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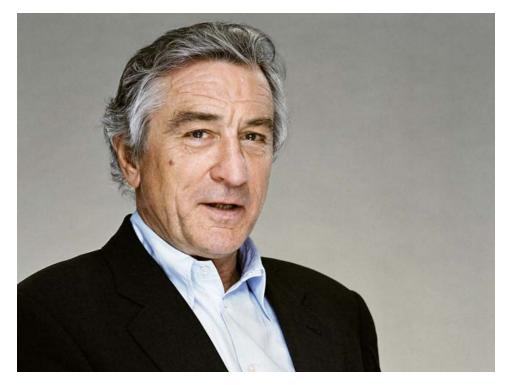
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TAXES 7/27/2015

Report Says IRS Mishandled 24,000 Tax Lien Notices---Just Ask Robert De Niro

IRS tax liens are serious, spoiling your credit, preventing real estate closings, and damaging your reputation. They are usually correct, but not always. And they sometimes are not removed even after you have fully paid off the IRS. These are among the reasons you would be upset if you didn't know there was an IRS lien filed against you. A new report, from the Treasury Inspector General for Tax Administration says some lien notices are mishandled.

In fact, the <u>report</u> says an estimated 24,237 taxpayers may have been adversely affected by tax liens where IRS notices went awry, appeal rights weren't explained, etc. To be fair to the IRS, the report says in most cases the IRS mailed out the lien notices explaining the taxpayer's appeal rights. IRS employees typically followed the correct procedures when a notice could not be delivered by the post office.



But not always, and some of the numbers are surprising. The report shows that the IRS makes errors on lien notices, even where the taxpayer has a lawyer, accountant or other representative. After all, tax liens are serious and procedure is key. The IRS can file a <u>Notice of Federal Tax</u> <u>Lien</u> only after:

- IRS assesses the liability;
- · IRS sends a Notice and Demand for Payment; and
- You fail to fully pay within 10 days.

The IRS files a notice of lien so creditors know. IRS tax liens cover all property, even if acquired after the lien filing. The courts use it to establish priority in bankruptcy proceedings and real estate sales. 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.

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. The IRS explains how to request a release of federal tax lien.

Liens and seizures aren't the same. The lien just makes sure the IRS *eventually* gets paid. A seizure involves forced collection so the IRS can sell property and get paid now. Occasionally, even the IRS makes a mistake. It happened to <u>Dionne Warwick</u>, who proved that an IRS tax lien can be wrong. Sometimes, the IRS is right, but some notices have gone astray.

In early 2015, Robert De Niro was surprised to learn he had been hit with a \$6.4 million IRS tax bill he owed for his 2013 tax return. The Oscar winner's tax debt surfaced in documents uncovered by the Smoking Gun or the interest might have kept accruing and the actor might not have known. Mr. De Niro has an estimated worth of over \$200 million, and is reputed to spend \$125,000 a month on his rental on Central Park West.

But the <u>notice</u> revealed that his tax bill was unpaid. As soon as he learned of the tax lien, he had a check for the full amount hand delivered to the IRS. Mr. De Niro's spokesman Stan Rosenfeld said IRS delinquency notices were sent to an old address. No matter who you are, when bills get to this stage, there are usually penalties and interest, plus the costs and expenses of getting it fixed.

Mr. De Niro's address problem is all too common, and the expense and hassle can be significant. People move and may not receive errant mail. One way to try to prevent such gaffes is to use consistent addresses with tax filings. Plus, when you do move, file a Form 8822, Change of Address with the IRS. Sure, the IRS may figure it out, but why take that risk?

And remember, the longer IRS bills are outstanding, the more you owe. Even worse, by not responding to IRS notices promptly when they arrive, you might lose certain procedural rights. Just

about everything in the tax system has a timed response, such as 30 or 90 days. If you don't receive a notice and miss out on a procedural advantage, you may not be able to make it up later.

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