

# Real Case Studies

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## The Case Of The Ignorer

Polling Question

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## Background

Insurance Agent

Received 1099s

S Corp

No withholdings or estimated payments

Wife is W2 Employee

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## Personal and Assets

Both in their late 60s

He has health issues and is not able to work

She has limited income

No money

House worth \$400,000, owe \$300,000

Cannot make payments or afford to live there

Foreclosure with IRS receiving \$100,000

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## Balances

2007	2009	All other years
<ul style="list-style-type: none"><li>• He owes \$200,000 from SFR</li><li>• Notice of Deficiency ignored</li></ul>	<ul style="list-style-type: none"><li>• Originally owe \$20,000 jointly</li><li>• 1040 Joint Audit ignored<ul style="list-style-type: none"><li>• IRS assesses tax on 1099 income, which was already taken on 1120S</li></ul></li><li>• Now owe \$80,000</li></ul>	<ul style="list-style-type: none"><li>• Nothing filed</li></ul>

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## Filing Returns



FILED 2014 TO  
2019



SOME JOINT,  
SOME SEPARATE



SMALL  
BALANCES

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# Objectives

Return	Audit	Foreclosure	OIC
Have correct return for 2007 accepted	Correct audit for 2009	Get money back from the house foreclosure <ul style="list-style-type: none"><li>• Get Offer in Compromise Doubt as to Liability or Audit Reconsideration accepted</li><li>• Do claim for Injured Spouse</li></ul>	Get Offer in Compromise Doubt as to Collectibility accepted for him

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2019

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Revenue Officer assigned

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Requested CDP, but IRS loses it

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<p>House foreclosed</p> <p>IRS keeps \$100,000 proceeds</p>	<p>2021</p>
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<p>2022</p>	<hr/> <p>Offer in Compromise Doubt as to Liability and Audit Reconsideration for 2009</p> <hr/> <p>CDP – Offer in Compromise Doubt as to Collectibility</p>
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2023

Audit Reconsideration granted

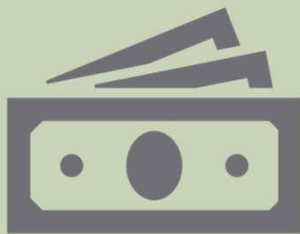
Adjustments post

Request Injured Spouse for money  
kept from house

Went to Taxpayer Advocate to hold it

Offer specialist sent case back to appeals

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The Case Of Take The  
Money And Run!

Polling Question

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May, 2016

Owed from 2010 to 2014 about \$1,400,000

PPIA for \$5000 first year, \$6000 second year, then \$7800

Had to liquidate life insurance

Amended return would reduce balance by \$100,000

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February,  
2017

IA defaulted because returns not filed

Tried to reinstate with ACS, but above their threshold

Filed 911 for adjustments and wrongful termination

Taxpayer Advocate got amended return processed, resolved identity theft issue, and reinstated IA

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# May, 2017

Did lien discharge for \$170,000 on property sale

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## September, 2017

### Living in Brazil

- Not a citizen, no longer US resident, and not coming back

### Sold his share of business

- Receiving \$1,000,000 now and \$2,000,000 over 4 years
- Payments go to attorney account in Florida

### Earned \$220,000 in 2016 and owed balance

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February,  
2018

New RO in Abusive Tax  
Avoidance Transactions Division  
(ATAT)

Prepare 433a

- Earning \$40,000 a month for 48 months
- Expenses of \$23,000 a month
- Net of \$17,000 a month
- Has \$35,000 in US bank account
- No property

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March,  
2018

Requested CDP on recently  
filed years

Submitted 433a

Requested IA for \$17,000 a  
month

- RO wants \$20,139 and requested information on what happened to \$1,000,000
- Used money to pay debts in Brazil

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April, 2018

Advised RO that he will owe  
for 2017

RO not happy with  
explanation of money

RO requested sales contract

We agree to \$20,139 and  
request IA

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May, 2018

Rejected IA

- RO and GM say he has other income
- CAP forwarded to Appeals

CDP Hearing set

- Prepared and sent SO Offer in  
Compromise with RO's numbers
  - \$241,668 for cash offer
    - 20% down
  - \$483,336 for periodic payment
    - \$100 a month with balloon  
payment on 24<sup>th</sup> month

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July, 2018

Lost CAP Appeal

OIC now pending

RO levies

- Requested levy release
  - Said OIC solely to delay
- CAP and 911 filed
  - Did not get Territory Manager approval to levy
- Levy released

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August,  
2018

OIC specialist contacts us

- Says he can full pay, but did not take into account that payments will end
- Wants contract
- Wants 2017 return
  - Owes more money
- Wants proof of estimated payments for 2018

Amended return finally processed,  
decreasing balance by \$100,000

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January to  
July, 2019

Could not reach Offer specialist

Finally contacted us

- Had problem with vague contact
- Wants him to stay current

Continued to leave messages

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August, 2019

OIC Specialist thinks Offer is fair, but

RO says there are 3 contracts

Contract we provided is not clear

Does not think Territory Manager and IRS Counsel  
will approve it

Sent him updated information

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October,  
2019

Closed Offer



Back to SO handling CDP

Requested IA

Approved for \$20,000  
to begin January,  
2020

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## The Case Of The IRS Should Have Taken The Money And Ran

Polling Question

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## Background



Taxpayer owes \$700,000 for SFRs for 2005, 2006, and 2007



Final Notice of Intent to Levy was sent and lien filed



RO assigned, levies his share of rent, and closes file in 2018



RO reassigned in 2021 with 6 months left on Statute of Limitations

Taxpayer retains us  
RO says he is sending case to DOJ to reduce to judgment

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## Financials



Limited income



No money



Had house worth \$480,000 with ex-wife. No mortgage. He added her on the deed in 2007 when they got married. Renting it out. He planned to moved back in under divorce agreement for 3 years and pay her rent. He would quit claim it to her in 2023.

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## Offer in Compromise

Did OIC for 80% of \$480,000 divided by 2 minus rent he would pay wife. Offer was \$166,800

Stopped lawsuit

Stopped CSED

Low income so no payments

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## Offer in Compromise

Offer Specialist confused

Stuck on old business that was closed in 2010

No final return was filed

She did not know if it was really closed

Rejection letter

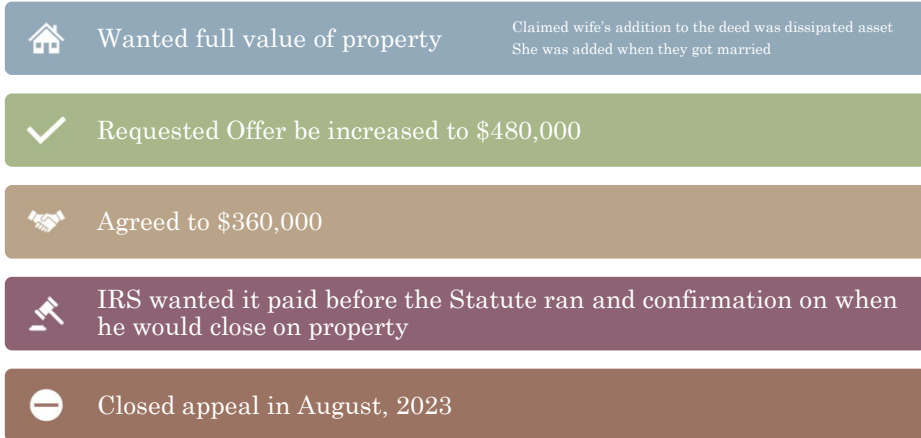
Old business not referenced

Too much income

Disagreed with appraisal

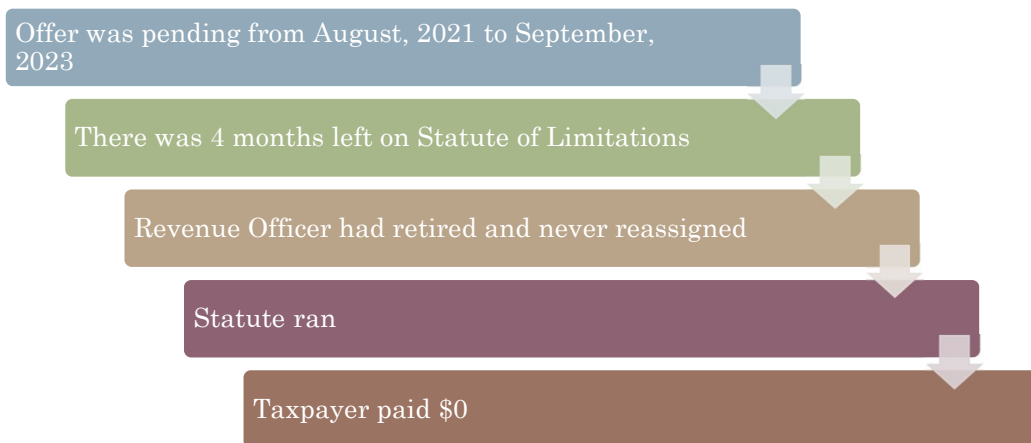
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# Appeals



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# How It Ended



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