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IRS Enforcement to Get Priority, Big Bucks in 2010

Congress is sending another \$12.2 billion to the IRS this year. Most of the money will be used for enforcement. It's time to watch out.

The United States Congress is finally putting, to use the old cliché, its money where its mouth is.

That is to say, while Congress has always had a loud bark regarding tax cheats, its members haven't always been eager to spend money on the bite.

That changed in the fiscal-year 2010 omnibus spending bill. During appropriation, Congress allocated \$12.2 billion to the IRS. The majority of that money is intended to go toward enforcement. This year, the IRS's enforcement budget will be a record \$5.5 billion.

Concerned? You should be.

Among the main reasons why can be found in the previous fiscal year. Even before this \$12.2 billion budget infusion, the IRS was firing on all enforcement cylinders.

Collections in fiscal year 2009 were \$48.9 billion — the third-most collected all decade. What's more, the IRS had 21,059 revenue officers and special agents on the streets in 2009 — 339 more than were employed in 2008.

But that's not the worst of it. Fiscal year 2009 saw 1.425 million examinations of individual tax returns — the most seen all decade. The IRS also filed more than 3 million levies and nearly 1 million liens — also the most seen all decade.

It doesn't take Sherlock Holmes to read the writing on the tax wall: If fiscal year 2009 was among the most productive enforcement years for the IRS, fiscal year 2010 — with the extra \$12.2 billion from Congress — should be nothing short of extraordinary.

This new enforcement will likely affect all economic strata in the United States, from the nation's wealthiest to Average Joes.

Already, IRS Commissioner Doug Shulman has announced the creation of a specialized unit to focus on wealthy Americans with complex business organization and international operations whose legal mechanisms may "mask aggressive tax strategies."

This new unit, no doubt, is intended to piggyback on the IRS's success in piercing the Swiss banking veil and exposing for the first time U.S. taxpayers who were hiding assets and money in Switzerland to avoid tax obligations.

Despite this new unit, an examination of federal cases show the IRS and the Department of Justice are still more than willing to go after middle-income taxpayers.

Recent cases range from the owner of a New Jersey mortgage business who allegedly did not declare \$836,500 in income to an Ohio radio host who allegedly did not file taxes and who earned only \$17,945 in 2006.

If you're still skeptical the IRS will go after you, it's also important to remember that the U.S. government is facing a continued recession and rising deficits. While the federal government may be loath to raise taxes, Uncle Sam is showing himself to be eager to get what he's already owed.

Now is probably one of the most dangerous times to be cheating on your taxes. The IRS has shown some leniency on those who come forward. Maybe it's time to come clean on your taxes once and for all.

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