

The Newsletter



FAUCHER LAW

TAX & BANKRUPTCY

(Part) of Why I Can Empathize with Clients...

Here's My Personal Experience with An IRS Audit

INSIDE STORIES

- Client Reviews
- Clients' Feline Office Help
- Chicken Parmagina Recipe
- Sebastian Reacts to My IRS Audit

receiving an *Audit Notice* from the IRS, putting together documentation, and hoping to get through the audit without owing more in taxes.

Shortly after I was hired in 1999 by the IRS' Office of Chief Counsel, the branch of the IRS that defends audits in U.S. Tax Court, I received my first (and thankfully only) *Audit Notice*. **Everyone hired by the IRS is audited. That's because the IRS wants to ensure its employees know what taxpayers go through.** The agency also wants to avoid hiring obvious tax cheats. My wife Karen was terrified. Karen does our taxes and, on the advice of our accountant, we took what she feared were "assertive" positions on some deductions. They weren't so much assertive as things Karen never imagined would be deductible. But they were – legitimately so. Anyway, Karen panicked when we received the *Audit Notice*: she thought we'd be fined and that I might lose my new job.

Our correspondence audit, the most common kind, began with the IRS sending a letter (the IRS never phones to begin an audit) requesting documentation for the following claims on our tax returns:

- **Proof of our dependent daughter**, Sophie Schnietz (now *Sebastian the Feline Paralegal's* cartoonist!). Her birth certificate proved our right to claim her as a deduction.
- **Proof of ownership of our house** and associated property taxes. The County Tax Assessor's bill and closing statement from when we bought the house proved our house and taxes were legitimate deductions and that we'd claimed the correct amount.
- **Proof Spanish lessons I took and claimed as a business deduction**, were for professional development, not just a personal hobby. This was the trickiest deduction to

Most people don't know this, but I have personally experienced an IRS audit. As a result, I know the stress that accompanies

substantiate. When Karen was first told we could deduct payments to my Spanish tutor because I traveled frequently to the Dominican Republic for the oil firm I worked for at the time, she balked. "C'mon! John is a collector of languages and this is at least as much for pleasure as for helping him on the job!" But our accountant said it didn't matter if I also personally benefited from, or enjoyed learning Spanish, so long as we could draw a direct link between my job responsibilities and my needing Spanish fluency (sweet!). I submitted correspondence, written in Spanish, from me to several clients (with identifying and sensitive information redacted, of course), and airline tickets to the Dominican Republic paid, by my employer, to prove the business need for the lessons.

Audit Outcome. The IRS gave us one month to submit the documentation, and we heard from our auditor a month later that our substantiation satisfied her and there was no change in tax owed. Whew! Karen agreed to speak to me again (I hadn't told her we'd be audited when I accepted the job). Here's another important conclusion: the IRS is mandated by Congress to treat every taxpayer as guilty until proven innocent. In other words, **asking for verification of every claim made on a tax return is not an invasion of taxpayer privacy, as some of my clients feel it is, but rather an inevitable requirement to ensure compliance and reduce taxpayer cheating.** The majority of IRS audits performed annually result in no tax changes because, like ours, the audit is asking about easy-to-document claims made on tax returns.

However, if your audit hasn't gone well, call me. The



John and I are in our In-Boxes, waiting to get started on your matter. **Call us!**

IRS makes mistakes and there are lots of hard-to-document transactions that I can help with.

WHAT CLIENTS ARE SAYING...

John was able to help me immediately with answers to my questions regarding the taxability of a work settlement. I was getting conflicting information from attorneys, a CPA and IRS and legal websites which was confusing and stressful. I needed answers from an expert on tax law [...] I left a message with John's office and Karen called me back the same day and scheduled an appointment for me to speak with John one on one. Karen was very helpful, she asked me questions about what I needed and we determined setting up a zoom meeting and emailing John certain information ahead of time would be best. The zoom meeting occurred within a few days of my call and John provided answers right away which was refreshing because I had been trying to find answers for months. Although finances and taxes cause me stress and anxiety I was relieved to discuss them with John because he was friendly and provided certainty by explaining the tax law.

Krista S.

John is very knowledgeable when it comes with dealing to all the taxing agencies because of his past experience working for the IRS [...] he knows how to navigate quickly and not causing you any undue burden. John has a great way of keeping you up to date with the matters and way to communicate with him privately. If you are contemplating any financials matters that will involve the IRS, FTB or any other taxing or bankruptcy, you owe it to yourself to call John. I highly recommend him.

George S.

John was able to set a game plan for me to solve my tax issues, and then executed perfectly on the plan to all parties satisfaction. John also impressed me with his tact, and knew how to speak to the various agencies influentially, and communicate with me in a non-judgmental, relatable style. His work on behalf has helped me and my family greatly to get back on track in the quickly and properly.

Greg G.

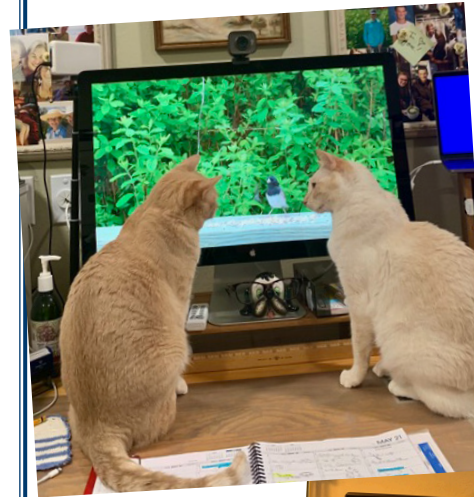
WORTH A THOUGHT

Service to others is the rent you pay for your room here on earth.

- Muhammad Ali

Feline Office Workers

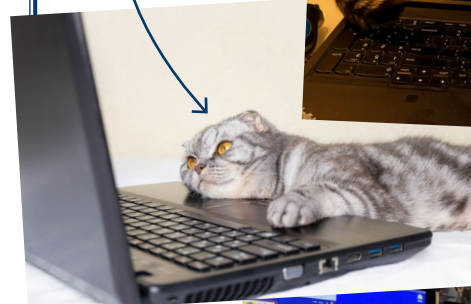
Take a look at photos our readers sent in of their very own feline office workers! Looks like Sebastian is in good company.



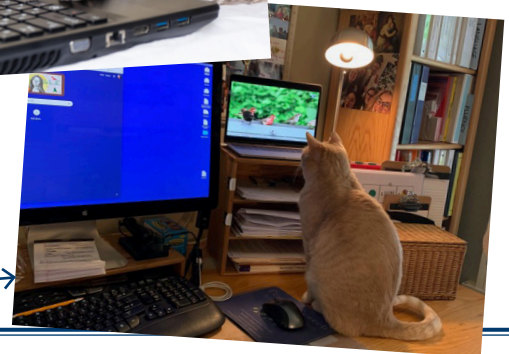
Joey & Frank discuss business over an episode of Cat TV

Princess monitors her human's productivity

Zippy fights off mid afternoon fatigue



Frank references important business materials

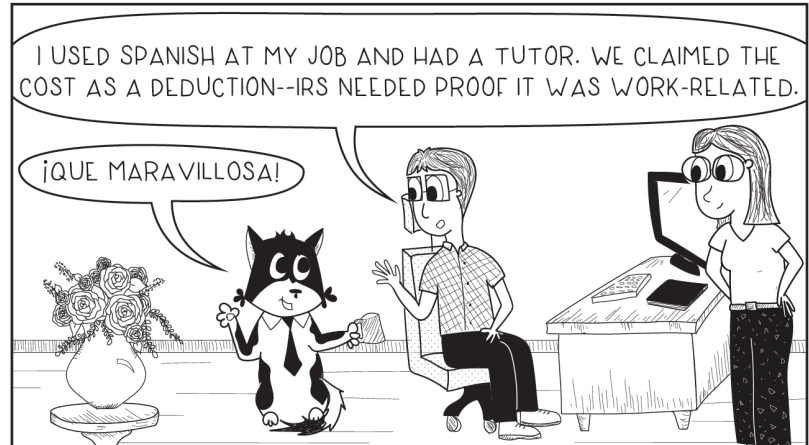


Check out our classic chicken parm recipe. This crispy, juicy chicken slathered in a rich tomato sauce makes for a quick and crowd-pleasing dinner that we've enjoyed several times this winter.





Sophie Schmetz Jan 24



Chicken Parmesan

Instructions:

- Preheat oven to 430 degrees. Lightly grease an oven tray (or baking dish) with non stick cook spray; set aside.
- Whisk together eggs, garlic, parsley, salt and pepper in a shallow dish. Add chicken into the egg, rotating to evenly coat each fillet in the mixture. Cover with plastic wrap and allow to marinate for at least 15 minutes (or overnight if time allows for a deeper flavor).
- When chicken is ready for cooking, mix breadcrumbs, parmesan, and garlic powder together in a separate shallow bowl. Dip chicken into the breadcrumb mixture to evenly coat.
- Heat oil in a large skillet over medium-high heat until hot and shimmering. Fry chicken until golden and crispy (about 4-5 minutes on each side).
- Place chicken on prepared baking tray/dish and top each breast with about 1/3 cup of sauce (sauce recipe below). Top each chicken breast with 2-3 slices of mozzarella and about 2 tablespoons parmesan. Sprinkle with basil or parsley. Bake for 15-20 minutes, or until cheese is bubbling and melted, and the chicken is completely cooked through.

For sauce:

- Heat oil in a medium-sized pot. Fry onion until transparent (about 3 minutes), then add the garlic until fragrant (about 30 seconds). Add tomato puree, salt and pepper to taste, Italian herbs and sugar (if using). Cover with lid to simmer for about 8 minutes, or until sauce has thickened slightly. Taste test and adjust salt and pepper, if needed.

For the chicken:	For the Sauce:
2 large eggs	1 large onion chopped
1 TBS minced garlic	2 tsp minced garlic
2 TBS fresh chopped parsley	14 oz. tomato puree
3 large chicken breasts (halved horizontally into 6 fillets)	1 tsp dried Italian herbs
1 cup Panko breadcrumbs	1 tsp sugar
½ cup fresh grated parmesan	For the topping:
1 tsp garlic or onion powder	8 oz. mozzarella (sliced or shredded)
½ cup olive oil for frying	1/3 cup fresh shredded parmesan
Salt & pepper to season	2 TBS fresh chopped basil or parsley

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

I Know What My Audited Clients Go Through:

John's Personal Experience With Being Audited



Yup, I've been audited. It was a long time ago and not particularly traumatic (except for my wife, Karen), but my IRS audit gave me valuable insight into what many of my clients go through. In this issue of *The Newsletter*, I detail **my audit and its (positive) outcome**. Also inside: **Sebastian the Feline Paralegal spits tea**, he's so surprised to hear I was once audited; photos of clients' cats helping out in home offices; and recent client reviews. Finally, there's a **crispy chicken parmagiania recipe** that is always a crowd pleaser.