
TABLE OF CONTENTS

Chapter 1: Inside the IRS: What You Need to Know About IRS Operations	1
IRS Inefficiency	4
Communicating with the IRS	6
Rules of the Game—Tax Laws	9
Interpreting the Tax Code	10
Self-Assessment of Income Taxes	11
Winning the IRS Game	11
Chapter 1: Test Your Knowledge	13
Chapter 1: Solutions and Suggested Responses	15
Chapter 2: Filing Tax Returns	17
How Long Must You Worry About Not Filing a Tax Return?	17
Consequences of Not Filing	18
It's Better to File Before the IRS Contacts You	22
What Will Happen When You File Late	25
Requesting an Extension to File	29
Filing a Tax Return When You Can't Pay What You Owe	30
Filing a Tax Return When You Live Out of the United States	30
Reducing the Chance of an Audit When Filing	31
Amending Tax Returns	32
A Word About "Aggressive" Tax Filing	33
Chapter 2: Test Your Knowledge	37
Chapter 2: Solutions and Suggested Responses	39
Chapter 3: Winning Your Audit	41
How Long Do I Have to Worry About an Audit?	41
What to Expect at an Audit	43
Do I Have to Learn Tax Law to Win My Audit?	43
Audit Selection—Why Me?	44
When the IRS Increases Your Tax Bill Without an Audit	53
Types of IRS Audits	64
How a Field Auditor Approaches an Examination	77
Preparing for an Audit	81
Who Should Attend the Audit?	83
How to Act at an Audit	84
Finishing Audits	95
Serious Audit Problems	105
Chapter 3: Test Your Knowledge	113
Chapter 3: Solutions and Suggested Responses	115
Chapter 4: Appealing Your Audit Within the IRS	117
Pros and Cons of Appealing an Audit	118
How to Appeal an Audit	118

How the Independent Office of Appeals Works	124
Preparing for an Appeals Hearing	125
Dealing With the Appeals Officer	126
Presenting a Case to an Appeals Officer	127
Negotiating a Settlement	128
Should You Hire a Tax Professional for Your Appeal?	133
If You Don't Settle on Appeal	133
Chapter 4: Test Your Knowledge	135
Chapter 4: Solutions and Suggested Responses	137
Chapter 5: Going to Tax Court: No Lawyer Necessary	139
Tax Court Facts	140
Small Tax Cases—People's Court	141
Regular Tax Court Cases—Over \$50,000	154
Other Federal Courts—Paying First Is Required	155
Bankruptcy Court	157
Chapter 5: Test Your Knowledge	159
Chapter 5: Solutions and Suggested Responses	161
Chapter 6: When You Owe the IRS: Keeping the Tax Collector at Bay	163
When You Can't Pay with Your Tax Return	166
Getting Time to Pay After the Tax Bill Comes	166
IRS Tax Billing Process	167
IRS Automated Collection System	168
Revenue Officers—Frontline Collectors of the IRS	174
Offers in Compromise (OICs)	194
Using the Bankruptcy Code to Stop the IRS	210
Protecting Your Assets from the IRS	215
Suspending Collection of Your Tax Bill	216
Collection of Tax Debts by Private Debt Collectors	217
Chapter 6: Test Your Knowledge	221
Chapter 6: Solutions and Suggested Responses	223
Chapter 7: IRS Enforced Collection: Liens and Levies	225
Federal Tax Liens	225
Getting a Tax Lien Withdrawn	230
Tax Levies = Seizure of Assets	231
Dealing with the IRS Levy Process	231
Assets the IRS Can't or Won't Seize	232
Avoiding a Levy	236
Getting a Tax Levy Released	239
IRS Sales of Levied Assets	241
Chapter 7: Test Your Knowledge	247
Chapter 7: Solutions and Suggested Responses	249

Chapter 8: The Taxpayer Advocate: A Friend at the IRS	251
Who Qualifies for Help from a Taxpayer Advocate?	251
Contacting the Taxpayer Advocate Service	254
Emergency Help: Taxpayer Assistance Orders	255
Chapter 8: Test Your Knowledge	261
Chapter 8: Solutions and Suggested Responses	263
Chapter 9: Family, Friends, Heirs, and the IRS	265
It's a Family Affair	265
Owning Property Jointly	271
Death and Taxes	272
Chapter 9: Test Your Knowledge	279
Chapter 9: Solutions and Suggested Responses	281
Chapter 10: Fraud and Tax Crimes: Do You Really Have to Worry?	283
How People Commit Tax Fraud	283
If You Are Caught Cheating	283
IRS Criminal Investigations	288
If You Are Prosecuted	293
Chapter 10: Test Your Knowledge	297
Chapter 10: Solutions and Suggested Responses	299
Chapter 11: Small Business/Self-Employed: When IRS Trouble Comes	301
Self-Employed—You're a Prime Audit Target	301
Employees or Independent Contractors?	302
Payroll Taxes—IRS Dynamite	306
The Dreaded Trust Fund Recovery Penalty	308
Cash Transactions Over \$10,000	314
Chapter 11: Test Your Knowledge	317
Chapter 11: Solutions and Suggested Responses	319
Chapter 12: Penalties and Interest	321
Penalties Added to Tax Bills	321
Interest on Tax Bills	325
Understanding Penalty and Interest Notices	325
Reducing or Eliminating Penalties and Interest	326
Designating Late Tax Payments	334
Chapter 12: Test Your Knowledge	337
Chapter 12: Solutions and Suggested Responses	339
Chapter 13: When You Owe State Income Taxes	341
The IRS and State Taxing Authorities	341
Does Your State Have a Taxpayer Bill of Rights?	342
State Time Limits to Assess and Collect Income Taxes	342
State Tax Collection Departments	342
State Tax Bills	343

Getting a State Payment Plan	343
When All Else Fails, Try Your Political Connections	345
Chapter 13: Test Your Knowledge	347
Chapter 13: Solutions and Suggested Responses	349
Chapter 14: The Taxpayer Bill of Rights	351
Taxpayer Bill of Rights I	351
Taxpayer Bill of Rights II	352
Taxpayer Bill of Rights III	354
Chapter 14: Test Your Knowledge	361
Chapter 14: Solutions and Suggested Responses	363
Chapter 15: The 25 Most Frequently Asked Questions	365
Chapter 15: Test Your Knowledge	371
Chapter 15: Solutions and Suggested Responses	373
Glossary	375
Index	382
Final Exam Copy	385