



## Robert W. Wood

THE TAX LAWYER

Jun. 16 2012 — 12:09 am

### IRS Wants \$5 Million From Singer R. Kelly

For singer R. Kelly, the hits just keep on coming. In 2011, he underwent surgery for throat cancer. Plus, his 20,000 square foot Chicago mansion went into foreclosure over J.P. Morgan Chase's claim more than \$2.9 million was overdue. See [R. Kelly Lists Chicago Estate as Short Sale](#). His 2012 isn't exactly the trifecta since the IRS shows Kelly owes the following amounts:

**2005** - \$1,472,366.77

**2006** - \$ 710,520.51

**2007** - \$ 376,180.11

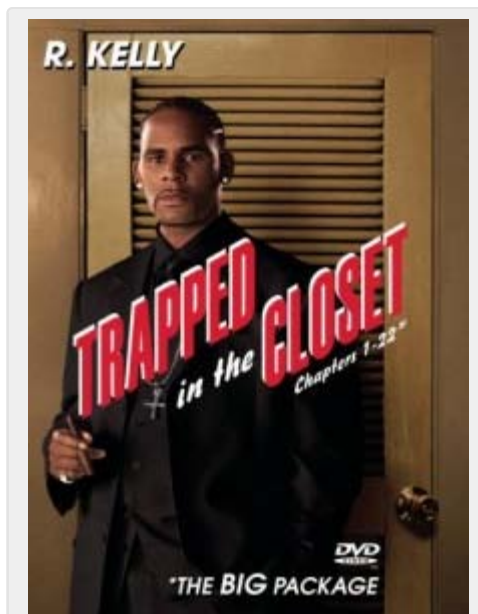
**2008** - \$1,122,694.90

**2009** - \$ 173,815.18

**2010** - \$ 992,495.24

**Total:** \$4,848,072.71

Once you get behind, it's hard to catch up. Kelly reportedly paid \$2.6 million in back taxes in 2008, then more than \$1 million in 2011. The



R. Kelly

King of R & B owes it and the IRS is likely to get every nickel. See [R. Kelly owes more than \\$5 million in unpaid taxes, I.R.S. says.](#)

The main IRS statute of limitations (how long you are subject to audit) is 3 years, but the IRS limitations on collections is 10 long years. The IRS automatically **has** a lien and files a [Notice of Federal Tax Lien](#) so creditors know. IRS tax liens cover **all** your property even if acquired **after** the lien is filed.

**Tax Liens Last 10 Years.** IRS liens last 10 years, and usually release automatically if IRS has not refiled them. However, you're better off to get them removed immediately.

**Releasing a Lien.** Getting the IRS to release a lien usually involves: (1) paying the tax, interest and penalties; or (2) posting a bond guaranteeing payment. Even then the IRS may take 30 days. State or local government charges to file and release the lien are added to the amount you owe. See [IRS Publication 1450, Request for Release of Federal Tax Lien.](#)

**Suit?** If the IRS knowingly or negligently fails to release a Notice of Federal Tax Lien when it should be released, you may sue the federal government for damages.

**Respond to Every IRS Notice!** Take tax notices and letters seriously, and follow the procedural steps outlined. With prompt and proper tax representation of tax notices and bills, the IRS might agree no taxes (or smaller taxes) are due, thus avoiding all the trouble. See [Received An IRS Notice? 10 Simple Tips.](#)

**More Flexible IRS?** Given the tough economy the IRS has liberalized some lien rules. See [IRS "Fresh Start" for Tax Liens and Installment Deals?](#) If possible, don't let it get to the lien filing stage. If you have cash-flow problems you can try to convince the IRS not to file a Notice of Lien. That's a tough sell, so if you owe significant amounts, expect the lien filing.

For more, see:

[IRS Files Tax Lien against Rapper Bow Wow](#)

[Tax Liens Means IRS Thinks You Owe](#)

[Got A Tax Notice? Here's What To Do](#)

[In Taxes, Lindsay Lohan Is No Kim Kardashian](#)

[Crocodile Tears For Paul Hogan Tax Travails](#)

*Robert W. Wood practices law with [Wood LLP](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009 with 2012 Supplement, [Tax Institute](#)), he can be reached at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*