to the agreement with Glow Global Inc was approved by John Benron 2 days ago
- Amendment to the agreement with Home Trust Bear Fin LLC was approved by Lilly Pasuto 2 days ago
- Amendment to the agreement with Sky Labs LLC was approved by Judy Micsri 2 days ago
- A payout of \$1,928.50 was deposited to your bank account on 1/18/2023, 2:00 AM.

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Drafts

+ Send an agreement

Company name	Modified by	Last modified
(Tax Preparation Engagement Letter - Individuals (Template))	Noa Melamed	5 days ago
(Tax Preparation Engagement Letter - Entity (Template))	Noa Melamed	5 days ago
(Tax Consulting Engagement Letter Template)	Noa Melamed	6 days ago
(Tax Audit Engagement Letter Template)	Noa Melamed	6 days ago
(Tax Collection Engagement Letter - Hourly (template))	Noa Melamed	6 days ago
(Tax Collection Engagement Letter - Flat Fee (template))	Noa Melamed	6 days ago
(Streamlined IA Template)	Noa Melamed	6 days ago
(First Time Abate and Streamlined IA Template)	Noa Melamed	6 days ago

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anchor

Proposals + Send an agreement

16 proposals awaiting approval, total annual value \$46,992

Search... Proposal status ▼ Clear

Company name	Annual income	Sent date	Status	Status update
Claro Books	\$4,630	1/16/2023	Reviewed by client	3 days ago
Perry Finance	\$490	1/13/2023	Reviewed by client	4 days ago
Mar Tech Legal Corp	\$5,910	12/18/2022	Reviewed by client	7 days ago
Steve Douglas CPA	\$1,418	12/9/2022	Reviewed by client	12 days ago Review
SureLine LLC	\$1,640	12/26/2022	Reviewed by client	1/4/2023
Levin,Gordan & Smoth Inc	\$5,910	12/16/2022	Reviewed by client	12/24/2022
Border Rock Consulting	\$3,224	12/18/2022	Reviewed by client	12/20/2022
Daglaso Construction LLC	\$2,210	3/18/2022	Reviewed by client	3/21/2022
Native Shield Tech	\$4,340	1/19/2023	Proposal sent to client	1 day ago
Green Wellness	\$5,910	1/16/2023	Proposal sent to client	4 days ago
Spring International	\$0	12/3/2022	Proposal sent to client	12/3/2022
KPG law	\$8,380	11/9/2022	Proposal sent to client	11/9/2022

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anchor

Proposals + Send an agreement

16 proposals awaiting approval, total annual value \$46,992

Search... Proposal status ▼ Clear

Claro Books proposal review ✕

- ✔ **Proposal sent to client**
 1/16/2023, 8:53 PM
- ✔ **Client reviewed proposal**
 1/17/2023, 7:47 PM
- Automatic email reminder sent by Anchor
 1/19/2023, 1:01 PM
- Client connected payment method
- Client approved agreement

The client opened and reviewed the proposal but needs to approve the terms and services

You can contact the client to make sure that the terms and services are as expected, and update if required.

If the agreement is not approved by 1/20/2023, an automatic reminder will be sent by Anchor.

Copy link to proposal
Send reminder now

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Agreements + Send an agreement

335 approved agreements, annual value \$968,432.04

Search... Agreement status

Company name	Annual income	Effective date	Notifications
Goldner, Sipes and Haley	\$1,350	11/3/2021	
Thiel Inc	\$1,051	2/15/2022	1
Sanford Books PLC	\$7,350	3/13/2022	
Renner, Spinka and D'Amore	\$1,800	4/19/2022	View
Marison Development LLC	\$370	12/6/2022	
Satterfield and Sons	\$3,240	4/11/2022	
Osinski, Spencer and Price	\$4,320	4/11/2022	
Gaylord Group PLLC	\$1,280	5/18/2022	
Wisoky Inc	\$3,834	3/17/2022	
Larson Kris Global	\$2,874	9/1/2022	
KHG Holding	\$6,504	4/29/2022	
Alex Hermos IT Tech	\$2,070	11/26/2021	1

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Example: "I want an Offer-in-Compromise."

- Phone rings
- He owes \$100,000
- He makes \$70,000
- Can he do an Offer-in-Compromise?



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Example: “I want an Offer-in-Compromise.”

- Honestly, I have no idea: equivalent of “Hey, can you get me a refund on my 2022 tax return?”
- Is he single or married with 4 kids?
- Is the debt all from 2021 or from 2015?
- Is he in great health or have major medical expenses?



We charge \$2,500 for the analysis

- ▶ “I can’t afford that” says the potential client to Nicole
- ▶ “We do not know if you are an Offer candidate or not until we do the complete analysis, and we cannot suggest any strategies without it. We don’t file offers that are a waste of our time and your money.
- ▶ We charge \$6,000 for an Offer. The way we work is we charge \$2,500 and do the analysis. If you are an Offer candidate, we would then charge \$6,000 MINUS what you already paid, so just another \$3,500.
- ▶ Its better than paying \$6,000 and then just filing and praying it works.”
- ▶ “That actually makes sense...” says the new client

Closing rate

- ▶ 99.9% pay for the consult
- ▶ They like we are a real firm, in a place they can see, and people they can talk to
- ▶ Do not fear scaring away potential clients – if they wont pay for the consult then you don't want them anyway
- ▶ We do not take long-term payment plans, we do not barter, and we cannot charge a content fee (Circular 230 violation)

Example

- He owes money from 2019-2021, and it is \$100,000
- His net equity in assets is \$10,000
- His future income is \$1,000 a month, so:

Balance	\$100,000
Assets	(\$10,000)
Balance after assets	\$90,000
\$1,000/mo x CSED of 96 mos	(\$96,000)
FULL-PAY, No OIC	\$0 – unpaid balance

Example

- We realize he does not have disability insurance or life insurance
- We get him term life insurance of \$100/month
- Get him Disability Income Insurance for \$325/month
- Now his future income is $\$1,000 - \$425 = \$575$

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Example

- **He can compromise** the tax debt
- His net equity in assets is \$10,000
- His future income is $\$575 \times 12 = \$6,900$

Balance	\$100,000
Assets	(\$10,000)
Balance after assets	\$90,000
\$575/mo x CSED of 96 mos	(\$55,200)
OIC – cannot full pay!	\$34,800 unpaid balance

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Now its time for the consult

- Set up the meeting (phone, zoom or in-person)
- Walk the client through the options
- Show our expertise



Consult is Over

- Initial engagement is over
- Does the client want to move forward with our recommendations?
- If so we start a new engagement

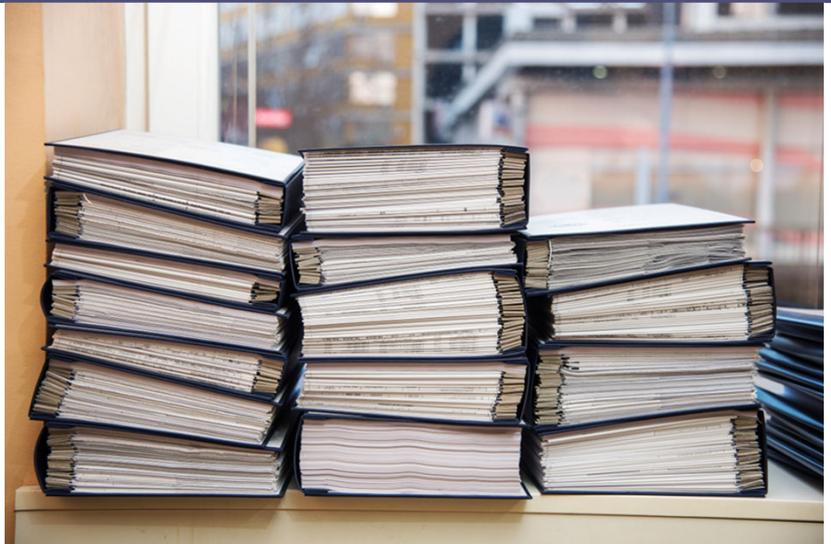
New Documents are sent

- Full Engagement Letter
- Payment Link (\$6,000 for Offer - \$2,500 already paid)
- Power of Attorney (if we did not get it initially)
- Link with list of documents needed

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Engaged

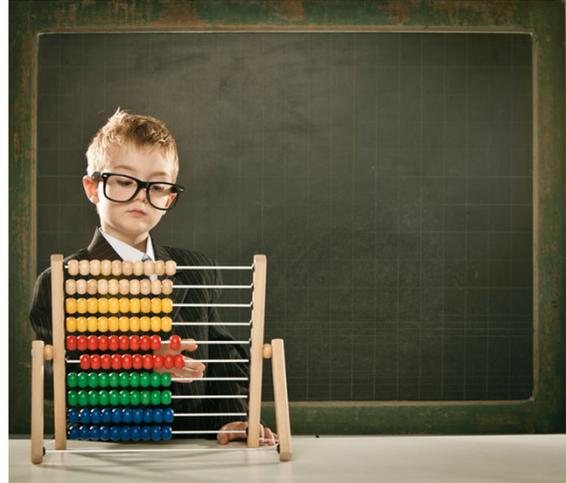
- Retainer signed
- Payment made
- Documents uploaded
- POA uploaded



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Now we do the work

- Admin reviews the client documents
- Submit the POA to the IRS and State (if have not done so already)
- Prepare the IRS Forms
- Partner Reviews



Client Review and Signature



- Forms sent to client for review
- Edits are made if the clients sees things that need to be adjusted
- Final forms are signed and uploaded to us

Practice Point:

- Do not have the client sign a blank CIS (433)
- May be convenient, but
- If something is missing, you don't want to be the target



Example

- This is why we do the consult
- Because we reviewed his situation in detail, we saw the opportunity
- Legitimately adjusted his RCP

Example

- **Saved him \$83,100** (\$100,000 - \$16,900 paid with the OIC)
- His OIC Fee: \$6,000 - \$2,500 we already charged
- 99.9% of clients sign up



And Now...We Wait...

- File the documents with the IRS
- Call to get a hold (RO or ACS)
- Wait to hear



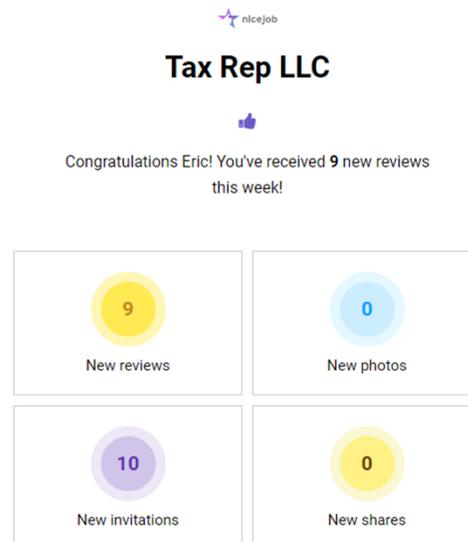
And then....

- ▶ Its accepted!
- ▶ Or not, and we go to Appeals
- ▶ And then its accepted!



Need a review

- ▶ Ask before client leaves
- ▶ Get them while they are happy!
- ▶ NiceJob to the rescue...



Creating the Annuity

- ▶ Transcript monitoring
- ▶ Quarterly Tax Alerts/Updates
- ▶ Reasonable Comp Analysis
- ▶ Semi-Annual Consults

**Tax Help
Software**™

RC Reports
Reasonable Compensation Simplified™



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Go get set-up

- ▶ Anchor: <https://www.sayanchor.com/taxrep>
- ▶ Nice Job: <https://start.nicejob.com/tax-rep-network>
- ▶ RC Reports: <https://trn.rcreports.com/>
- ▶ Tax Help Software: <https://TaxHelpSoftware.com>

Two-Week Trial: TAXREPTRIAL

10% discount: TAXREP10

- ▶ ENQ: <https://callenq.com/trn/>

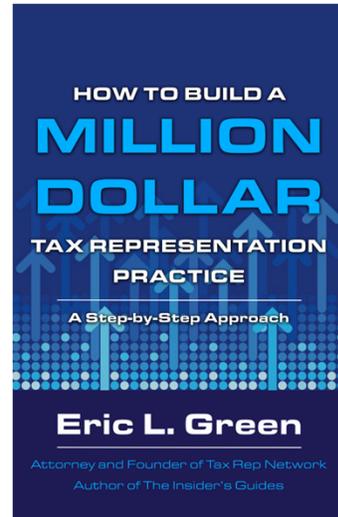
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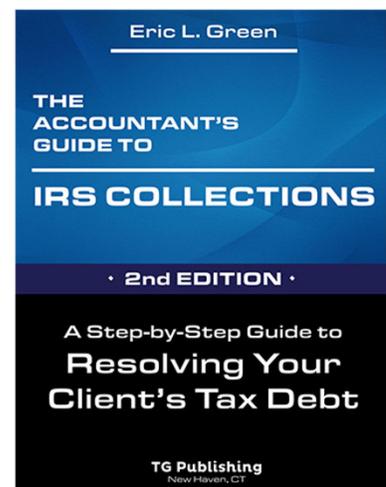
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Come & Join Tax Rep: We Create Tax Rep Heroes!

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<https://TaxRepLLC.com>



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Q & A



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