

# How Non-Tax Lawyers Can Build a Scalable and Highly Profitable IRS Representation 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. <https://gs-lawfirm.com>
- ▶ 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").

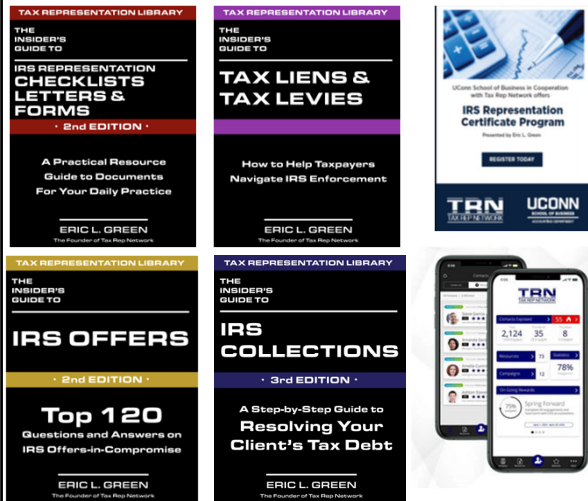


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## Eric Green, Esq.



- Eric is the host of the weekly Tax Rep Network Podcast
- Eric is the founder of Tax Rep Network, an online community designed to help tax professionals build their IRS Representation Practice
- He is the author of the Accountant's Guides in IRS Representation
- Partnered with UConn and creator of the IRS Representation Certificate Program
- Creator of the Tax Rep App

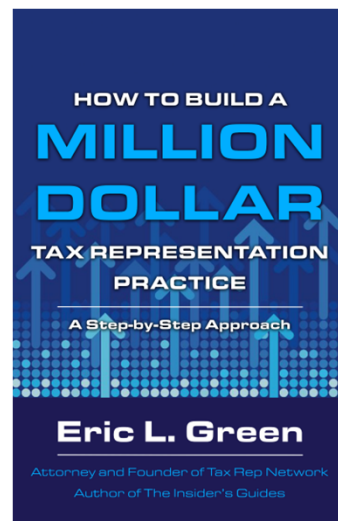


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## Book release

- ▶ New Book is out:  
<https://tgpublish.com/million-dollar/>
- ▶ How I did what I did
- ▶ Easy to follow, though discipline is required



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## Agenda

- ▶ Why Tax Rep is lucrative
- ▶ No Tax Knowledge Required: Process & Formula
- ▶ Leverage and Scale
- ▶ The Tech Stack
- ▶ Selling these services
- ▶ Pricing
- ▶ What to do TODAY



## The demand is huge...and its not tax 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)  
~ 25 million + in trouble
- ▶ 82% reduction in tax attorneys who handle tax rep/controversy work (865 in 2014 to 163 in 2022) ~ per Martindale Hubble  
~ No one leaves the government anymore...

## So why do this – resolving tax debts?

- ▶ Non-Dischargeable taxes: payroll taxes, recently filed income taxes, sales taxes (state)
- ▶ Real estate closing or refi
- ▶ The need is massive, few accountants or attorneys do this
- ▶ You're already doing most of the heavy lifting with the bankruptcy/closing (schedules, etc)



## This practice is process and formula

- ▶ If you can do a Chapter 7 or a real estate closing – you can do this!
- ▶ The process is straight forward
- ▶ The formula is easy enough to understand

# Why Add This To Your Practice?

## The Current IRS Landscape

Year	Accounts in Collection
2005	6,478,000
2006	7,074,000
2007	8,240,000
2008	9,232,000
2009	9,667,000
2010	10,391,000
2011	10,809,000
2012	11,464,000
2013	11,721,000
2014	12,410,000
2015	13,371,000
2016	14,005,000
2017	14,080,000
2018	14,386,000
2019	15,002,000

# More Than 10 Million Non-Filers

## TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Office of Audit

### Highlights

HIGH-INCOME NONFILERS OWING BILLIONS OF DOLLARS ARE NOT BEING WORKED  
BY  
THE INTERNAL REVENUE SERVICE

Final Report issued on May 29, 2020

Highlights of Reference Number: 2020-30-015 to the Commissioner of Internal Revenue.

#### IMPACT ON TAXPAYERS

The gross Tax Gap is the estimated difference between the amount of tax that taxpayers should pay and the amount paid voluntarily and on time. The average annual gross Tax Gap is estimated to be \$441 billion for Tax Years 2011 through 2013, and approximately \$39 billion (9 percent) is due to nonfilers, taxpayers who do not timely file a required tax return and timely pay the tax due for such delinquent returns. According to the IRS, high-income nonfilers, although fewer in number, contribute to the majority of the nonfiler Tax Gap.

#### WHY TIGTA DID THE AUDIT

In past audits, TIGTA identified serious lapses with the IRS's nonfiler strategy. This audit was initiated to determine whether the IRS is effectively addressing high-income nonfilers and if the new nonfiler strategy and related plans sufficiently include this segment of nonfilers.

#### WHAT TIGTA FOUND

The IRS is still in the process of conducting testing; however, the new nonfiler strategy appears to

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# Cannot Pay

**TAX** Practice  
Advisor

HOME

| INDIVIDUAL INCOME TAXES

## A Third of Americans Say They Can't Pay Their Taxes This Year Due to Covid

With record high unemployment, the TaxAudit survey shows the burden faced by taxpayers due to the crisis, with many making the difficult choice to drain savings accounts and miss mortgage payments, property tax payments, and even some monthly bills just

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# Enforcement Is Ramping Up

## Systemic Lien and Levy Programs (added June 14, 2021)

Balance due Notices are generally automatically sent to taxpayers after the tax filing deadline to those the IRS believes has a tax bill. Beginning June 15, 2021, the IRS expects to begin following up with taxpayers who failed to respond to prior notices. Taxpayers (some with 2020 and/or 2019 tax liabilities) will be notified that they have 30 days (45 if out of the country) to respond or pay their tax bills. Taxpayers who fail to respond to these additional letters could be subject to levies or Notice of Federal Tax Lien filings beginning Aug. 15, 2021.

- ▶ <https://www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue>
- ▶ 80 Billion over the next 10 years of new funding

# So what is IRS Representation (Tax Rep)

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



## Why it is so lucrative...

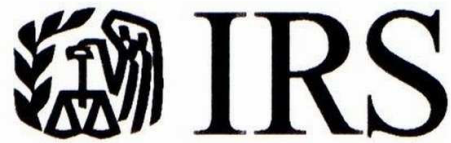
- ▶ Audit: \$5,000 retainer (billed hourly)
- ▶ Innocent Spouse: \$5,000 retainer (billed hourly)
- ▶ Collection (IA, CNC, OIC): \$2,500 analysis, flat fee
- ▶ Collection Resolution (IA/CNC): \$4,500 – the \$2,500 analysis, so \$2,000
- ▶ Offer-in-Compromise (OIC): \$6,000 - \$2,500 analysis, so \$3,500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

**No Technical Tax Knowledge  
Needed:  
Its Process and Formula**



## IRS Collection Process

- Assessment of the tax
- 10-Year Collection Statute
- Billing Notices
- Threat to levy and right to a hearing
- Appeals (CDP, Equivalent, CAP)
- Resolution



Department of the Treasury  
**Internal Revenue Service**

## Oh yeah, before we move on...

- ▶ Whatever your hourly rate is...
- ▶ Increase it by \$100 per hour
- ▶ Lots of attorneys do real estate closings, basic bankruptcies
- ▶ Few do this



## 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

## The client call...



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

## Because of this...

- All calls and directed to Nicole (my admin)
- Nicole completes the intake form
- Circulates it to the group



## Questions

- 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? \_\_\_\_\_

**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?

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

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



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

- Honestly, I have no idea: equivalent of "Hey, can I file Chapter 7?"
- 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)
<b>FULL-PAY, No OIC</b>	\$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  $\$1,000 - \$425 = \$575$

## 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)
<b>OIC – cannot full pay!</b>	\$34,800 unpaid balance

## Now its time for the consult

- ▶ Set up the meeting (phone, zoom or in-person)
- ▶ Walk the client through the options:
  - a. Payment plan of \$1,000 a month
  - b. Payment plan of \$575 a month
  - c. Compromise away \$100,000 for \$16,900
- ▶ 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 (like proof of the new insurance and payments)

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## Engaged

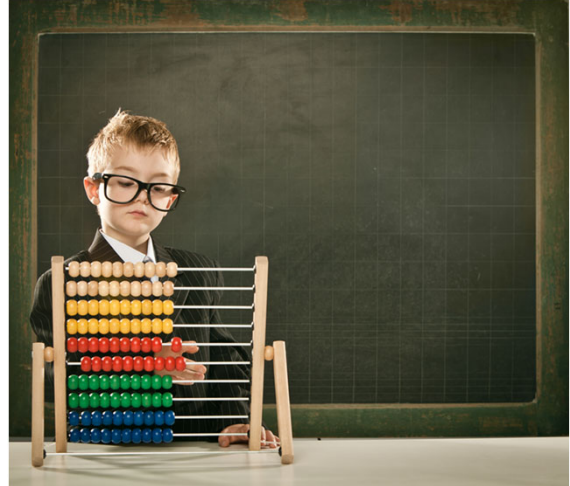
- Retainer signed
- Payment made
- Documents uploaded
- POA uploaded



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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



## Breakdown

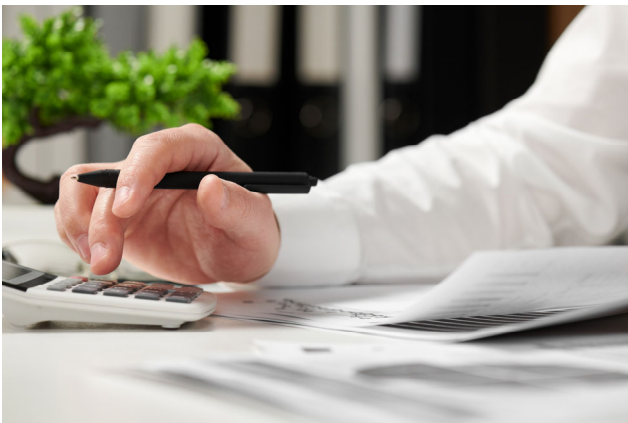
- ▶ Consult: Staff time 4-6 hours x \$200/hr = \$1,200, 1 hour of Eric's Time (\$600), or \$1,800 of billable time, fee was \$2,500
- ▶ Offer: 2 hours of staff time to finalize package (\$400) and 30 minutes of my time to do final review (\$300)
- ▶ \$6,000 fee and only \$2,500 of billable time
- ▶ So NO, I would not prefer big criminal tax cases!

## 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

## 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



## THS Account Monitoring: The Annuity Stream

Recent Account Changes

Select All Deselect All View changes since All Edit Settings Export

Double Click an Item Below to View the Detail

Change Date	Account Type	Last\Business Name	First Name	Year	Field Changed	Previous Value	New Value
<input type="checkbox"/> 2022-04-27	Individual	XXX-XX-1956	-	2013	Account Examination Active		ASED exp
<input type="checkbox"/> 2022-04-05	Individual	XXX-XX-8814	-	1990	Account Examination Active		Closed#
<input type="checkbox"/> 2022-04-05	Individual	XXX-XX-8814	-	1991	Account Examination Active		Closed#
<input type="checkbox"/> 2022-04-05	Individual	XXX-XX-8814	-	1995	Account Examination Active		ASED exp
<input type="checkbox"/> 2022-04-05	Individual	XXX-XX-8814	-	1996	Account Examination Active		Closed
<input type="checkbox"/> 2022-04-05	Individual	XXX-XX-8814	-	2003	Account Examination Active		Closed#
<input type="checkbox"/> 2022-04-05	Individual	XXX-XX-8814	-	2005	Account Examination Active		Closed
<input type="checkbox"/> 2022-04-05	Individual	XXX-XX-8814	-	2006	Account Examination Active		Closed
<input type="checkbox"/> 2022-04-05	Individual	XXX-XX-8814	-	2007	Account Examination Active		ASED exp
<input type="checkbox"/> 2022-04-05	Individual	XXX-XX-8814	-	2009	Account Examination Active		Closed#
<input type="checkbox"/> 2021-12-03	Individual	XXX-XX-2263	-	2019	Account Examination Active		5/28/2021
<input type="checkbox"/> 2022-11-23	Individual	XXX-XX-3213	-	2018	Account Extension Date		10/15/2018
<input type="checkbox"/> 2022-11-23	Individual	XXX-XX-3213	-	2018	Account Extension Date		10/15/2019
<input type="checkbox"/> 2022-11-23	Individual	XXX-XX-3213	-	2020	Account Extension Date		10/15/2021
<input type="checkbox"/> 2022-11-23	Individual	XXX-XX-3213	-	2021	Account Extension Date		10/15/2022
<input type="checkbox"/> 2022-08-04	Individual	XXX-XX-7023	-	2021	Account Extension Date		10/15/2022

Dismiss Snooze

## Questions?



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