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EXCUSES WHY PEOPLE DO NOT PAY TAXES!

Here are seven typical excuses that the Internal Revenue Service will NOT accept:

1. "I don't have the money."

Yeah, right. Unfortunately the Internal Revenue Service expects you to have planned your financial affairs a little better than that.

2. "Oops! You know that check I sent you? I somehow didn't fill it out correctly."

You took enough care with your tax return so you are expected to take the same care when writing out the check.

3. "But I haven't finished filling out the form yet."

Tax can be due even if your completed tax return has not been sent in to the Internal Revenue Service.

4. "I'm so busy at work."

Pull the other one. You've had plenty of warning and plenty of time to sort yourself out.

5. "My tax adviser messed it up."

This won't wash. It is your own responsibility to pay your tax on time.

6. "I didn't know how much to pay."

If you do not know exactly what to pay, you should make a reasonable estimate of your tax and pay that.

7. "They didn't remind me."

You might get a reminder from the Internal Revenue but if you didn't that's no excuse for not handing over the money on time. The deadlines for payment are clearly shown in the tax return guidance.

Reasonable excuses

The longer you leave it to pay your tax, the more you'll get charged in fines and interest so it really does make sense to get your payment to the Internal Revenue on time.

However, you may still be wondering if there are any reasonable excuses that will be accepted. If so, read on.

There is no definition in law but the Internal Revenue's site does offer four examples of excuses it may consider as reasonable:

- a) Check lost in the post office or lost by the Internal Revenue - but you'll need to prove you tried to pay on time and that the loss of the check was beyond your control.
- b) Check dishonored - if, and only if, this was the fault of a bank then you're on safe ground but you'll need to pay promptly once you learn of the bank's action.
- c) Serious illness - if you're in a coma you're fine, well at least as far as not paying your tax on time is concerned. A major heart attack, stroke or any other serious mental or life-threatening illness will also be seen as a reasonable excuse.
- d) Bereavement - the death of a close relative or (domestic) partner at around the due date for payment will be considered as a reasonable excuse. However, the Internal Revenue

would expect you to pay within a reasonable time, especially if, by this time you were paying other bills.

Tax Excuses

Well most of us have to pay them and I'm sure we all hate to do it, but we all eventually have to pay the Tax Man. Hate them or love them if you are one or married to one. But I guess we have to have an excuse for not paying them on time or at all if we get caught. I'd like to give credit to Professor Ryesky for submitting enough Tax Excuses to warrant a new page on The Mother of All Excuses Place! Thank you Professor Ryesky.

Audit Rate Climbs As IRS Renews Focus Upon Enforcement; Resources Remain At Issue

Taxpayers with incomes over \$100,000 can expect higher audit rates in 2004 and beyond, according to new enforcement figures published by the IRS. The IRS reports that audits of higher income taxpayers, which it classifies as taxpayers earning more than \$100,000, have jumped 52 percent since 2001. Across-the-board audits of all taxpayers increased 14 percent since 2002.

Commissioner Mark Everson, who is completing his first year as IRS chief, said that the IRS is gearing up its enforcement efforts, particularly for higher income individuals and corporations, so that "Americans know that when they pay taxes, their neighbors and competitors are doing the same."

- ◆ **Comment.** While the IRS likes to promote the increase in audits in terms of percentages, it's important to look at the actual numbers. The IRS reported it audited 849,296 taxpayers in FY 2003. Approximately 140,000 of these were higher income taxpayers. That's about the population of Tallahassee, Fla. Or Scottsdale, Ariz. More than 130 million individual taxpayers filed returns in 2003.
- ◆ **Comment.** Everson's comments reveal an agency increasingly concerned about taxpayers opting out the system and just not filing, let alone paying their taxes. How big is the problem? The government won't say other than to warn that voluntary compliance is down and a culture of "it's ok not to pay taxes" is growing.

More money and personnel

Everson is pinning his hopes for more enforcement on the Bush Administration's FY 2005 budget request to Congress. The president is asking Congress for money to hire 5,000 new auditors, collectors, criminal investigators, and other staff. This would return staffing levels to what they were eight years ago. In 1996, the IRS had about 26,000 employees working on audits, collections and investigations. Last year, the number fell to about 19,000. Of course, the IRS had 20 million fewer returns to deal with in 1996. Two-thirds of the new money would be dedicated to audits of higher income taxpayers and corporations. The IRS anticipates that enhanced audit and collection activity targeted to these taxpayers will generate "several billion dollars" in additional enforcement revenue by FY 2007.

Tax Professionals

The IRS is also promising to boost compliance by tax professionals. Another top enforcement priority is assuring that attorneys, accountants and other practitioners adhere to professional standards.

Comment. Earlier this year, Nina Olson, the National Taxpayer Advocate, warned of growing abuses by low-end return preparers, which cost the government millions of dollars in lost revenue.

International cooperation

Everson also announced this week the continuation of mounting global cooperation to combat abusive tax shelters. Cooperation has brought about much success in various offshore initiatives and tax conventions and treaties with so-called “tax haven” jurisdictions.

In the latest move, the U.S., Australia, Canada, and the United Kingdom have started discussions about forming a joint international task force to enhance collaboration and share information on abusive transactions in the four nations.

Congress keeps eye on enforcement

Meanwhile, some in Congress are criticizing what they perceive as lagging enforcement by the IRS. Senate Finance Committee Chairman Charles Grassley, R-Iowa, said that the IRS’s numbers, while reporting more audits, leave out the fact that many are “no change” audits. “No change audits mean that honest taxpayers could be put through the wringer for no reason. That’s why the IRS should focus its limited resources on tax cheats,” Grassley said.



"I'm sorry Mr. Johnson, but the new tax law clearly states that you are the only person not allowed to take this deduction."

