

No returns no problem by hale sheppard

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No Returns, No Problem: by Hale E. Sheppard

Issue at Hand

The state of the economy compromises the federal taxes filing process. Individuals are unable to pay their taxes when due because of the economic situation that has significantly increased the cost of living. Taxpayers rely on the fallacy that if they do not file their tax returns the Internal Revenue Service (IRS) would not know how the amount of tax collectible; hence, delaying the tax collection actions. Individuals believe that the economic situation is sufficient reason to abscond their tax obligations. Such actions prompt the IRS to reject any attempt by the taxpayer to establish a “collection alternative” such as an installment agreement or settlement offer.

Facts

Contrary to popular belief, the IRS does not let go of non-compliant taxpayers. Instead, it assesses the taxes collectible and sends collection notices to the taxpayer. If the taxpayer is unwilling in a voluntary manner, the IRS resorts to posing threats to levy the taxpayer’s property. Prior to the rule of law (Vinatieri), the IRS would proceed to levy the property to the amount corresponding to the tax arrears.

Rule of Law

The nomocracy behind the issue of non-compliant taxpayers holds that the taxpayers deserve a Final Notice of Intent to Levy property to settle tax obligations. In the late 1990s, the court introduced taxpayer protections that would govern the IRS to the current day. The jurisprudence behind the nomocracy depicts that the IRS issue the notice to inform the taxpayer of his or her right to a pre-levy Collection Due Process (CDP) hearing. The taxpayer, in turn, files a request for a CDP hearing as Form 12153. The law <https://assignbuster.com/no-returns-no-problem-by-hale-sheppard/>

empowers taxpayers to present all the relevant issues regarding the arrears or the potential levy of property. It is at this point that the law grants the taxpayer the ‘ power’ to forward prospective “ collection alternatives.”

Reasoning

The Settlement Officer considers all the issues brought forward by the taxpayer and the legitimate concern of the levy of property. The officer may conclude that the levy of property is the viable solution if there is a balance between the legitimate concern for the levy of property and the need for efficient tax collection. However, the officer may argue in favor of the taxpayer if his or her account is currently not collectible (CNC) due to a period of prolonged unemployment. At this point, the IRS relies on the Internal Revenue Manual stating that the taxpayer cannot honor his or her tax obligations due to limited assets or income. A levy of property would inflict an economic hardship on the part of the taxpayer.

Conclusion

Taxpayers ought to honor their tax obligations. The rules governing the IRS allow a taxpayer whose arrears are \$50, 000 or less to classify them as a “ small tax case.” On the other hand, a taxpayer may opt for a CDP hearing to ensure that he or she argues their side promptly. Tax evasion is not optional. Vinatieri does not provide a platform for tax non-compliance neither does the economic situation. Taxpayers have a responsibility towards fulfilling their tax obligations failure to which would lead to litigation; hence, more costs.

Reference

Sheppard, H. (2010). No Returns, No Problem: Tax Court Rules in Case of First Impression That IRS Must Consider “ Economic Hardship” in Pre-Levy CDP Cases. JOURNAL OF TAX PRACTICE & PROCEDURE, 27-58.

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