

**From the desk of  
Peter S. Muffoletto, C.P.A.**

# **Things That We Do!**

In a recent matter in which we resolved earlier in the year in favor of a client who had been referred to us in relationship to a substantial payroll tax matter where a local law firm had erroneously not filed their payroll tax returns for a number of years owing well over \$200k in back taxes, the IRS was attempting after the fact to collect the agreed upon amounts twice.

We assisted the firm in resolving the matter with both the Internal Revenue Service, and the State of California.

The law firm had retained the services of an outside payroll firm who unbeknownst to them had failed to deposit the required payroll taxes with either the IRS, or the State of California, nor filed the required payroll tax returns over a period of years.

The amounts involved exceeded well over \$200k with penalties, interest, and taxes in that were in arrears.

It was discovered by the law firm that these “errors” existed when the IRS issued seizure notices demanding full and immediate payment.

We were brought in to handle the matter, and were successful in obtaining a full waiver and abatement of the penalties that had been assessed which amounted to well over \$60,000.00. We were able to do so by proving that the payroll firm was in fact at fault.

We obtained for the client a reasonable 60 month installment agreement with the IRS.

The State matters were also handled successfully on similar terms.

All was well and good until the IRS Collections Officer in this matter failed to properly process the terms of agreement.

Unfortunately that IRS Collections Officer is currently on personal maternity leave, and no one within the IRS has been reassigned to take her place on this matter.

Due to her error the IRS Automatic Collections System (ACS) issued a separate seizure notice against the partners of the law firm personally, asserting once again all of the original amounts owing despite an agreement in place and payments dutifully being paid in relationship to that agreement pursuant to the terms agreed upon.

It appears that the ACS System has not recognized the fact that the taxes are being paid through the installment agreement that is in place.

In an attempt to resolve what appeared to be an administrative error on the part of the IRS we got "lost" in their administrative jungle with the division of the IRS handling personal assessments stating that there was nothing that they could fix in that this was a business assessment and therefore outside of their authority.

In speaking with the business division they stated this was a personal matter which had to be handled by the personal division of the IRS.

Neither side of the IRS ACS seemed to be interested in resolving their error.

At the point that we determined that the IRS could not get out of their own way we filed what is known as a Collection for Due Process appeal which effectively places an administrative injunction on the IRS from further collection procedures until such time that we will be able to sort this all out through an appeals hearing, and point out to the IRS that an installment payment arrangement is in fact in place pursuant to an agreement, and that they are attempting to collect the amounts in question twice.

Should you find yourself in any situation with the IRS, or other taxing authorities that are beyond your ability to resolve, give us a call.

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**We here at Muffoletto & Company believe that the more informed you are in regards to the rules and regulations that affect you the more we can be of service.**

**Should you have questions relating to any tax or financial matters call at  
(818) 346-2160,  
or you can visit us on the web at  
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