

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

What We Do!

Earlier this week we settled a year-long matter with the Internal Revenue Service which involved a corporate 8 year non-filer.

We were engaged by a corporate taxpayer to compile and submit corporate income tax returns spanning eight years.

During our engagement we found that the sole corporate shareholder had also failed to file his personal income tax returns.

The issue was due to a very extremely litigious divorce matter.

His impetus in becoming tax compliant again after his hiatus was that the IRS had contacted him, and suggested an alternate solution which was not all that acceptable.

Unfortunately the records that had been maintained were not sufficient to file accurate corporate or personal tax returns.

We therefore reached an agreement with the IRS corporate auditor assigned to this matter after lengthy negotiations as to what would be accepted.

In so doing there were many items that we found necessary to further negotiate with the auditor so as to avoid litigation with the federal government further into the process which would have been costly.

Over the year we were able to obtain numerous agreements as to the filings and jointly with the assistance of the IRS auditor arrived at a set of tax returns which were then audited which we supplied the same data we agreed upon for review.

The initial assessment approximated over \$660,000.00.

As of last Monday we had arrived at a preliminary adjusted assessment of \$428,000.00 based upon the initial examination report issued by the IRS.

We then approached the matter from the position that we would agree to the IRS findings, and therefore agree to a settlement if they changed their

position on a number of items once we were able to ascertain those positions.

Through several ongoing discussions we arrived at a settled agreed case with an assessment of \$128,000.00, or an overall reduction amounting to over \$532,000.

The problem that many taxpayers do not understand is that audit defense is a process which takes skill, and not only the understanding of the rules, procedures, and regulations, but also what motivates an auditor in reaching a settled matter.

While knowing the rules, regulations, and law, people skills were in this matter probably more important in the final resolution than knowing the rules.

Our emphasis at Muffoletto & Company is to provide you the proper guidance and understanding of the system so that you avoid taxes to the extent that the law allows.

Should you have questions relating to these matters, tax, financial, and accounting issues,

give us a call at

(818) 346-2160.

You can also visit us on the web at

www.petemcpa.com!

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, or if you know of someone that could benefit from our assistance feel free in calling us at

(818) 346-2160, or you can visit us on the web at

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**Providing individuals, small businesses, corporations,
partnerships, professionals, and other business entities with the
necessary guidance and answers for a complex world.**

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