

THE IRS GETS TOUGH

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Look out America! The IRS is about to get real tough. The Internal Revenue Service is intensifying its crackdown on tax dodgers, and plans to increase the number of tax audits it will conduct next year.

The IRS will be focusing on investigating taxpayers with incomes of \$100,000 and above. The agency will be examining more returns of high-income taxpayers looking for abusive shelters, or transactions with no real economic purpose other than dodging taxes. Special attention will be paid to individuals who park funds in offshore accounts.

The IRS will also have self-employed small-business owners in their crosshairs. Businesses like restaurants that deal largely in cash will be their prime focus. IRS Commissioner Mark W. Everson stated in an interview with the *Wall Street Journal* that the assault on shelters includes more audits, litigation and settlement offers. The aim is to strengthen public confidence in the tax system and slash the “tax gap”; the difference between what the government collects and what it estimates should be collected. A recent IRS study this past year found that noncompliance cost the government more than a quarter of a trillion dollars.

For individuals who may have used a questionable strategy, the IRS has put forward a settlement plan for individuals to come forward and settle, with reduced penalties. If you were sold a strategy such as: foreign entities (offshore trusts and insurance policies), act now, because the offer only lasts until January 23. The Senate has just approved a bill that would give the IRS the ability to double penalties, interest and fines on taxpayers deliberately concealing taxable income by using offshore accounts. If you have questions regarding your returns or feel that you may have been sold a dubious tax shelter please contact us as soon as possible for a review.