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You May Have Contempt For IRS And Taxes, But Don't Be Held In Contempt

Are you sick of taxes? This time of year, just about everyone is, whether you pay a lot or a little. Many accountants and tax lawyers are getting sick of taxes too. But virtually everyone except die hard tax protesters probably stops short of feeling contempt for the tax system. Contempt in the more legal sense was relevant to a tax return preparer named [Stephanie Edmond, who was found in contempt of court.](#)

It wasn't over her feelings but rather for violating the court's previous injunction orders. A federal court barred Edmond's businesses, the Tax Factory and the Tax Firm, and her husband, Kevin Williams, from preparing tax returns. The court also ordered them to disgorge all fees they earned since January 15 to the government.



On April 17, 2015, the court [enjoined Edmond and the Tax Factory from preparing improper federal income tax returns.](#) The court also ordered Edmond and her businesses to pay for an independent monitor who would be required to report to the government on a monthly basis as to whether

Edmond complied with the internal revenue laws. After the independent monitor sent Edmond and the Tax Factory a letter regarding their failure to provide bank statements and otherwise comply with the April 2015 injunction, guess what? Williams arranged to use the Electronic Filing Identification Number of another entity, the Tax Firm, to file returns.

The court found that the Tax Firm was the successor of the Tax Factory and concluded that “[t]here is no evidence that the Tax Firm was created for any reason except to escape the review of the monitor and the injunctions issued by this Court. There is no evidence to show a legitimate separate entity. Instead, the evidence demonstrates that Tax Firm was created for the improper purpose of flouting the Court’s orders.” The [court ordered](#) a copy of the contempt order to be posted at the locations of the Tax Factory and the Tax Firm in Memphis.

Return preparer fraud is one of the IRS’s [Dirty Dozen Tax Scams for 2016](#). The IRS has some tips [on their website](#) for choosing a tax preparer and has launched a free [directory](#) of federal tax preparers. In the past decade, the Tax Division has obtained injunctions against hundreds of unscrupulous tax preparers. Information about these cases is available on the Justice Department [website](#). An alphabetical listing of persons enjoined from preparing returns and promoting tax schemes can be found [here](#).

For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.