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Tax Lady Roni Deutch Bankrupt, Surrendering Bar License

Tax maven Roni Deutch, late night TV's self-described "[Tax Lady](#)," aired peripatetic infomercials touting a [pennies-on-the-dollar-fix](#). Incredible tax deals are supported by teary-eyed testimonials from putative converts thankfully crediting Deutch as their savior. Like most tax resolution shops, her stock in trade was installment agreements and offers in compromise. See [IRS Topic 204, Offers In Compromise](#) and [Using an Offer in Compromise to Settle a Tax Bill](#).

But in a reversal of fortune worthy of tabloid TV, Deutch could probably use a deal herself. First came the California Attorney General's \$34 million [lawsuit](#) alleging she swindled clients who faced IRS problems. Then, after the soaring tax lady flew a little too close to the sun, on Friday May 13th, Deutch [announced](#) she was bankrupt, closing her office, and even turning in her law license. Deutch's tax resolution business at one time employed 200 people.

Shortly after Deutch's announcement, the California State Bar issued its own [press release](#) that it was investigating her for some time. Although State Bar disciplinary proceedings now seem moot, it is less clear what will happen to the suit by the California Attorney General. In that case, the court prohibited Deutch from destroying evidence, but the Attorney General claims "Deutch has been routinely shredding documents on an almost a weekly basis," estimated at 1,643,000 to 2,708,600 pages of

documents. See [Calif. AG Says 'Tax Lady' Attorney Should Be Jailed for Shredding Documents, Failing to Repay \\$435K.](#)

The major product “sold” by tax resolution shops is the offer in compromise. IRS [Form 656-B](#), Offer in Compromise Booklet, contains information, worksheets, and all forms necessary to file an offer in compromise. The IRS has good information on offers in compromise on its [website](#).

A few facts about offers in compromise:

1. You must have filed all your tax returns. The offer in compromise system can be based on IRS bills they've sent you from audits. Usually, though, they are just trying to collect the tax you reported on your returns (called “self-assessed”). The IRS won't consider you unless all your filings are up to date.
2. The IRS won't consider you unless you fully disclose your personal finances in detail on IRS [Form 433-A](#), Collection Information Statement for Wage Earners and Self-Employed Individuals. If you have a business, you must also complete [Form 433-B](#), Collection Information Statement for Businesses. If you need help completing them, see [Publication 1854](#), How to Prepare a Collection Information Statement.
3. Most offer in compromise work is dependent on your financial picture. Even if you have few assets, if you have good earnings prospects, the IRS may not agree to accept a small fraction of what you owe.
4. Most competent tax advisers can get you some time, and time alone can be an asset worth having. IRS collection activity like levying on property and garnishing wages generally must stop during the time the IRS is considering your offer in compromise. That can take many months, and there are certain procedural appeals.

For more, see:

['Tax Lady' Roni Lynn Deutch closes law firm, says she's 'completely broke'](#)

[Pennies On The Dollar Tax Relief: How Much Is It Worth?](#)

[GAO-06-525, IRS Offers in Compromise](#)

[Using an Offer in Compromise to Settle a Tax Bill](#)

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