

# Tax Resolution Times

*"Read About Taxpayers with IRS Problems & Find Out How to Solve Them"*



## INSIDE THIS ISSUE:

IRS Revenue Officer Bites the Hand that Feeds Him ...page 1

Mobile Home Park Owners will be Moving to Prison...page 1

The History of Income Tax in the United States...page 2

Montana Man Files False Income Tax Returns Using Personal Information Obtained from Craigslist...page 2

And Yet Another New Scheme; The Latest Tax Scam...page 3

Infamous International Tax Evaders...page 3

Staff Director for Homeland Security Tries to be Sneaky...page 4

Win \$250 Playing Our Trivia Contest...page 4

IRS Question of the Month...page 4



"It's 'excise' tax? And all these years I haven't worked out because I didn't want to pay an 'exercise' tax."

## IRS Revenue Officer Bites the Hand that Feeds Him

An IRS Revenue Office from Edison, NJ, James C. Brewer, pled guilty to 12 counts of filing or preparing false tax returns, 12 counts of wire fraud and one count of mail fraud in connection with a multi-year scheme to falsify his tax returns and the returns of others to inflate the amount of refunds.

Brewer failed to report income he received from an unauthorized tax preparation business, underreported the gross receipts earned from an Internet retail business and claimed false dependents on returns filed during a three-year period. Brewer also claimed a tax credit for first time homebuyers which was a fraudulent deduction. He also listed false dependents and deductions on tax returns he prepared for others, without their knowledge, in order to receive inflated refunds they were not entitled to. Brewer would then divert a portion of the client's returns to himself, again without the client's knowledge.

Brewer faces a maximum of 20 years in prison for each wire and mail fraud count, 3 years in prison for each tax fraud count. Brewer has also agreed to pay restitution in the amount of \$70,000 to the IRS, plus penalties, interest and fines.

## Mobile Home Park Owners will be Moving to Prison

John and Peggy DeYoung of Montana pled guilty to one count of conspiracy to defraud the United States in Federal Court in January, 2017.

The DeYoung's failed to file tax returns since 1998, although they earned income from their ownership interests in two mobile home parks. They were accused of setting up sham trusts using fabricated taxpayer identification numbers and opening bank accounts in the name of the trusts. Income they earned was deposited into those accounts where they used the funds to pay personal expenses.

The loss to the U.S. Treasury is estimated at \$376,350. Sentencing is set for April, 2017 where they face a statutory maximum sentence of five years in prison, restitution and penalties.

## The History of Income Tax In the United States

The first tax on income was created in 1861 to finance the Civil War. Congress also passed the Internal Revenue Act in 1862 which created the Bureau of Internal Revenue which eventually became the IRS. The Bureau initially placed excise taxes on goods ranging from tobacco to jewelry, but it did not last and wasn't renewed in 1872. The Revenue Act also created a federal estate and gift tax. After the end of the Civil War, the estate and gift tax was reversed but to raise money for the Spanish-American War, in 1898 another death tax was enacted.

Congress passes the Wilson-Gorman tariff in 1894, which was a tax on income of 2% for earnings over \$4,000, but the Supreme Court overturned the tax the following year.

In 1913, the 16<sup>th</sup> Amendment was ratified to the Constitution which granted the power for Congress to collect taxes on personal income.

The first IRS form was the 1040, which is still in use today but is re-issued annually. A test run was conducted where people sent in their forms to the bureau to check for accuracy but did not have to pay any tax. In 1915, Congress expressed concerns that the 1040 form was complex and too difficult to prepare!

## Montana Man Files False Income Tax Returns Using Personal Information Obtained from Craigslist

Steven D. Pjevach, former resident of Nevada and Montana pleaded guilty to one count of corruptly interfering with the administration of the internal revenue laws.

Using personal information he obtained by placing false help wanted ads on Craigslist, including names and social security numbers, Pjevach filed false and fraudulent income tax returns. Pjevach also opened up bank accounts in the individual's names in order to receive the fraudulent tax refunds. When questioned by the individuals, Pjevach provided false information on why he had opened up those accounts, and even told one person just to disregard any correspondence from the bank. Pjevach also created false Forms W-2, which he attached to the returns to deceive the IRS.

Sentencing is scheduled for March, 2017, where Pjevach faces a statutory maximum sentence of three years in prison, a period of supervised release, restitution and monetary penalties.



## And Yet Another New Scheme; The Latest Tax Scam

Issuing an alert to tax professionals and taxpayers, the Internal Revenue Service is warning them about a new fake tax scam involving fake CP2000 notices.

CP2000 notices are sent as part of the IRS's Automated Underreporter Program when income reported from third party sources, such as employers or 1099's does not match the income reported on a tax return. It is always sent to the taxpayer through the U.S. Postal Service.

In the new scam, the fake CP2000 notice is sent as an attachment to an email, stating there is additional unpaid taxes owed relating to the Affordable Care Act.

The notices appear to be issued from an Austin, TX address and includes the request that a check be mailed to an Austin post office box. The email also has a "payment" link within the email.

The IRS is requesting anyone receiving this email forward it to [phising@irs.gov](mailto:phising@irs.gov) and delete it immediately. To confirm any notices received by mail, taxpayers and tax pros should go to the IRS web page and search, "Understanding Your Notice" where you can see an image of an actual form for comparison.



## Infamous International Tax Evaders

It's not just citizens of the United States that try to get out of paying their taxes—this is a worldwide issue. Listed below are a few famous tax evaders from around the world:

The number 1 tennis player in the early 2000's, **Boris Becker** lived in Germany but claimed he resided in Monte Carlo to avoid paying taxes in the amount of 1.7 million Euro. He admitted to tax evasion and received a \$500,000 fine and two years' probation. He moved to Switzerland to avoid paying taxes.

Fashion designers **Domenico Dolce and Stefano Gabbana** of Italy were found guilty of hiding hundreds of millions of Euros. They received a prison sentence of one year and eight months, but Italian law states that people with sentences less than 2 years do not actually have to serve that sentence.

Australian actor **Paul Hogan** was accused by the Australian Taxation Office of owing as much as \$37.5 million Australian dollars and was banned from leaving the country without paying his taxes. As part of a deal, he was allowed to leave the country but later sued the Australian government for false accusations of tax evasion. In 2012 the issue was resolved "without admission".

Founder of the retail computer chain ComputerLand Corp. sold his company in the late 1980's for over \$100 million. After selling his company he moved to Northern Mariana Islands, which is a U.S. Commonwealth. While there he never reported his income to the IRS and thus paid no taxes. He has since disappeared, but is reported to be living in the known tax haven of the Cayman Islands.

### Staff Director for Homeland Security Tries to be Sneaky

Issac Avant, a former Congressional Staffer was sentenced to 4 months in prison and ordered to pay \$149,962 restitution for failing to file an individual tax return from 2009 to 2013. Avant also had no federal income tax withheld, filing a form with his employer claiming he was exempt from federal income taxes.

### I'd Like to Hear From You!

If you have an IRS issue, or just want to refer a friend, relative or client, we'd love to hear from you. We can provide a no-obligation confidential consultation to help you solve your IRS problems.

Tax Problem Relief, LLC

P O Box 1100, Hilltop  
Lakes, TX 77871

Phone: (866) 518 – 2032  
Fax: (936) 855 - 1801

## Enter Our Trivia Contest for a Chance to Win a \$250 Transferrable Gift Certificate!

### *Take the Trivia Challenge to win!*

Each month, I'll give you a new trivia question. The first **THREE** people who call my office with the correct answer win a free \$250 reduction on any IRS service I provide. Your prize is also transferrable, so use it for yourself, or give it to a family member or friend. Take your best guess and call me at (866) 518 – 2032

This month's question is....

Oil painting first appeared in the 15<sup>th</sup> century, in what region of Europe?

- |           |             |
|-----------|-------------|
| a) Aragon | c) Flanders |
| b) France | d) Venice   |

Call today at (866) 518 – 2032

## Your IRS Questions Answered Here...

**Question:** *I'm currently separated from my spouse, who owns his own business, and we are in the process of getting a divorce. I have always filed jointly with my spouse and now the IRS is sending me notices stating I owe \$35,000. I have no idea how they are coming up with this amount as my spouse said he was paying the IRS.*

**Answer:** You may be able to avoid this liability entirely under the IRS's Innocent Spouse Relief rules. Under federal law if an income tax return is signed by both husband and wife, both spouses are 100% responsible for the taxes owed. However, the law permits special consideration where a spouse cannot be held responsible for mistakes that are attributable to the other spouse.

If you meet the following criteria you may be able to apply for innocent spouse relief: *Your spouse didn't report all their income; and you were not aware of it and no reason to know about it when you signed the tax return; and it would be unfair to hold you liable for the taxes owed due to your spouse's error.* If you feel you were deceived by your spouse or tricked into signing a return you thought was correct this will help your case too. There are many other ways you may be eligible for relief under the IRS's innocent spouse rules and we can help sort this out and determine the proper path for resolution.

We at Tax Problem Relief, LLC, are experts in IRS tax problem resolution and help taxpayers with their IRS Problems every day. **There is a solution to EVERY problem.** Call us today! (866) 518 – 2032 for a FREE confidential consultation.