

IRS Rules of Engagement No. 10: Never Let Deadlines Pass

In practicing before the IRS regarding collection matters, penalty abatements, and examinations, I have found certain rules of engagement helpful. For previous rules of engagement, see the June/July, August/September and October editions of this magazine.

9. Meet all commitments made to the IRS ... or at least call.

A corollary to the rule of not accepting unreasonable time lines from the IRS is for the CPA to meet all commitments made to the IRS. If you insist on reasonable time lines, you should be able to meet such time lines. In the rare instances that you are unable to meet such time lines, you must be sure to communicate with the IRS before the commitment date passes.

Most revenue officers (RO) and agents will work with you as long as you communicate and make a significant effort to move the case forward. You may need to speak to a manager before securing a reasonable time frame, as the IRS appears to provide little discretion to its front-line telephone collection employees.

In setting time lines or requesting additional time there are techniques you can use along with your own personal style. Let's say you have a client who owes \$75,000 and should be able to full-pay the account in due course. The negotiation with the IRS ultimately comes to whether the client can liquidate assets through sale or loans and/or the amount of monthly installment payments.

One of the first requirements of the IRS is to secure financial information about the taxpayer. For me, the most difficult aspect for most high-income taxpayers is determining and presenting their budget to the IRS. Thus, one of the compromises I will make with a RO will be to provide form 433-A, presenting all but the budget. This is helpful to the RO because it provides a road map to assets and employment. In exchange, I will get the time needed to put together the client's budget. (See a detailed budget in the April/May 2009 edition.)

How do I convince the IRS to provide more time? Often, I bring it to a personal level. I recognize that we both are professionals and need to be reasonable about the demands we place upon ourselves. To eliminate resistance, I may communicate with the IRS representative along the following lines:

"As one who has been in practice for many years, I am in the business of avoiding stress for my clients and myself. When left to our own resources, we will make your job easier and provide you with a quality, comprehensive package. I know the demands on my time and my client's time and am in the best position to set my own schedule. I cannot meet the deadline you are asking of me while exercising my due diligence. I am sure if I provide you the requested materials in the time line I have laid out, you are not going to be running out of work. Accordingly, I would appreciate you treating me



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REPRESENTATION
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professionally as you would like to be treated."

In the most absurd cases, I have had the IRS require eight to ten years of tax returns to be filed in 30 days. The IRS has been waiting for these returns for eight to ten years, and now it is suddenly urgent that they get them in 30 days? I will negotiate a schedule to provide the returns over a period of time that is reasonable for the complexity, or lack thereof, of the client's tax returns. My rule of thumb has been to provide the first two years' returns within 45 days and then two more years every 30 days.

10. Do not let appeals deadlines pass without considering action.

Most commitments with the IRS are artificial deadlines set by the IRS (and, hopefully, the practitioner) to keep the case moving along. However, some deadlines are critical. You should never just let those deadlines pass. Examples of such deadlines are the 30-day deadline to appeal a Revenue Agent Report in an examination context, the 90-day deadline to file a Tax Court Petition, the 30-day deadline to request a Collection Due Process hearing or the one-year deadline to request a Collection Due Process Equivalency hearing. Each of these deadlines requires a written response.

There are also deadlines to appeal the imposition of a penalty or the denial of a request for abatement. Never allow a deadline to go by as a result of your indecision or inability to act. Each deadline requires careful consideration and documentation of the actions you decide to take or not take.

More rules of engagement to come next issue. **G**

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