

The Newsletter



# FAUCHER LAW

TAX & BANKRUPTCY

**Please Excuse a Brief Rant About Tax Relief Firms, as I Explain Why...**

## IRS Offers in Compromise Are Very Hard to Get

An Offer in Compromise (OIC) is a contract between the IRS and a taxpayer to settle a tax debt for less than what's owed. Many taxpayers are excited by the prospect of reducing taxes owed, but the **IRS mostly grants OICs to the disabled, retired, or people unlikely to ever work again.**

### Inside Stories:

- **Taxpayer Roadmap** Vividly Shows Why I'm Like GPS for the IRS
- **Client Ripped Off** by OptiCon Visits **Sebastian**
- **Crustless Quiche Recipe**

### Misleading Ads Run By

**"Tax Relief Firms"** promise they can greatly reduce, or even eliminate, tax debt with OICs (or the Fresh Start Program, a name the IRS stopped using years ago), but they rarely do so. Instead, **these grifters take \$10,000-\$25,000 to submit an OIC that they know will NEVER be granted.** But they don't tell clients this. Instead, their scam includes acting surprised when the OIC is denied, and then lying to the client there was nothing they could have done! How about not filing OICs, for the able-bodied, non-elderly, that you know have zero chance of approval?

**Why Are So Few OICs Accepted?** The IRS is primarily a law enforcement agency. Its mission is to "enforce the [tax] law with integrity and fairness to all." Thus, if the IRS determines you owe \$5,000, and there's any chance you will earn that in the future, then **the IRS always will hold out to get all that it's owed in the future, rather than what you can afford to pay in the present.** Its mission is *not* revenue-maximization. If you owe \$5,000, then it would be unfair to others if you paid less. After all, how would you feel if your neighbor paid less than she owed, because she buttered-up an IRS agent or hired a good attorney, while you did your civic duty and paid what you owe? Haggling undermines the IRS's institutional legitimacy, something it strenuously avoids.

**Avoiding unequal application of the law is why the IRS only approves the OICs of taxpayers who can prove they will never be able to earn what they owe.** In these cases, the IRS honestly can say (if challenged), "We'd never be able

to collect what was owed, so we took what we could get." Moreover, the IRS is transparent about not taking OICs from people likely to earn what they owe in the future: it offers **an on-line calculator to show whom it's likely to approve!** So why were only 24% of OICs accepted last year? The 76% rejected were likely submitted by sleazy tax relief firms!

**Options For When OICs Won't Work. Alternative #1: Bankruptcy.** Most tax debt can be discharged in **chapter 7 bankruptcy** if (1) it is three years or older, (2) the tax returns were filed for those years, and (3) it's not payroll tax. **Alternative #2: Installment Agreements** are a good option for people who don't qualify for bankruptcy, usually because they earn too much or have assets they would lose in bankruptcy. An Installment Agreement is a negotiated truce: the taxpayer agrees to monthly payments that pay off the debt in six years and the IRS agrees not to levy on accounts/wages or put liens on property.

**Alternative #3: Uncollectible Status** is when the IRS accepts an Installment Agreement that repays \$0/month. **To qualify, a taxpayer's basic living expenses must be greater than their take-home income.** With this option, the IRS isn't letting the taxpayer off the hook on paying what's owed, it's agreeing the taxpayer can't afford to pay now. The IRS reviews Uncollectible Status every 1-2 years to ensure the taxpayer still qualifies.

**I only file OICs if I'm highly confident of success for the client.** Call me to discuss your options if you owe the IRS more than you can pay.

**JDF**

### Faucher Law Has Hired A Human!



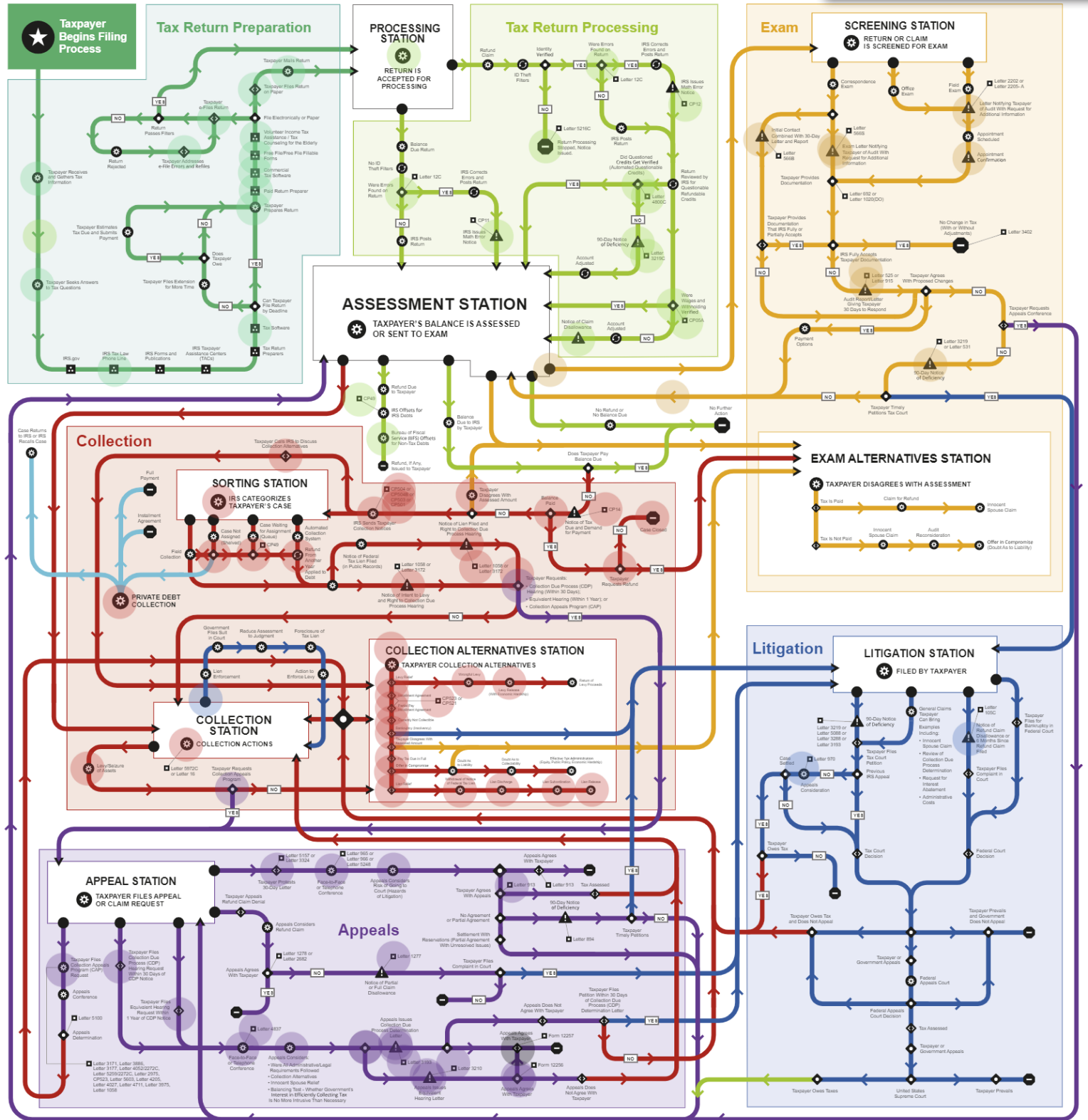
No, we don't just hire cats at Faucher Law. Paris Askren has joined us as an Executive Assistant. Paris has business and accounting degrees, and Faucher Law's empathetic helpfulness. Sebastian, our Feline Paralegal, says: "Paris not only takes care of clients, but she also lets me take catnaps on her desk. She's awesome!"

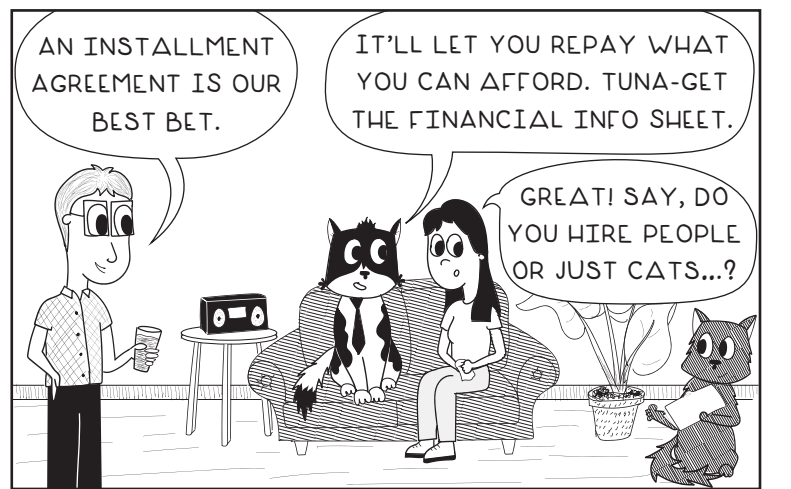
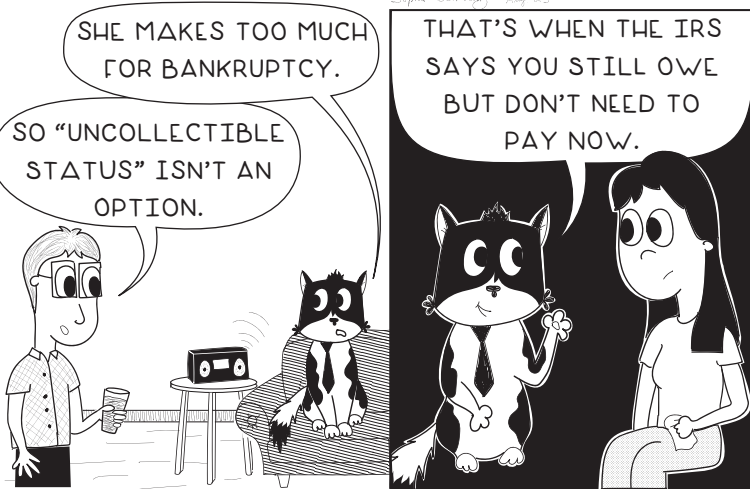
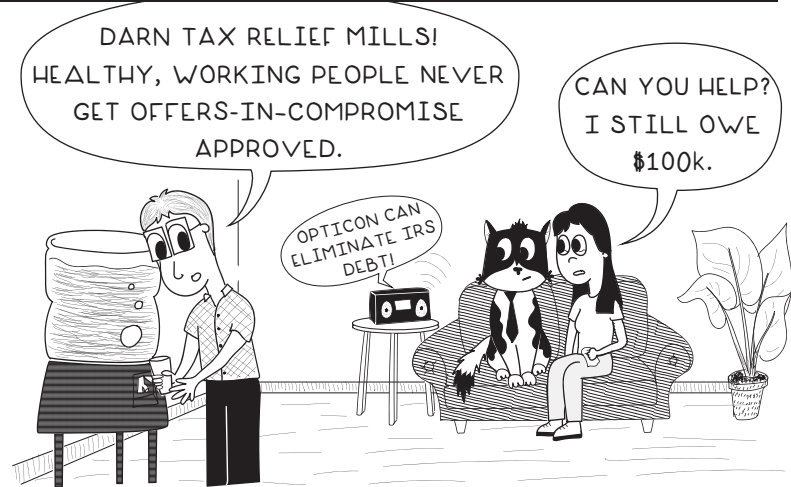
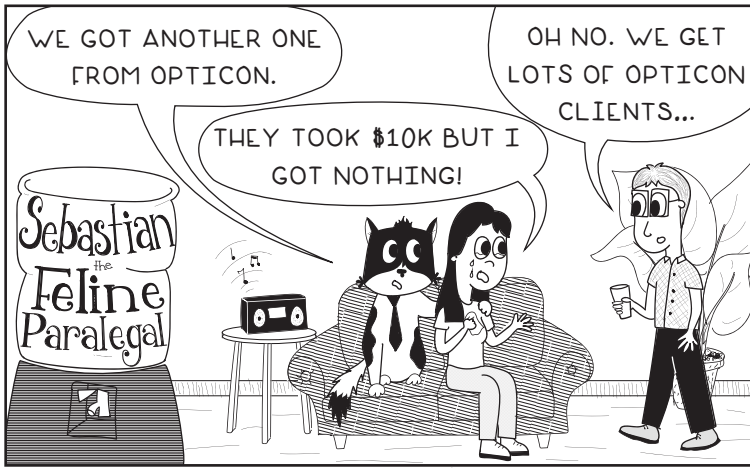
Here's Why You Need the Lawyer Equivalent of GPS for the IRS:

# Look at the IRS's Very Own Taxpayer Roadmap!

A former buddy from my IRS days saw the March 2023 Newsletter and sent me this map, from the IRS' Taxpayer Advocate's Office. **Kudos to the IRS for making my point: this map illustrates why most people recoil in horror at the thought of dealing with the IRS on their own!** Most people can't read this map, let alone navigate the IRS' bureaucratic "stations" on their own. I'm thinking about getting poster-sized versions of this map to give out as holiday gifts this year! What do you think?

**WORTH A THOUGHT...**  
If Something Sounds  
Too Good To Be True, It  
Probably Is...  
*-20th Century Proverbial Saying*





## Breakfast Crustless Quiche

This quiche is in the refrigerator often for easy, nutritious breakfasts. I love it warmed or cold. Karen says you can easily substitute any vegetable or protein for the pepper, mushroom and tomato/ham - just keep the amounts about the same. Also, here's a shout-out to Anne for giving Karen the original, crusted version of this recipe ("Go, Book Group!").

### Ingredients:

10 eggs (preferably from Faucher Family Farms hens)	1 cup half and half
1 pepper (any color), chopped into small cubes	1 bunch scallions or ½ onion (red or yellow), chopped finely
3-5 mushrooms, chopped into small cubes	6 cherry tomatoes, halved; or 1 slice ham chopped
2 cups grated cheese: jack, mozzarella, or a combination of any extra cheese you have	½ tsp salt; ¼ tsp pepper; ¼ tsp ground nutmeg
1 TBS butter	2 TBS chopped parsley (optional)

### Instructions:

1. Heat oven to 325 degrees F. Melt butter in an ovenproof 10-inch pie plate (such as Pyrex) over medium flame. Add onion/scallion, peppers, and mushrooms, and saute for 5 minutes, stirring frequently.
2. In a large bowl, whisk together the eggs, half and half, tomato/ham bits, all spices (including parsley if using) and 1 ½ cups cheese.
3. Turn heat off under pie plate. Pour egg mixture into the pie plate, mixing briefly with sauteed vegetables. Top with remaining ½ cup cheese. Bake for approximately 35-40 minutes until top golden brown and knife inserted in center comes out clean.

## WELCOME TO FAUCHER LAW

**John D. Faucher** worked for 10 years as an IRS trial attorney and has been in private practice since 2008. He and his team speak the legal language. They know the **tax and bankruptcy systems** and can help you get the best result. Have other legal issues? Call us. We'll find the lawyer who's right for you, your friends, or family.

**(818) 889-8080**  
**FaucherLaw.com**

### *Got Tax Debt You Can't Full-Pay?*

## Offer in Compromise Probably Isn't the Solution

I receive many calls from potential clients who owe back taxes to the IRS or California's FTB, EDD or CDTFA (nice alphabet soup of names, Sacramento!). They cannot full-pay and are receiving threatening letters. Most people ask whether they qualify for an Offer in Compromise, mentioned frequently in ads by tax

relief companies (that peddle fantasies more than solutions). In this issue of *The Newsletter*, I explain why **Offers in Compromise are granted mostly to taxpayers with no future earning potential** and review the more common ways of handling tax debt: Installment Agreements and Bankruptcy. Also inside, I share the **IRS's Roadmap for Taxpayers**, which visually explains why people need a tax attorney: to act as GPS for the IRS. Then, **Sebastian, my Feline Paralegal**, helps a client misled by a tax relief scam. Finally, Karen shares a **crustless breakfast quiche recipe** best made with eggs from Faucher Family Farms (if you can get 'em!).

