

The Newsletter

Faucher Law

More Tax Returns + Fewer Agency Staffers = Big Headaches

Chronic IRS Cuts A Pain All Around

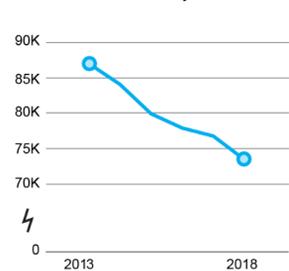
In 1995 the IRS employed about 112,000 people; by last year that figure for full-time workers had dropped to fewer than 75,000. The agency's 1995 budget was just under \$12 billion and was down to about the same funding level by last year, according to the nonpartisan Tax Policy Center. Yet the number of tax returns filed has increased by 15 percent in that time, to just over 250 million last year, according to IRS statistics. Here's a sample of how all the cutbacks have negatively affected my clients – and the tax system at large.

Client #1: A Three-Year Delay

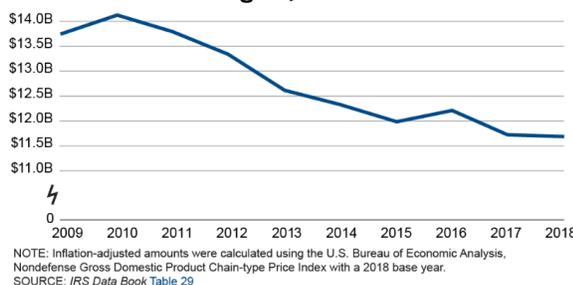
The IRS audited Jennifer and found unreported income for 2012 and 2013. It assessed penalties and fees on that income. Jennifer found me after the audit. We determined that the "income" was actually a series of cash gifts from her parents. So we amended her returns to show no income, and had her parents file gift tax returns reporting these gifts.

But the IRS took more than three years to process the amended tax returns. During that time, the IRS and California's Franchise Tax Board tried to collect the taxes, penalties, and interest they assessed and still thought was owed. So Jennifer had to pay me for several years to keep the collection arm of the IRS (and the FTB) from levying on her accounts while the return processors dithered in simply posting two returns. I finally sued the IRS, asking a Tax Court judge to order the IRS to process the amended returns. It seemed to be the most effective way to get the IRS to move. Incredible.

IRS Workforce, 2013-18



IRS Budgets, 2009 - 2018



Client #2: Threat of Levy Lingers

Joe owes \$160,000. He can only pay \$2,000 a month and wants to get into an Installment Agreement with the IRS. I first sent the request in February. Six weeks later, the IRS said it needed another 90 days to respond – and 90 days later it sent another letter kicking the can down the road for another 90 days. And so on. We're in the fourth iteration now.

Joe has begun making monthly payments, but without a formal Installment Agreement, the IRS can levy on his bank accounts at any time. He lies awake at night worrying about this. Moreover, it makes no sense for the IRS: they don't know that Joe isn't using this time to move his assets beyond their reach, such as to the Cayman Islands. **JDF**

THE FAQ FILE:



ARE YOU SERIOUS ABOUT RUNNING FOR CONGRESS???

Well, no. But if I were to run for Congress, it would be on a platform of fully funding the IRS. I can hear myself at a rally: "I want the IRS to enforce the tax laws, so that those of us who pay our fair share don't feel like suckers! No one should get away with not paying taxes owed or with trying to illegally avoid taxes!"

Yeah, I know – probably not a winning campaign theme. But audits are not getting done, taxes are not being collected.

And I might actually find a following: IRS surveys show that about 95 percent of U.S. taxpayers agree that it is their civic duty to pay their fair share of taxes. A relatively consistent 85 percent agree that it is "not at all acceptable" to cheat on income taxes.

Still, I'd rather be representing my clients than running for office.

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.

(805) 591-8139
johndfaucher.com

A Campaign For The IRS?



It's fall! Time for pumpkins, football, and – with 2020 just around the corner – political campaigns! **My platform?** Fully fund the underfunded and understaffed IRS! Before you declare me a loser – more money for tax collectors?! – please read this issue of **The Newsletter** to find out how bad things happen to good people, including my clients, when there's insufficient IRS personnel to answer basic questions and perform audits.

Not only that, the U.S. Treasury doesn't collect as much tax revenue as it should. That's bad for upstanding taxpayers, and bad for the country.

Faucher for Congress!

Joe Client
456 Maple Street
Santa Barbara, CA 93103

JOHNDFAUCHER.COM

4333 PARK TERRACE, SUITE 120
WESTLAKE VILLAGE, CA 91361

FAUCHER LAW