The Newsletter
FAUCHER LAW
TAX & BANKRUPTCY

Will the IRS Lower Amount Owed If I Make A Lump Sum Payment?

No, Tax Agencies Seek Compliance Not Revenue Maximization

The IRS won't lower the amount of tax owed, not even if you make a lump sum payment. This surprises many clients: "Why wouldn't the IRS take what it can get rather than take nothing at all?" Unlike other creditors like credit cards, tax agencies do not see themselves as collections agencies, where getting paid what they can, even if it's not all that's owed, is the main goal. Instead, ***they see themselves as law enforcement agencies, where the main goal is to get paid what is legally owed, even if they get nothing at all as a result.*** Why?

IRS Goal: Pay "Correct" Tax

All tax agencies are legally prohibited from negotiating the amount of tax owed (once the amount has been formally established) by the institutions that oversee them (Congress for IRS and California State Legislature for FTB). Consider the fairness issue behind this rule: ***if your friends found out you were able to haggle the IRS down to a lower amount, even though you legally owed the original amount, then it would create an avalanche effect where most taxpayers are trying to bargain with the IRS.***

Also, what happens when people with excellent negotiation skills get bigger discounts than timid bargainers? How about if I'm lucky enough to get a new IRS Revenue Officer with little haggling experience, while you're assigned the IRS' best negotiator? Not fair. And this lack of equity would increase public cynicism about tax agencies, something none of the tax agencies wants.

The primary function of every tax agency is to collect what's legally owed by every taxpayer. The IRS won't try to get more than it's legally due, but it will almost never back off from collecting every penny owed (the one exception is an Offer in Compromise which it only rarely grants and then almost only to disabled and elderly people with no hope of future earning potential). Of course, it's possible to challenge the amount of tax owed when first assessed, such as after an audit, but that's different than challenging the amount the IRS ultimately determines is the correct tax owed, after all challenges have been exhausted.

Sebastian's Reading Up So He Can Help You!
Call us! (818) 889-8080

Assessment Vs. Collections Divisions

Both the IRS and the FTB are also institutionally structured to prevent haggling on the amount owed. How? Each agency is divided into the Assessment and the Collections divisions, and there is little communication between the two divisions. ***The job of Assessment is to ensure the correct, legally mandated amount of tax has been assessed.*** The audit function sits in Assessment and, when a taxpayer challenges an audit result, it is with Assessment. At some point, the IRS reaches a technical decision on the amount of tax owed. And then the case file is passed to the administratively separate Collections Division.

The sole function of Collections is to collect the exact amount of tax assessed by Assessment. Collections isn't set up to negotiate on amount owed, nor authorized to do so. ***When Collections comes after a taxpayer who owes, the presumption is that the amount of tax assessed was correct and that the taxpayer's opportunities to challenge the legal amount of tax owed have been exhausted.*** Collections does not relitigate what Assessment has determined; it is mandated to seek payment of every cent owed. After all, that's only fair: we all owe taxes and we all dislike paying them.

IRS or FTB after you? Call me.

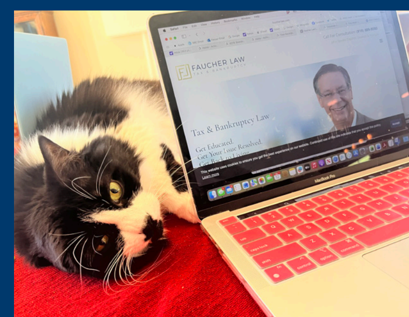
JDF

INSIDE STORIES

Recent Client Thank-you's...

I reached out to John after discovering that my former accountant had defrauded me and left my taxes in total chaos. I reached out and hoped for some direction, and instead, he went above and beyond and gave me more clarity than anyone else I'd spoken to. He took the time to walk me through what happened, explained exactly which years could be corrected, and even showed me how to get so much of the liability cleared with a simple call with the IRS. All of this was done freely, with no pressure, and a level of kind patience that's hard to find when dealing with taxes and money. If you've been burned before or are completely lost in a mess, I can't recommend John and his staff enough. Everyone I interacted with was knowledgeable, honest, and genuine. John's professionalism and his simple follow-up helped me through a very frustrating and almost traumatizing situation by treating me with respect, explaining options, and offering detailed next steps that led to a resolution. I owe him more than words.

-Tim J. on Google Reviews, 11/25



Tax or debt issues? Give us a call or check us out at **FaucherLaw.com.** We love helping people.

Absolutely extraordinary. The care, compassion, and guidance John and his team provided are unmatched. You can expect the HIGHEST level of expertise at this office. From the front desk to the "back", John and his team offer unparalleled services. I cannot recommend this office enough- emphasis on office.

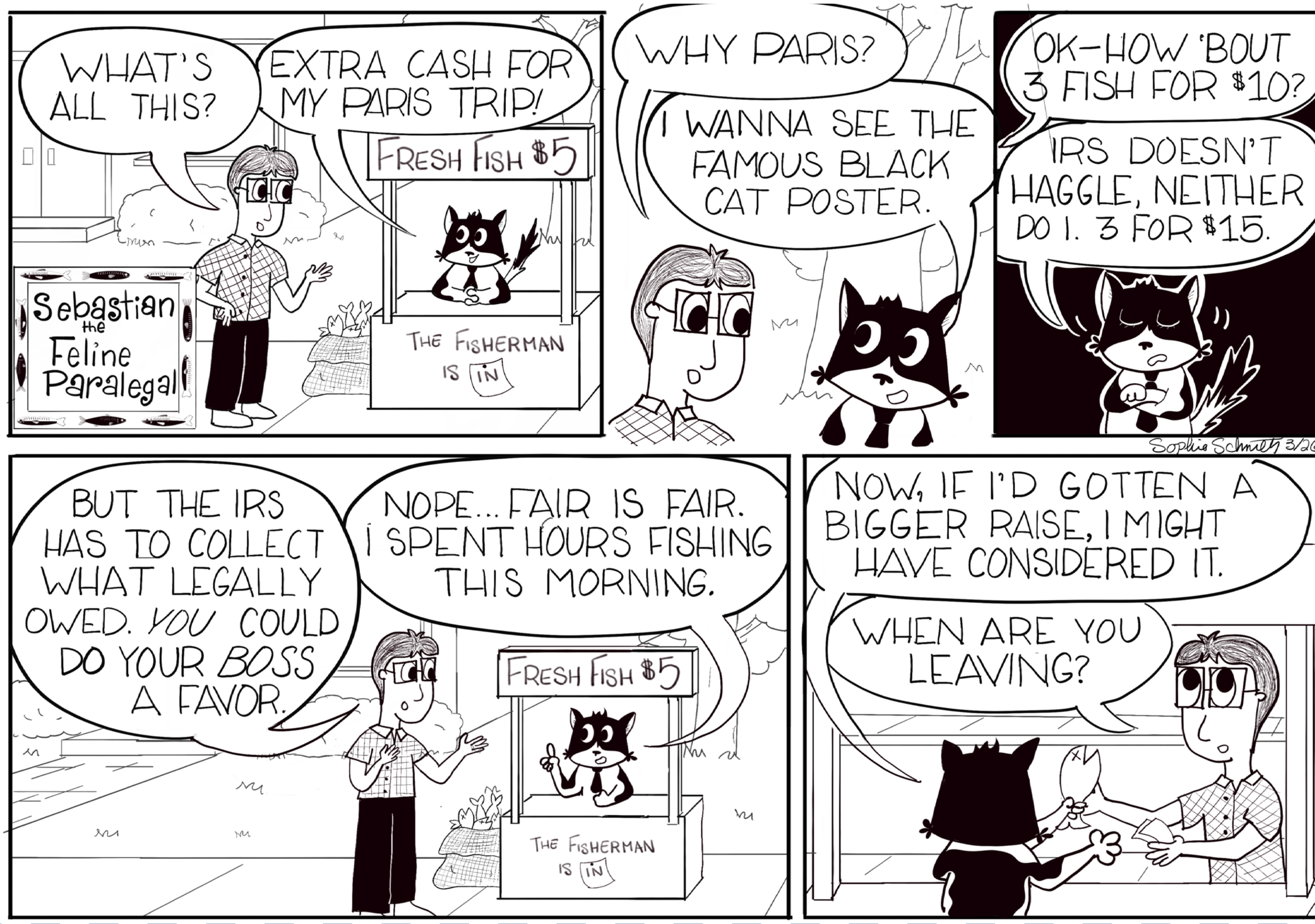
-Felicia C. on Google Reviews, 1/26

I wanted to thank you all one last time. You know the story: I went thru four attorneys either declining or referring me, which finally led me to John. I always had trust that getting a house with an IRS lien on it through bankruptcy was your niche of expertise, even while I became concerned along the way and the doubters close to me grew louder. Karen and Zoe were a huge help and Karen was always there to bring clarity and restore my confidence when I had questions or doubt crept in. You came thru and I'm grateful!

-Jim R., 1/26 email to John, Karen, Zoe and Sebastian the Feline Paralegal

When mom passed away, my brother and I inherited the responsibility of taking care of my father (a disabled veteran stroke victim). We also found out that my mom had been having tax issues for more than a decade and that our dad had no idea what was going on. Unfortunately the amount that the IRS was requesting was so much that there was no way my father on a fixed income would ever begin to pay it off. The letters from the IRS became relentless, threatening to take our father's home. John walked our accountant and us through the next steps we need to take to help protect our father's home. John's knowledge and expertise has helped us to navigate this very scary time and to finally be able to see a light at the end of the tunnel. For any adult children going through trying to help their elderly parents navigate tax issues, we highly recommend Mr. Faucher.

-Beth K. on Google Reviews, 12/25



Chocolate Walnut Torte

Karen first found this recipe in the 1980s in the Letters section of *Gourmet* magazine. That means she's hung on it longer than all her clothes, most of her jewelry and all but one of her suitors (that would be me). It's gluten-free and delicious, especially with lots of fresh whipped cream and seasonal berries. A lovely Easter treat!

5 oz. fine-quality, bittersweet chocolate, chopped
¾ cup granulated sugar
1 tsp vanilla extract
¾ cup walnuts or pecans
4 large eggs, separated
1-2 TBS confectioner's sugar for dusting

Instructions:

- Butter a 9-inch round cake pan, then line the bottom of the cake pan with a round of waxed paper, and butter the top of the waxed paper. Dust the pan with flour (or gluten free flour substitute), knocking out excess flour.
- In a food processor, grind together chocolate, nuts and ¼ cup plus 1 tablespoon of sugar, until mixture is ground fine, being careful not to grind so much that mixture forms a paste.
- Beat egg yolks with electric mixer with remaining granulated sugar for 2 minutes, or until the mixture is pale. Add and mix vanilla extract. Fold chocolate/nut mixture into yolk mixture gently but thoroughly.
- In another clean bowl, beat the egg whites until they hold a stiff peak. Fold ¼ of beaten egg whites into the chocolate-nut mixture thoroughly, to lighten the chocolate-nut mixture. With remaining ¾ of beaten eggs, fold very carefully in the chocolate-nut mixture – do not mix heavily. The "lift" in the torte comes from the air in the beaten eggs, so beaten eggs must not be vigorously incorporated but rather just barely folded into the chocolate-nut mixture.
- Pour the batter into the prepared cake pan, and bake in middle of a preheated 350 degree oven for 40 minutes, or until a tester/toothpick inserted in center comes out clear.
- After removing torte from oven, let sit for 10 minutes and invert upside down onto rack or plate. Carefully remove the wax paper from bottom, and invert again onto a cake plate. Dust torte with confectioner's sugar and serve warm or at room temperature. Will keep in refrigerator for up to 4 days.

Serves 6-8

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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
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Can I Haggle With the IRS On Amount of Tax Owed?

No, the IRS and FTB Aren't Flea Markets

Clients who can't full-pay the tax owed often ask me whether the IRS (or California's FTB) will accept a lower amount. The answer is absolutely, positively not. Tax agencies do not negotiate on the amount of tax legally owed because of fairness considerations and because they see themselves primarily as law enforcement agencies rather than collections agencies. This issue of ***The Newsletter*** explains that distinction. Also in this issue, kudos from former clients, I try to haggle with Sebastian the Feline Paralegal, and a flourless chocolate torte recipe just in time for springtime holiday celebrations.