Intro Music: Taxman by The Beatles

**Announcer**: Good evening ladies and gentlemen and welcome to tonight’s presentation of “Wait, Wait, Don’t Tax Me!” with your host Jeremy Abrams.

**Host**: Thank you Charles. We have a great show tonight about the statute of limitations on collections. For those of you who have not joined us before, we will be calling on members of the audience to come up and answers questions about one of the most riveting of subjects in the tax world. We will start with two rounds of limericks about the collection SOL. Do we have any volunteers? Great! \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, come on up here. Charles, what will \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ be playing for?

**Announcer**: If \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ answers four out of five limericks correctly, he/she will win Chief Judge Thornton’s voice on his/her office voicemail.

**Host**: Thank you, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Ok, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, here is your first limerick.

Limericks read by announcer (underlined words provided by audience member)

There was a Revenue Officer from Fairfax,

Who found himself on the sharp edge of an axe,

He pulled his hair,

In sheer despair,

Forgetting he had **10**years to collect a tax.

A taxpayer was feeling quite inspired,

Perhaps the judge’s absence meant the statute expired,

But he was surprised,

When he was advised,

That the Judge had issued a **judgment** before he retired.

A husband at dinner with his wife was maligned,

He agreed to a statute extension without her mind,

But he should not scurry,

Or be in a worry,

The **Form 900**was not properly signed

Joe Taxpayer had spent ten years as a mountain man,

Instead of paying taxes he climbed ice and got a tan,

He was shocked to learn,

That he could not earn,

an extension without agreeing to an **Installment Plan**

Taxpayer thought it was unreal

But the Court stated with some zeal

That the time to collect stops to fade

Not only while a CDP decision being made

But also when Taxpayer may file an **Appeal**

(U.S. v. Kollman, 2014 TNT 242-10, (9th Cir. 2014))

**Host:** Congratulations, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_! You’ve won a voicemail from Chief Judge Thornton! We now move to our second round of limericks, and need another volunteer? Great! \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, come on up here. Charles, what will \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ be playing for?

**Announcer:** If \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ answers four out of five limericks correctly, he/she will win a signed picture of Doug Charnas.

**Host**: Thank you, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Ok, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, here is your first limerick.

Uncle Sam went in search of legal support

When he heard his time to collect did not grow short

Counsel Mr. Blue

Agreed that this was true

For the time Taxpayer’s assets were in custody of the**court**

(sec. 6503(b))

A trip to somewhere worth an applaud

And further away than Cape Cod

May cause the period to be tolled

For taxpayers young and old

If for more than 6 months that trip is **abroad**.

(sec. 6503(c))

If your tax payments are not so pristine

And the government will soon get it clean

Filing for bankruptcy may halt the show

If the government is too slow

To try to take your property on its filed **lien.**

Patrick did not think he would have to pay

But he soon realized it was just deferred to a different day

He only had limited protection

From the government enforcing collection

When his bankruptcy filing gave him an automatic **stay**.

When the government came to collect without much speed

Klingshirn said he would succeed

But Klingshirn too soon spoke

Because going broke

Extends the running of the time previously **agreed**.

**Host**: Congratulations, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_! You’ve won a signed picture of Doug Charnas! Thank you to both our contestants. We now move to the next segment of our show sponsored by the Tax Masters.

**Announcer**: Are you being audited? Do you have several years of unfiled tax returns? Is the IRS sending you threatening letters or coming to your home or place of business? I’m Patrick Cox, founder of Tax Masters; our professionals will help you solve your tax problems. Call us today. We’re the Tax Masters.

**Host**: (Looks awkwardly at announcer) Thank you Charles. We now will call another audience member to our grand stage to answer questions about recent **fake** celebrity tax troubles. Before we call volunteers, I want to introduce you to our illustrious panelists: \_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_. Now, do we have any volunteers? Great! \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, come on up here. Charles, what will \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ be playing for?

**Announcer:** If \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ answer five of the seven questions correctly, they will win a dinner for two at the US Tax Court on February 10, 2015.

**Host**: How delicious! Best of luck to you both. Now to our first question:

**Host**: It became front-page news in Washington this week when it was revealed that the highest paid benchwarmer in the NFL, John Smith, passed on paying his taxes in 2012. According to reports, the IRS assessed a tax against Mr. Smith in 2014 for more than $8 million. Mr. Smith’s tax advisor, David Blair, said that he’s not concerned about the payment because he intends to send a Form 911 to the Taxpayer Advocate, who he knows is understaffed and won’t have time to respond for the next 10 years. By then, the statue of limitations will have expired. Why will Mr. Blair’s plan not work?

A: Section 7811(d) can suspend the SOL if a taxpayer submits a Form 911 with respect to a collection matter; the suspension does not end until Taxpayer Advocate issues a decision.

**Panelist:** The IRS might be the only people willing to be Smith’s advocate.

**Host**: Reports surfaced this week that former basketball star Tommy Two Feet failed to pay his U.S. taxes in 2002. According to reports, the IRS assessed a tax against Two Feet in 2004, but hasn’t made the case a priority given Mr. Two Feet’s prolonged stay overseas. Even though the case has been benched for the past ten years, it is still open for collection. Why has the 10-year SOL not run?

A: The running of the SOL on collection is suspended for the period during which the taxpayer is outside the US if such period is continuous for 6 months.

**Panelist:** Let’s hope Two Feet’s not packing when the IRS shows up to collect.

**Host:** Boxer Michael Timothy filed for bankruptcy on Monday. His money problems don’t end there. The IRS assessed a $500,000 tax against him in 2005, which he still has not satisfied. May the IRS collect on his assessed tax during the bankruptcy proceeding?

A: No. An automatic stay is in place; however, the statute of limitations is also suspended during the pendency of the case plus 6 months thereafter.

**Panelist:** The IRS is really trying to take a bite out of him.

**Host:**  In another bankruptcy case, music icon the Fret attempted to file a bankruptcy suit last week while he had a separate pending case in the U.S. Tax Court. How will the Tax Court respond to the new bankruptcy filing?

A: The Tax Court will stay its proceedings until the bankruptcy proceedings are terminated OR the bankruptcy judge lifts the stay.  *See*, 11 USC 362(c)(2)and *McClamma v. Commissioner*, 76 T.C. 754 (1981).

**Panelist:**  The Tax Court can’t touch this.

**Host**: Jerrod Sanchez has been dealing with a bankruptcy case for the past several years, but his troubles seem to have only worsened recently as he received a notice of deficiency from the IRS last month. Mr. Sanchez’s attorney told papers that his client intends to take his tax case to Tax Court. What is Mr. Sanchez’s timeline for filing the petition?

A: The period for filing a petition with the Tax Court will be suspended for as long as the stay is in existence plus 60 days thereafter.  See IRC 6213(f). The unexpired portion of the 90-day period is added to the additional 60-day period in computing the time for filing the petition.  *See, McClamma v. Commissioner*, 76 T.C. 754 (1981).

**Panelist:** I still can’t believe Sanchez’s bankrupt… not that there’s anything wrong with that.

**Host:** As many are aware, Maurice Plum died tragically three years ago when he fell down stairs during a game of Marco Polo. His wife, Candy Connors, announced this week that she received a letter from the IRS stating that the agency intended to collect a tax assessed against Maury and Connie from 2002. The IRS claims that the statute of limitation started anew when Maurice passed away. Is Candy liable?

A: No. When multiple persons owe tax, the section 6502 SOL governs the tax as a whole, not each obligor. Unless some other provisions provides for an extension, the SOL ran out in 2012.

**Panelist:** That sounds more like an episode from the Maury Povich show than reality.

**Host:** Last month, it was reported that Thomas Green failed to pay off $34,000 in taxes for 2002. Only a few months remained on the 10-year statute of limitations, and Green decided to file an Offer in Compromise. Green knew that the IRS would take several months before it responded to his offer and then he could claim that the collection SOL had run. Will his plan work?

**A:** No. The collection SOL is suspended while an offer is pending with the Service under § 6331(k)(3)(B).

**Panelist:** Offer in compromise? Times must be tough for the former Treasury Secretary.

**Host:** Congratulations, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_! You’ve won dinner at the Tax Court! Please arrive by 6:30 or all of the food may be gone.

**Host:** I want to thank our panel and all our contestants for participating. Good night!