

The Newsletter



FAUCHER LAW

TAX & BANKRUPTCY

Like Trolls & Gnomes, I Wish These Stories Existed Only in My Imagination...

But These Are True Tales of Tax Trolls!

INSIDE STORIES

- Winner of the Comic Contest!
- Trolls at Faucher Family Farms!
- Sebastian the Feline Paralegal Imagines Himself & John as Superheroes
- A Recipe for Delicious Fajitas

As regular readers of *The Newsletter* and my blog know, dealing with the IRS means I regularly uncover unreasonable policies and bizarre agents at the IRS and FTB. When I encounter such

absurdities, I like to say I'm dealing with a Tax Troll because only trolls would do these things. Herewith is a report from the Tax Troll trenches.

Don't Use U.S. Mail. An IRS collection officer recently asked whether my client had sent the promised check. "I'm pretty sure he has," I offered. When she told me she hadn't gotten it yet, **this agent also instructed me to tell my client to not use the postal service, but to use UPS or FedEx instead.** At her office, the USPS leaves mail in a box outside the front door, whereas UPS and FedEx take the extra step of walking inside the unlocked front door and leaving the mail on a table. "So don't use the U.S. Mail!" It's a strange world we live in when one branch of the federal government says to not use another branch of the federal government. But I guess the Tax Trolls know best...

If Paid By PayPal, It Wasn't An Expense. A client had a lucrative business buying and selling high-end golf clubs on eBay. He paid for them using PayPal, keeping a detailed spreadsheet tying each club he bought and then sold to the eBay pages used and the PayPal receipts received. Then he was audited. The auditor disallowed the entire Cost-of-Goods Sold (what he paid to acquire the clubs he then later sold), giving him a tax bill of over \$500,000. The IRS effectively said he paid \$0 to acquire the clubs, thus whatever he sold them for was pure profit. What!?

The auditor didn't believe the PayPal receipts because they didn't give a detailed description of each golf club, only a brief summary. So my client filed a lawsuit in U.S. Tax Court simply to have a more reasonable (intelligent?) appeals officer

look at his detailed records. But the costs of fighting eventually made my client throw in the towel – both on his lawsuit and business. Nice way to kill a productive entrepreneur, Tax Trolls!

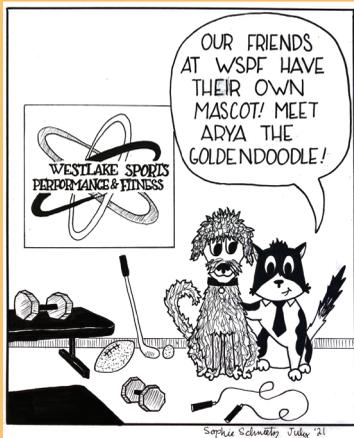
Taxpayer's Choice of Valuation Method Becomes A Mandate By IRS Trolls. The tax code gives partnerships a choice in how to value real estate at the time of a partner's death (when the value of their share in a partnership must be calculated for inheritance taxes). The partnership may (1) take out the capital gains on appreciated real estate from the day it was first purchased to figure the cost basis (this is the most common election) or (2) elect the fair market value of the property on the day of the partner's death. My client chose the first and submitted the partnership return with this valuation. The IRS audited the return and said nope, **you're not allowed to choose how to value the partner's interest, even though Congress and the U.S. Tax Code allows it.** The IRS gets more revenue with fair market valuation. And it won't even speak to me or my client. Fortunately, my client has deep pockets and can afford to take the Trolls to Tax Court. But most people can't. Which is part of what makes Tax Trolls so brutish and ugly.

IRS Won't Reinstate Passport Even After Back Taxes Paid. A client owed the IRS, took a long time to set up an Installment Agreement, and the IRS revoked his passport. His Installment Agreement was approved over a year ago, he's made all payments, and wants to travel now that Covid's settling down. **I've been asking the IRS to reinstate his passport for almost a year (unsuccessfully).** Tax Trolls work slowly. **JDF**



Sebastian the Feline Paralegal is blogging! John has let Sebastian post to the FaucherLaw.com blog. Sebastian's morale has soared! And his "comical" take on tax & bankruptcy matters is more entertaining than John's explanations.

Winner of Faucher Law's 1st Create-Your-Comic Contest!



Marie Ponce won Faucher Law's first-ever prize drawing! As we announced in June, the winner of our contest would receive a custom comic by Sophie Schnietz, the artist behind the *Sebastian the Feline Paralegal* cartoon. Marie and her husband, Robert DeLeon, own and operate a personal training center called Westlake Sports Performance and Fitness (WSPF). Marie and Robert care deeply about their clients and the larger community, hosting neighborhood events like movie nights and hikes throughout the summer. In addition to the comic shown here, Sophie will also paint a mural with their company logo on a storage shed at their gym. Great idea! And Robert is an awesome personal trainer (you can call or text him at 805-703-0432).

Faucher Family Farms

I confess that a visit to see my hens after talking to an IRS Tax Troll helps restore my mental health. Yes, chickens have a well-deserved reputation for being... well...bird-brained. But they are often more predictable and reasonable than the trolls at the IRS. And at least the hens give me eggs, not just headaches and reasons to roll my eyes. Until, of course, I go outside and find they've populated their yard with...fake trolls?!

Dear Reader, Is there no way for me to avoid trolls?



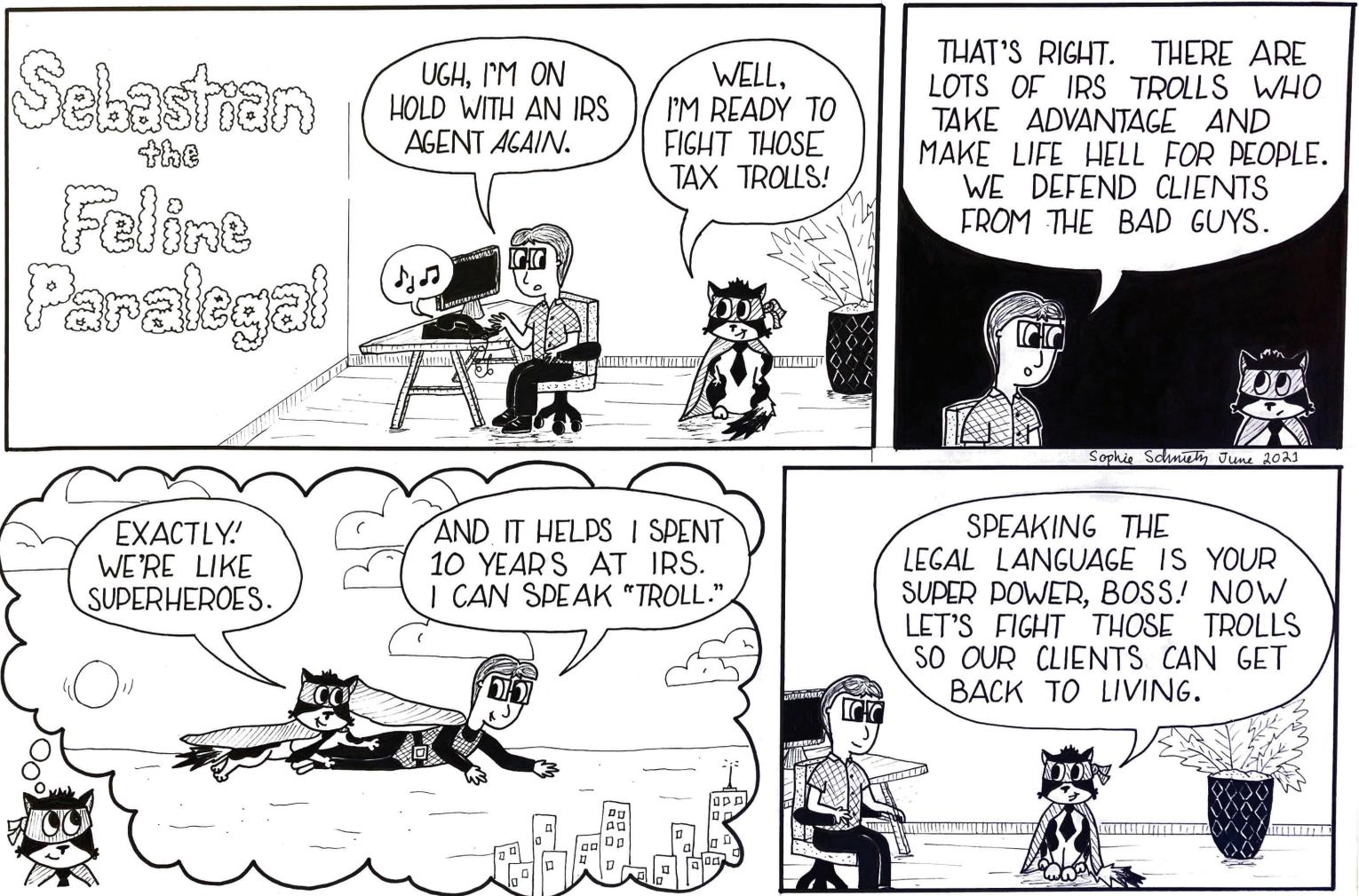
Worth a Thought...

“America will never be destroyed from the outside. If we falter and lose our freedoms, it will be because we destroyed ourselves.”

-Abraham Lincoln

Fire Season Tip

It's hot. It's August. And we're heading into peak fire season in California. A neighbor recently organized a talk by local firefighters for folks on my street. Here's something new I learned: if time allows, move everything you can away from the outside walls of your house before evacuating for a fire. This includes garden furniture, trash cans, bikes—anything against the outside of your home that's moveable. These smaller yard items are often what causes a house to burn since they ignite easily and burn against the outer walls, eventually catching the house on fire as well. Move what you can as far away from the house as possible or toss anything that won't be ruined by water into the pool, if you have one. Here's to everyone staying safe this fire season!



Faucher Fajitas

This is a ridiculously easy and tasty recipe – you just need to get the meat into marinade the night before. It’s particularly good when entertaining larger groups (but adjust the amount of meat accordingly). Everything but grilling can be done in advance, so that we spend most of the time visiting with guests, not in the kitchen. Also, you can buy the sides at any grocery, if you don’t want to make things like pico de gallo or guacamole.

2 - 2.5 lbs. boneless, skinless chicken thighs or breasts	1 TBS each cumin, coriander, chili powder
2 -2.5 lbs. flap or skirt steak	1/2 - 1 tsp chili oil (to your taste for heat)
1 cup soy sauce	1 tsp each garlic & onion powder
1 cup lime juice (either fresh squeezed or bottled)	All the “go-withs” you like on fajitas

Instructions:

- Combine all ingredients in a large zip-lock bag, covered dish or Tupperware container. Refrigerate overnight, or at least 8 hours before grilling.
- Gather or prepare all the items you like with fajitas. We lay out the following items to go with the fajitas: tortillas, shredded jack cheese, shredded lettuce, black beans, sauteed onions & peppers, sour cream, salsas, pico de gallo and guacamole.
- Grill chicken and beef over medium high heat, about 4-6 minutes on each side, until fully cooked (the chicken often takes a bit longer because it is thicker than most flap steak cuts). Let meat rest 5 minutes before slicing into thin strips, against the grain of the meat.
- Serve meats on platter with bowls of “go-withs”. Listen to guests moan with delight.

Serves 8-10

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

A Midsummer Night's Dream (Apologies to Shakespeare) **Fairies, Gnomes and IRS Tax Trolls**



It's summertime so I'm in the mood for a main article that's a bit "lighter" than most in **The Newsletter**. Regular readers of my blog know I occasionally unload over particularly unreasonable IRS policies or especially obnoxious IRS agents. I fondly refer to them as Tax Trolls. In this issue, please indulge my short rant about several of the nuttier experiences I've had recently with the Tax Trolls in the Enchanted Garden of the IRS.

Also inside, **Sebastian the Feline Paralegal** imagines the two of us as Superheroes fighting IRS trolls, **a safety tip for fire season**, trolls are showing up even at **Faucher Family Farms** and a **recipe for delicious fajitas**, perfect for midsummer evening grilling!