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Tax Profiling: Are You An IRS Target?

The fallout from the IRS targeting flap is far from over. The Justice Department investigation will take time. Besides, DOJ has its own problems. Another reason?

Consider the size, organization and power of the IRS. Determining who did what, who knew what, and when, is going to be painful. Conservative groups are outraged, but there's a more general malaise about the IRS and our tax system. That could be long-lasting.



Many people see a moribund tax system needing fundamental overhaul. The recent Apple tax investigation and Tim Cook testimony reveal a labyrinthine mess. See [Apple: Think Different. Tax Different.](#) If you can't untie a Gordian Knot, cutting it may be the only answer.

For all its faults, the IRS generally does a good job of enforcing the tax laws in a non-discriminatory and fair way. But it is not enough for a tax system to be fair. It needs to be **perceived** as fair too. On top of the need for clearer and simpler rules, fair administration is even more important.

The fact that there's a buzz about IRS audit profiling is chilling. See [Donors To GOP Group Drew IRS Scrutiny](#). And collecting information about targeting is elusive. One clearly cannot merely look at results.

After all, look at all the entertainers who have faced IRS trouble, and there's no suggestion **they** were targeted. Of course, many of these are simple collection actions for unpaid taxes, although there are a few non-filers and other assorted tax problems mixed in. Here's a small sampling:

- Bow Wow, formerly Lil Bow Wow (Shad Gregory Moss). See [Bow Wow Owes the IRS a Lil Money](#).
- Flavor Flav, born William Drayton, Jr. See [Flavor Flav: Does He Have a Tax Lien? Yeah, Boyyyy!](#)
- The Notorious B.I.G. (Christopher George Latore Wallace), also known as Biggie Smalls, Big Poppa, and The Black Frank White, was [gunned down](#) March 9, 1997, but 15 years later California claimed his ex-wife [Faith Evans](#) failed to pay California taxes for 2008, 2009, and 2010. See [Singer Faith Evans: The Government Has No Faith In Her Ability To Pay Taxes](#).
- Lionel Richie, despite a reported \$200 million net worth. See [Lionel Richie To IRS: 'Hello Is It Me You're Looking For?'](#)
- Chris Tucker faced an \$11.5 million tax lien. See [IRS To Chris Tucker: We Haven't Forgotten Your \\$11.5 Mil Debt](#).
- Mary J. Blige. See [Mary J. Blige Is Obligated To IRS](#).
- Stephen Baldwin. See [Not Even Probation For Stephen Baldwin's Tax Evasion. Jail For Wesley Snipes](#).
- Wesley Snipes. See [Wesley Snipes Freed—Tax Lessons Remain](#).
- Lindsay Lohan. See [Sorry Charlie: Sheen's \\$100 K Taxes For Lindsay Lohan Itself](#).
- Willie Nelson. See [The Taxman Is Taking Almost All Willie Nelson Owns](#).
- Even [Martin Scorsese](#) and [Al Pacino](#) faced IRS liens tied to convicted celebrity accountant [Kenneth Starr](#).

Tax liens are preceded by notices, but celebrities have multiple handlers. Anyone can move or not receive mail. Audit targeting is entirely different from collection mechanics. Sure, the IRS may make a special example at collection time for a well-known figure like Willie Nelson, or help prosecute a Wesley Snipes with extra effort.

But these issues are not as troubling to most people as audit profiling. After all, no matter how good your records may be, no one wants to face an audit. On the contrary, most of us would do just about anything within reason to steer clear of an audit or dispute. See [Shhh, Home Office And Other IRS Audit Trigger Secrets](#).

You can reach me at 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.