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Rev. Al Sharpton's Key Tax Tips...From Lois Lerner

In [Tell it to the Reverend Al](#), the New York Post says Rev. Sharpton still owes New York State \$916,000 from tax liens filed against him between 2008 and 2010. In all, Mr. Sharpton is said to have \$4.5 million of tax liens. He claims he paid them, but state officials say otherwise. This isn't the first time his records do not line up. Indeed, on two prior occasions he suffered inconvenient fires that destroyed records.

It's a little like the crash of Lois Lerner's hard drive. Those fires destroyed Mr. Sharpton's financial records just as he was about to turn them over to officials. And records are key to tax disputes. As Mr. Sharpton works through his tax problems with or without records, he appears to have a suit made of Teflon, even when it comes to taxes.

In 1993, he [pleaded guilty to a misdemeanor](#) for failure to file a state tax return. His Raw Talent operation which he uses for speaking engagements has reportedly also had tax problems. But beyond these smidgens, Mr. Sharpton has never faced criminal tax-related charges. There is no question he has had trouble keeping his finances straight. He has been marvelously successful in explaining that he is simply in over his head.



Not every taxpayer is so lucky. In fact, he is so unusual in that respect that perhaps Mr. Sharpton should be dispensing tax advice. A [New York Times report](#) claims the Reverend and his for-profit businesses owe millions. Both he and his advocacy organization, the [National Action Network](#) may be strapped. But it is hard to reach that conclusion from the outside.

Some of his financial woes stem from poor divisions between business and personal, a common tax problem among entrepreneurs. Reports suggest that everything is paid for by the entities, not Mr. Sharpton. That may extend to clothes, his daughters' private school tuition, etc. If so, Rev. Sharpton is blurring one of the most important lines in the tax law. Many tax disputes come down to the fundamental divide between business and personal.

Another big lesson from Mr. Sharpton relates to records. Keeping good records can help you in a tax controversy or keep you out of tax trouble in the first place. Most audits are correspondence audits. You may be told your deductions will be disallowed unless you mail back records substantiating them.

Mr. Sharpton is not alone in such problems. Notices start the process. In fact, the IRS can file a [Notice of Federal Tax Lien](#) only after sending many. IRS tax liens cover all your property, even acquired later. IRS liens last 10 years.

A seizure means now, yet even seizures can be mishandled. The [Treasury Inspector General for Tax Administration](#) (TIGTA) reviewed a random sample of 50 of 738 IRS seizures conducted from July 1, 2011, through June 30, 2012. In the majority of seizures, the IRS followed all guidelines.

However, in 15 seizures, TIGTA identified 17 instances in which the IRS did not comply with a legal mandate of the tax code. The legal errors included:

- The sale of the seized property was not properly advertised ([Section 6335\(b\)](#));
- The amount of the liability for which the seizure was made was not correct on the notice of seizure provided to the taxpayer ([Section 6335\(a\)](#));
- Proceeds resulting from the seizure of properties were not properly applied to the taxpayer's account or seizure and sale expenses were not properly charged ([Sections 6341](#) and [6342\(a\)](#)); and
- The balance-due letter sent to the taxpayer after sale proceeds were applied to the taxpayer's account did not show the correct remaining balance ([Section 6340\(c\)](#)).

Occasionally, even the IRS gets a lien wrong, as occurred when [Dionne Warwick proved the IRS wrong](#). Fortunately for Mr. Sharpton and others who owe taxes, the IRS isn't too efficient. In fact, a government report says the [IRS flubs 57% of tax collections](#). One key finding was that the IRS is liberal with labeling debts as "uncollectible" before that's appropriate. There's \$6.7 billion at stake, says the report. Mr. Sharpton isn't likely to be in the uncollectible category, but then again, it might pay to have friends in high places.

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