

# The Newsletter Faucher Law

*Lost Deductions, Big Penalties, IRS On Your Case*

## Not Filing Taxes? You Will Regret It!

The reasons my clients fail to file vary, but the outcomes are similar: (1) the IRS realizes it has no return and prepares one for you, listing all the income it can find and taking *no* deductions or exemptions, (2) the failure-to-file penalty accrues swiftly, (3) you lose the possibility of getting rid of the tax through bankruptcy, (4) the IRS hounds you, becoming a bureaucratic pit bull because compliance is its No. 1 goal, (5) you have to fight with overworked IRS employees to get the deductions you're entitled to, and (6) you pay me to help you get out of the mess you're in but your failure to file actually leaves me with fewer ways to help.

**\*\* Americans Who Fail to File: 7 million \*\***

**Cascading Personal Problems.** Eric lost his job, was convicted of fraud, and went to prison. Oh, and he didn't file tax returns. Eventually, the IRS filed its own return on Eric's behalf: it gathered his 1099s, assumed he was filing singly with no dependents, and took no deductions. Eric owed the IRS much more than he was earning post-

incarceration, and came to me. I couldn't file an audit reconsideration, proving his exemptions and deductions, because he didn't have that documentation anymore. I couldn't discharge the tax debt in bankruptcy for him because a tax return has to have been filed in order to qualify for discharge in bankruptcy. The IRS refused an Offer-in-Compromise to write off some of the tax owed because Eric was making a decent salary. All I could do was negotiate an installment agreement that allowed him to slowly, but fully, pay.

**\*\* U.S. Taxpayers Not Filing Returns: 5-6% \*\***

**Mock Return is an Unfiled Return.** Pastor Robert decided the

tax system is bogus, lied to the IRS claiming no income, and crossed out the line above his signature: "Under penalties of perjury, I declare . . ." Doing so invalidated the return, throwing him into "unfiled" status. After preparing returns for the good Pastor, the IRS levied a fraud penalty of 75% on his inflated income and a \$500 "frivolous return penalty." When Pastor Robert had an epiphany, realized the government has the right to tax him, and tried to settle up, there was little I could do to help with the \$250,000 owed. Due to the fraud, the IRS wouldn't do an audit reconsideration to factor his clergy exemption into the amount owed; the tax could not be discharged in bankruptcy because of the absence of a legitimate return; and the IRS refused to consider an Offer-in-Compromise (it dislikes even divinely-inspired tax protesters). All I could do was speak to IRS agents on the Pastor's behalf, something he was willing to pay me for because he was tired of incurring the wrath of the IRS.

**\*\* Tax Revenue Lost: \$28 Billion \*\***

**House Sale Complications.** Ms. M failed to file, and sold a house during that time. When the IRS caught up to her, she was tagged with her earned income and the full proceeds of the house sale since there was no documentation to adjust the basis. Moreover, the IRS found two closing statements for the same transaction, and mistakenly doubled the proceeds from the house sale. Meanwhile, her bank accounts have been attached to pay off what the IRS thinks she owes. It has taken me years to untangle the IRS's bureaucratic errors in this case, and to whittle away at the excessive initial income guesstimates the IRS calculated. **JDF**

### SOME TOP EXCUSES FOR FILING LATE OR NOT FILING AT ALL

- \* Laziness
- \* Forgetfulness
- \* Confusion
- \* Death Or Serious Illness
- \* Invalid Advice From A  
'Competent' Professional
- \* Believe Income Tax Is Voluntary
- \* Records Lost Or Destroyed
- \* Ignorance
- \* Incarceration

Source: TurboTax

### JOHN FAUCHER SAYS:

"It is rarely a good idea to delay filing a tax return – unless you get a standard IRS extension from April 15 to October 15. But it is NEVER a good idea to fail to file a return altogether. The IRS will eventually catch up with you and make you miserable. So if you're thinking of not filing, call me to find out how to avoid putting the IRS on a warpath against you."

Source: IRS.gov (2010-2017 Average)

## 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 results. Have other legal issues? Call us.

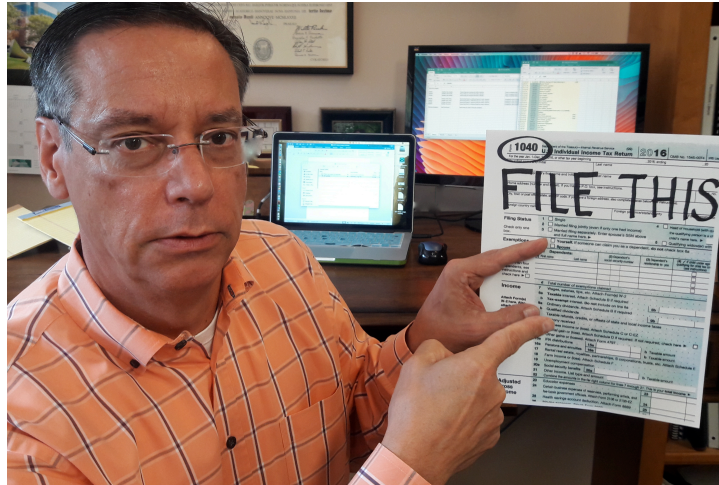
We'll find the lawyer who's right for you, your friends or family.

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*Fewer IRS Headaches and Hassles*

## How Tax Filing Yields Returns



At least a quarter of my clients come to me with problems they could have avoided if they'd simply filed a tax return. Even if they owed money to the Internal Revenue Service but couldn't pay up, they would have been much better off in the long run if they had filed a return.

### **How?**

In this issue of The Newsletter, learn from the mistakes some of my clients made and **FILE YOUR RETURN** (yes, I am shouting)!

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