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Following Obama's Orders, IRS Begins War on Cheats

In a high-profile Tax Day press conference, President Obama announced an even more aggressive war on tax cheats. Now, the IRS is planning the assault

It was only a couple of months ago that President Barack Obama, still freshly inaugurated, stood in the White House and announced his plan to go after — and go after aggressively — tax cheats, no matter where they hide their money.

His plan focused primarily on breaking down the network of banks and financial advisers that help U.S. taxpayers hide their money overseas, away from the watchful eye of the Internal Revenue Service.

The president's words were tough. "If financial institutions won't cooperate with us, we will assume that they are sheltering money in tax havens, and act accordingly," he told a nationally televised audience.

But while the headlines focused on Obama's mission to put an end to overseas tax shelters, his tax-collection plans were more far-reaching.

The president isn't just looking for millionaires with their fortunes stashed away in Swiss banks.

No, he's looking for what could be you — average Americans who are electing to cheat in order to avoid paying taxes.

If that fact isn't obvious in President Obama's speeches, it's clear in the actions of the agency now under his watch — the IRS.

Last month, IRS Commissioner Doug Shulman announced a new recommendation that would place the government's tax troops right on the front line of the tax-cheat war.

That's right, the IRS is focusing on tax return preparer community. It's not the government suspects this community of cheating; it's that the

government suspects the clients of this community may be cheating.

The government, in a sense, suspects you and is taking action.

Schulman's recommendations include a new model for the regulation of tax return preparers; service and outreach for return preparers; education and training of return preparers; and enforcement related to return preparer misconduct.

"Tax return preparers help Americans with one of their biggest financial transactions each year," Schulman said in a statement. "We must ensure that all preparers are ethical, provide good service and are qualified. At the end the day, tax preparers and the associated industry must be part of our overall game plan to strengthen the integrity of the tax system."

Notice the last line: "part of our overall game plan".

The IRS realizes that it's impossible to fully vet all of the millions of tax returns it receives every year. Getting the tax preparer community on board with enforcement will only help its tax collection efforts, the government has concluded.

Here's what this means for you: The government has decided that its war on tax cheats is a multi-front conflict, ranging from overseas banks to the tax preparer around the corner. Simply put, it's a bad time to be a tax cheat.

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