

How to Automate the Offer-in-Compromise Process:

Save Taxpayers and Add an Extra \$100,000 to Your Pocket in 2025

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TRN
TAX REP NETWORK

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.
- ▶ Is a contributing columnist for Bloomberg Tax
- ▶ 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").



Eric Green, Esq.



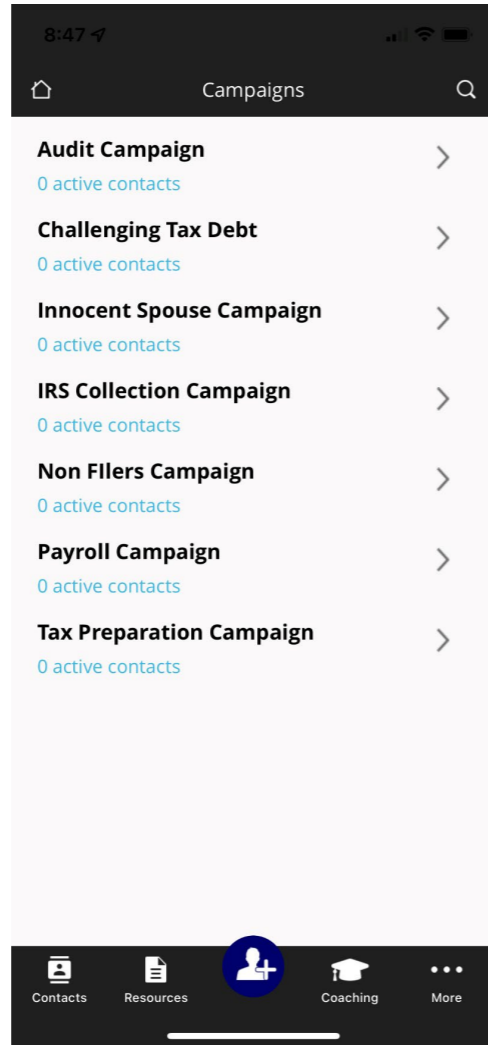
- ▶ Eric is the host of the weekly Tax Rep Network Podcast, available in iTunes, Apple Podcasts and Google Podcasts
- ▶ Eric is the founder of Tax Rep Network, an online community designed to help tax professionals build their IRS Representation Practice
- ▶ He is the author of the Insider's Guides
- ▶ Created the Tax Rep App
- ▶ Created the Certified Tax Representation Consultant program for CCH, University of Connecticut Business School and Tax Rep Network

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- ▶ Updated IRS tables
- ▶ Special Offers from our Sponsors
- ▶ Training videos

Premium Version:

- ▶ Updated marketing campaigns!

Download Rapid Funnel App, use group code "TRN"

Tomorrow is our Annual Tax Season Update!

LIVE ALL-DAY WEBCAST

2024 Tax Season Update Everything a Tax Pro Needs to Know This Tax Season

9AM - 5PM EASTERN

Thursday, December 5, 2024

Limited Space –
Register Today

Only \$299 for All Day

Register Now

<https://taxrepllc.com/20241205-update/>

4th Annual Tax Rep Summit

- ▶ Orlando, 12/10 – 12/13
- ▶ \$995 – webcast only
- ▶ **Members: \$249!**
- ▶ <https://taxrepllc.com/2024-summit/>



The OIC Process

1. Consultation
2. Pull and Review Transcripts for CSED Issues
3. **Perform RCP Calculation**
4. Deal with Compliance Issues
5. Implement Strategies
6. Prepare CIS
7. Submit Offer
8. Appeal if denied

The Phone Rings

- ▶ The phone call...
- ▶ Sign the consult agreement for the analysis
- ▶ Pay the analysis fee (\$3,500)
- ▶ Sign the POA
- ▶ Upload your documents



SmartVault

- ▶ Acts as the checklist
- ▶ Alerts us when documents uploaded
- ▶ Single Source of Documents – when client says “I need a copy of

The screenshot displays the SmartVault interface for a client named "Client's Name (e.g. Doe, Jane)". The interface includes a top navigation bar with a home icon and a checkmark. Below the navigation bar, there are two input fields: "Template name" with the value "Tax Collection" and "Template type" with the value "Client". The main section is titled "Folder structure" and shows a tree view of folders for the client. Each folder has a gear icon next to it, indicating settings. The folders listed are:

- Alimony, Child Support and Court Ordered Pmts
- Automobile Expenses
- Engagement Letter
- Estimated Tax Payments
- Foreign Assets
- Health Care Expenses
- Investment Account Statements
- IRS and State Tax Correspondence
- Life and Disability Insurance Statements
- Power of Attorney
- Proof of Income
- Real Estate Documents
- Retirement Account Statements
- Tax Returns
- Utility Bills
- Virtual Currency Values (Crypto)

But My Clients

- Don't want to
- Don't respond
- Vanish on me



Our responses

- ▶ Don't want to – we charge \$150/hour and two hour minimum to scan and organize documents
- ▶ Don't respond – 3 weekly reminders from Nicole and then Eric emails....
- ▶ Vanish on me – see 'Don't Respond' above

Collection Statute Expiration Date (“CSED”)

- How much time is left on the statute?
- Pull Transcripts (the tale of Ron)
- Can we CNC and run out the clock?
- Is there real estate?



Pull Transcripts



This Product Contains Sensitive Taxpayer Data

Account Transcript

Request Date: 04-08-2014
Response Date: 04-08-2014
Tracking Number: 200191107146

FORM NUMBER: 1040
TAX PERIOD: Dec. 31, 2011

TAXPAYER IDENTIFICATION NUMBER: 999-99-9999
SPOUSE TAXPAYER IDENTIFICATION NUMBER: 888-88-8888

SANTA & JESSICA CLAUS

<<<<POWER OF ATTORNEY/TAX INFORMATION AUTHORIZATION (POA/TIA) ON FILE>>>>

--- ANY MINUS SIGN SHOWN BELOW SIGNIFIES A CREDIT AMOUNT ---

ACCOUNT BALANCE: 0.00
ACCRUED INTEREST: 0.00 AS OF: Jul. 01, 2013
ACCRUED PENALTY: 0.00 AS OF: Jul. 01, 2013

Calculate the CSED Dates

CSED CALCULATIONS

YEAR	CODE	ASSESSMENT	DATE	AMOUNT	ESTIMATED TOTAL TOLLING DAYS	ESTIMATED CSED	ESTIMATED 3 YEAR LOOK BACK*	ESTIMATED 2 YEAR FILING RULE*	ESTIMATED 240 DAY ASSESSMENT*	ESTIMATED ELIGIBLE BANKRUPTCY DISCHARGE DATE*
2012										
	170	Penalty for not pre-paying tax 01-28-2024	11/18/2013	\$388.00	65	01/22/24	10/15/16	10/14/15	07/16/14	10/15/16
	150	Tax return filed	11/18/2013	\$21,657.00	65	01/22/24	10/15/16	10/14/15	07/16/14	10/15/16
2013										
	170	Penalty for not pre-paying tax 12-28-2024	11/17/2014	\$407.00	35	12/22/24	10/15/17	10/14/16	07/15/15	10/15/17
	150	Tax return filed	11/17/2014	\$22,677.00	35	12/22/24	10/15/17	10/14/16	07/15/15	10/15/17
2014										
	170	Penalty for not pre-paying tax 12-23-2025	11/23/2015	\$399.00	30	12/23/25	10/15/18	10/14/17	07/20/16	10/15/18
	150	Tax return filed	11/23/2015	\$22,232.00	30	12/23/25	10/15/18	10/14/17	07/20/16	10/15/18
2015										
	170	Penalty for not pre-paying tax 11-07-2026	11/7/2016	\$354.00		11/07/26	10/15/19	10/12/18	07/05/17	10/15/19
	150	Tax return filed	11/7/2016	\$26,400.00		11/07/26	10/15/19	10/12/18	07/05/17	10/15/19
2016		No Assessments Present								
2017		No Assessments Present								

Analysis



- ▶ Are they an Offer candidate or not?
- ▶ This is why we charge for consultations
- ▶ Taxpayer will get benefit just from the meeting

Calculating Reasonable Collection Potential (“RCP”)

Reasonable Collection Potential

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



Financial Guidelines

Gross monthly
income

Allowable v.
actual
expenses

Why most
offers/IA
requests are
denied

<https://www.irs.gov/businesses/small-businesses-self-employed/collection-financial-standards>

Food, Clothing & Misc. (national std)

2024 Allowable Living Expenses National Standards

Expense	One Person	Two Persons	Three Persons	Four Persons
Food	\$458	\$820	977	\$1,143
Housekeeping supplies	\$44	\$75	83	\$82
Apparel & services	\$87	\$157	187	\$300
Personal care products & services	\$48	\$80	87	\$97
Miscellaneous	\$171	\$279	343	\$405
Total	\$808	\$1,411	1,677	\$2,027

More than four persons	Additional Persons Amount
For each additional person, add to four-person total allowance:	\$386

Housing (local by county or planning region)

2024 Allowable Living Expenses Housing Standards

County	State Name	2024 Published ALE Housing Expense for a Family of 1	2024 Published ALE Housing Expense for a Family of 2	2024 Published ALE Housing Expense for a Family of 3	2024 Published ALE Housing Expense for a Family of 4	2024 Published ALE Housing Expense for a Family of 5
Yuma County	Colorado	\$1,643	\$1,929	\$2,033	\$2,267	\$2,303
Capitol Planning Region	Connecticut	\$2,234	\$2,624	\$2,765	\$3,083	\$3,133
Greater Bridgeport Planning Region	Connecticut	\$2,658	\$3,121	\$3,289	\$3,667	\$3,726
Lower Connecticut River Valley Planning Region	Connecticut	\$2,323	\$2,728	\$2,875	\$3,206	\$3,257
Naugatuck Valley Planning Region	Connecticut	\$2,205	\$2,590	\$2,729	\$3,043	\$3,092
Northeastern Connecticut Planning Region	Connecticut	\$1,998	\$2,347	\$2,473	\$2,757	\$2,802
Northwest Hills Planning Region	Connecticut	\$2,165	\$2,543	\$2,680	\$2,988	\$3,036
South Central Connecticut Planning Region	Connecticut	\$2,341	\$2,749	\$2,897	\$3,230	\$3,282
Southeastern Connecticut Planning Region	Connecticut	\$2,109	\$2,477	\$2,610	\$2,910	\$2,957
Western Connecticut Planning Region	Connecticut	\$3,272	\$3,843	\$4,049	\$4,515	\$4,588
Kent County	Delaware	\$1,740	\$2,044	\$2,154	\$2,402	\$2,440
New Castle County	Delaware	\$1,955	\$2,297	\$2,420	\$2,698	\$2,742
Sussex County	Delaware	\$1,753	\$2,059	\$2,170	\$2,420	\$2,459

Transportation

2024 Allowable Living Expenses Transportation Standards

<i>Allowable Transportation Expenses</i>		
<i>Public Transportation</i>		
National	\$215	
<i>Ownership Costs</i>		
	One Car	Two Cars
National	\$619	\$1,238
<i>Operating Costs</i>		
	One Car	Two Cars
Northeast Region	\$285	\$570
Boston	\$310	\$620
New York	\$377	\$754
Philadelphia	\$307	\$614
Midwest Region	\$239	\$478
Chicago	\$266	\$532
Cleveland	\$239	\$478
Detroit	\$299	\$598
Minneapolis-St. Paul	\$243	\$486
St. Louis	\$220	\$440

Older Vehicles



- ▶ Defined as more than 9 years old or has more than 125,000 miles on it
- ▶ Extra \$200/month of operating expense to reflect the increased repair and maintenance
- ▶ IRM 5.8.5.22.3(6)

Word on Assets

- ▶ IRS utilizes 80% quicksale for analysis
- ▶ Consider MFS vs MFJ before you file and create huge liabilities
- ▶ Non-Liable Spouse: separate property vs community property states
- ▶ Exemptions:
 - Auto: \$3,450 per spouse (thank you Eric)
 - Cash: \$1,000 or one-month's expenses per IRM 5.8.5.7

Exemptions

- ▶ Car is worth \$7,000. For OIC purposes, it is really \$2,150:
$$\$7,000 \times 80\% = \$5,600, - \$3,450 \text{ exemption} = \$2,150$$
- ▶ Cash in the bank is \$8,500. The taxpayer's allowable monthly expenses are \$6,500. Cash would be \$2,000 (cash less the larger of the \$1,000 exemption or one-month of allowable expenses).
- ▶ Only one exemption, not by account, and no exemption for cash in the business accounts!

Out of Pocket Health Care Costs

2024 Allowable Living Expenses Health Care Standards

	Out of Pocket Costs
Under 65	\$83
65 and Older	\$158

Future Income

Expense	Actual/Allowable
Food, Clothing and Misc	National Standard
Housing & 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	Greater of National Standard or Actual
Court Ordered Payments	Actual
Child/Dependent Care Expenses	Actual and Necessary
Life Insurance	Actual (and Term Insurance)
Current Year Income Taxes	FIT, FICA or SE, SIT, Local
Secured Debts	Actual
Student Loans	Actual and Federally Guaranteed
Delinquent State Taxes	Percentage of State Debt vs IRS debt

Other Expenses – IRM 5.15.1.11

- ▶ Accounting & Legal Fees – we are an allowed expense (future income, so retainer is an issue but consider the note or credit card)
- ▶ Charitable contributions – disallowed unless required for your job
- ▶ Child/dependent care – must be no other option
- ▶ Court ordered payments (alimony and child support) – must be required and actually being paid
- ▶ Education – allowed if for physically or mentally handicapped child, or as a condition of employment

Other Expenses – IRM 5.15.1.11

- ▶ Secured or legally perfected debts – must be required, secured (lien) and being paid
- ▶ Current year taxes – all taxes (FIT, SIT, SE, FICA, Local Income, etc) Current taxes are allowed regardless of whether the taxpayer made them in the past or not.
- ▶ Delinquent state & local taxes – allowed in full if state is ahead of the IRS in priority, otherwise available income apportioned based upon percentage of total tax debt
- ▶ Student Loans – Federally guaranteed, for the TP, and being paid
- ▶ Personal loan repayment if proceeds went to pay taxes

Special Offer

Sign up with SmartVault before 12/31 using the link below, save 20% AND we will send you the Insider's Guide to Offers-in-Compromise (\$99 value) FREE as our gift!

<https://www.smartvault.com/eric-green-discount24/>

Hint: ask for the Tax Rep Folder Templates!

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THE
INSIDER'S
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Top 120

Questions and Answers on
IRS Offers-in-Compromise

ERIC L. GREEN

The Founder of Tax Rep Network

Questions?

