



Filing the Non-Filer

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Filing the Non-Filer



Veronica has a formal education in Accounting, and has been an Enrolled Agent for almost 20 years. She is the owner of Tax Resolution Advocates with offices in Temecula CALIFORNIA, SLC UTAH, and Southern IDAHO. Tax Resolution Advocates is a full-service tax firm that specializes in tax problem resolution. She is also a Certified Tax Resolution Specialist.

She has recently added Profit First consulting to her firm. She is approximately one of only 140 tax professionals in the US to become a Profit First Professional. Profit First is an organization dedicated to eradicating entrepreneurial poverty.

Veronica served as 1st Vice President of the California Society of Tax Consultants at the State level. She also served the local North San Diego Chapter as second Vice President for many years. Both of these positions were as the Education Chair. It was her main responsibility to ensure Tax professionals Statewide were trained and up to date on all new State and federal tax laws and changes to the current tax code.

Veronica has a vast amount of experience serving and working on Board of Directors. She has or is currently serving on five different boards of Not-for-Profit organizations. These organizations have helped our communities by providing shelter for abused women and homeless teenagers, feeding underprivileged children, and the planting of new Christian Churches.

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- ▶ The purpose of this presentation is to assist you as a tax professional in helping these taxpayers. We can do that by determining the best way to start, what questions to ask, how to find and gather source documents, and how to work the circumstances of each taxpayer situation or case.

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- ▶ During this presentation we will discuss:
 - ▶ What happens when tax returns are not filed
 - ▶ Where to start
 - ▶ What Questions to Ask of the Taxpayer
 - ▶ How to find & gather documents

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- ▶ Why?
 - ▶ Fact Sheet - February, 2020
 - ▶ “IRS announced it will visit more taxpayers who haven’t filed tax returns for prior years in an effort to increase tax compliance and further enhance the law.”
 - ▶ <https://www.irs.gov/newsroom/irs-increasing-focus-on-taxpayers-who-have-not-filed-tax-return>
- ▶ In 2018, IRS identified 10.6 million individual non-filers
- ▶ Tax Gap & Non-filing individuals account for \$31 billion of the \$39 billion lost to the US Treasury annually.

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- ▶ What happens when an individual does not file?
 - ▶ Approximately 2-4 years after due date - IRS issues Substitute For Return (SFR) - Mostly Individual, but can be Business
 - ▶ OR Inquiry of Non-Filed Return Notice (Business & Individual)
 - ▶ IRS Notice Cycle - Semi-Annually - May & November

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Polling Question 1

What does ASTPS Stand for?

- Advanced Sensor Technology Fusion Program
- Association of Steel Tube & Pipe Manufacturers
- Accident Source Term Program Office
- American Society of Tax Problem Solvers

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- ▶ Where to Start - Determine the Facts:
 - ▶ How many years need filed?
 - ▶ Does the 6 year rule apply? (IRS Policy Statement 5-133) but watch the state!
 - ▶ What type of returns need to be filed? (1040, 1065, 1120S, 1120, 941,etc)
 - ▶ What source documents does the Taxpayer have?
 - ▶ What source documents do you need to create/find/recover/etc.
 - ▶ How can you create taxpayer engagement in the gathering activity?
 - ▶ Then prepare the returns.
 - ▶ Collect your fee!

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- ▶ Every Case Revolves around 3 Main Areas to prepare tax returns:
 - A. Income Source - How & Where does taxpayer receive income
 - B. Deductions - Lets discuss what your financial life was at that time?
 - C. Other Misc.. Support Documents - What happened during that time that got you off track?
- ▶ Prepare Returns
 - ▶ Form 2848 or 8821?
 - ▶ Wage & Income Transcripts - First Source
 - ▶ Practitioner Priority Service - Start Here (ENQ)
 - ▶ E-Services mailbox

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Polling Question 2

What happens when tax returns are not filed?

- The taxpayer's birthday is taken away.
- The IRS can file Substitute For Returns (SFRs).
- The national debt is decreased.
- Tax Professionals cancel their vacations.

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You Get to be a Detective!

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► Income - Types & Sources

- Original Forms W-2
- Wage & Income Transcript
- Bank & Credit Card Statements
- Accounting or Bookkeeping files, QB, Zero, Quicken, etc.
- Forms 1099-Misc, Int, Div., S, etc. (New 1099-NEC)
- Contracts - especially for sales professional, Ind Contractors, Investors, Partners, etc.
- Forms W-2G
- Brokerage Statements
- Any other source of income document

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- ▶ Deductions
- ▶ Forms 1098
- ▶ Charitable Contributions
- ▶ Refinance Documents
- ▶ Bank & Credit Card Statements including Cancelled Checks
- ▶ Receipts
- ▶ Accounting/Bookkeeping Files
- ▶ Spreadsheets
- ▶ Dependent Information
- ▶ Equipment Sales Documents & Real Estate Sales Documents
- ▶ Licensing Authorities

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- ▶ Deduction, cont.
 - ▶ State Agency accounts - sales, withholding
 - ▶ Calendar or Planners - either manual or electronic
 - ▶ Emails
 - ▶ Any other deduction paperwork
 - ▶ Audit Potential? - document, document, document...

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Polling Question 3

What information can be found on an IRS Wage & Income Transcript?

- Forms 1099 & W2 Information.
- Redacted Senate Hearing Records
- Business Expenses
- Patent for Independent Front Suspension

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- ▶ Other Misc. Documents
 - ▶ Prior Year Returns
 - ▶ Social Media - Timelines (Due Diligence Issue - "Anything I should know?")
 - ▶ Emails for past events, travel, organizations
 - ▶ Chamber of Commerce calendar
 - ▶ Trade - Association - Chamber of Commerce groups
 - ▶ Smart Phone App Reports
 - ▶ State Forms & Accounts
 - ▶ IRS Forms & Letters (SS4 & 2553)

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- ▶ Other Misc. Supporting Documents
 - ▶ Partnership or Operating Agreements - Business Entity Documents
 - ▶ State Licenses or Accounts
 - ▶ Divorce Decree
 - ▶ Other Legal Documents
 - ▶ Other States
 - ▶ Market Segment Specialization Program - MSSP Reports

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Every Engagement brings it own set of challenges, but all cases fall into the same set of steps.

When talking to taxpayers you hear things like...

I do want to get this fixed....

I do want to move on with my life...

I do want to stop hiding...

I do want to sleep at night...

I do want to get my spouse off my back...

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That's why you should not forget about the:

I DO's

- Income
- Deductions
- Other

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Polling Question 4

What do you say I DO to?

- The Love of My Life
- Health
- Wealth
- Income, Deductions, Other

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