

Inside Secret to Tax Liens

Eric L. Green, Esq.

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Eric Green, Esq.

- ▶ Managing partner in Green & Sklarz LLC, a boutique tax firm with offices in Connecticut and New York.
- ▶ Focus is civil and criminal taxpayer representation before the Department of Justice Tax Division, Internal Revenue Service and state Departments of Revenue Services.
- ▶ Eric is a contributing columnist for Bloomberg Tax and has served as a columnist for CCH's Journal of Practice & Procedure.
- ▶ Attorney Green is the past Chair of the Executive Committee of the Connecticut Bar Association's Tax Section.
- ▶ Eric is a Fellow of the American College of Tax Counsel ("ACTC").

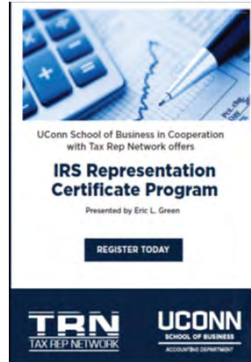


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Eric Green, Esq.



- Eric is the host of the weekly Tax Rep Network Podcast
- Eric is the founder of Tax Rep Network, an online community designed to help tax professionals build their IRS Representation Practice
- He is the author of the Accountant's Guides in IRS Representation
- Partnered with UConn and creator of the IRS Representation Certificate Program
- Creator of the Tax Rep App



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New Partnership: Right Networks/Rootworks

- ▶ Provide IRS Rep training to 8,500 firms

Right Networks®

- ▶ Launching an IRS Executive Series:

Rootworks

1. 10/25 Straight Talk on Security Six: Securing Your Firm and Your Client's Tax Data - <https://taxrepllc.com/program-20221025-security-six/>
2. 11/8: IRS Update on Top Enforcement Priorities and the List of Action Items for Your Small Business and Self-Employed Clients - <https://taxrepllc.com/program-20221108-irs-update/>
3. 12/16: Dealing with a Resource-Challenged IRS - <https://taxrepllc.com/program-20221216-resource-challenged-irs/>



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Upcoming Programs

- ▶ NE IRS REP – 11/17 and 11/18, TRN breakfast with speakers on 11/19
- ▶ 2nd Annual Tax Rep Summit – Las Vegas 12/12 – 12/14
- ▶ Ethics Program: 12/22/22



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Join Tax Rep

- ▶ After Tax Season Special: 25% off!
- ▶ Go to <https://TaxRepLLC.com>
- ▶ Get 25% off
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- ▶ Get the entire library of books, 160+ hours of on-demand training, 40+ hours of marketing training, the tax lien database and 300 letters, forms and checklists to use

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MEMBERSHIP SAVINGS
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YOUR FIRST YEAR

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IRS Collection Process

- ▶ Assessment of the tax
- ▶ 10-Year Collection Statute
- ▶ Billing Notices
- ▶ Threat to levy and right to a hearing
- ▶ Appeals: CDP, Equivalent and CAP



Department of the Treasury
Internal Revenue Service

Liens—Authority

- ▶ The federal tax lien, under IRC §6321, arises when any “person” liable to pay any federal tax fails to pay the tax after a demand by the government for payment
- ▶ The “Silent Lien”

Liens—Authority

IRC §6321 authorizes the IRS to file a Notice of Federal Tax Lien (NFTL) in favor the United States to protect the Government's interest in the taxpayer's property against third parties



Notice of Federal Tax Lien



- Effective from date of assessment
- No requirement to file NFTL
- Filing of NFTL “perfects” the tax lien and provides priority over subsequent liens

Notice of Federal Tax Lien

- ▶ IRC §6320 requires notice and a hearing
- ▶ Land records
- ▶ Secretary of the State

 **IRS** Department of the Treasury
Internal Revenue Service
CCP-LU ACS CORRESPONDENCE
P.O. BOX 145566, STOP 8130 CSC
CINCINNATI, OH 45250-5566

CERTIFIED MAIL
9507110756602784308405

Letter Date: 08/23/2014
Taxpayer Identification Number:
XXX-XX-XXXX
Person to Contact:
P.A. BELTON
Contact Telephone Number:
(800) 829-3903
Employee Identification Number:

TAXPAYER NAME
PO BOX
HARTFORD, CT XXXXX

060142

Notice of Federal Tax Lien Filing and Your Right to a Hearing Under IRC 6320

Dear TAXPAYER NAME

We filed a Notice of Federal Tax Lien on [REDACTED].

Type of Tax	Tax Period	Assessment Date	Amount on Lien
CIVP	12/31/2011	12/29/2014	38428.87

Federal Tax Lien

- ▶ Under IRC §6322, the federal tax lien continues until satisfied or expires
- ▶ 10 years to collect—
IRC §6502

EXPIRED

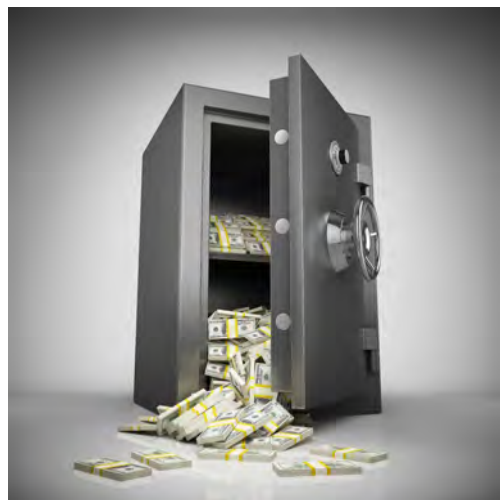
Dealing with Tax Liens



- ▶ Discharge
- ▶ Subordination
- ▶ Withdrawal

The Inside Secret?

- ▶ IRS can only get what is theirs...
- ▶ So what's theirs?
- ▶ The equity....



Lien Discharge

- ▶ Lien is meant to protect the government's interest
- ▶ Not meant to prevent the sale of assets
- ▶ Clients can still sell but IRS gets its equity



Lien Discharge

- ▶ Full paid
- ▶ All the equity
- ▶ No equity
- ▶ Form 14135

Form 14135 <small>(June 2010)</small>		Department of the Treasury — Internal Revenue Service Application for Certificate of Discharge of Property from Federal Tax Lien		OMB No. 1545-2174
Complete the entire application. Enter NA (not applicable), when appropriate. Attachments and exhibits should be included as necessary. Additional information may be requested of you or a third party to clarify the details of the transaction(s).				
1. Taxpayer Information (Individual or Business named on the notice of lien):				
Name (Individual First, Middle Initial, Last) or (Business) as it appears on lien			Primary Social Security Number (last 4 digits only)	
Name Continuation (Individual First, Middle Initial, Last) or (Business db/a)			Secondary Social Security Number (last 4 digits only)	
Address (Number, Street, P.O. Box)			Employer Identification Number	
City		State	ZIP Code	
Telephone Number (with area code)		Fax Number (with area code)		
2. Applicant Information: <input type="checkbox"/> Check if also the Taxpayer (if not the taxpayer, attach copy of lien. See Sec. 10)				
Name (First, Middle Initial, Last)			Relationship to taxpayer	
Address (Number, Street, P.O. Box)				
City		State	ZIP Code	
Telephone Number (with area code)		Fax Number (with area code)		
3. Purchase/Transferee/New Owner <input type="checkbox"/> Check if also the Applicant				
<small>Relationship in tax return</small>				

Lien Subordination

- ▶ A “subordination” is where the IRS will allow another creditor to take a higher priority position over the IRS lien
- ▶ Partially pay the IRS debt
- ▶ Improve collection
- ▶ Make your pitch!

Withdrawal – IRM 5.12.9.3.2.1(3-10)

- ▶ Direct Debit Installment Agreement for \$25,000 or less may request withdrawal (includes penalty and interest at the time of the request for withdrawal)
- ▶ IA will be completed within 60 months
- ▶ Must have made three consecutive direct debit payments
- ▶ Use Form 12277

Self-Releasing

Form 668 (Y)(c) <small>(Rev. February 2004)</small>		Department of the Treasury - Internal Revenue Service Notice of Federal Tax Lien			
Area: Lien Unit Phone:		Serial Number		For Optional Use by Recording Office	
<p>As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.</p>					
Name of Taxpayer					
Residence					
<p>IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refilled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).</p>					
Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)



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What if the client does nothing?

- ▶ CNC and the CSED is running close
- ▶ IRS sends the case to DOJ
- ▶ DOJ files Lis Pendens to convert the tax lien to a judgment
- ▶ Now have a 20-year judgment and can move to foreclose

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT

UNITED STATES OF AMERICA,		Case No. [REDACTED]
Plaintiff,)	
)	
vs.)	
[REDACTED])	
[REDACTED])	
[REDACTED])	
Defendants.)	

NOTICE OF LIS PENDENS

Notice is hereby given that the above entitled case was filed in the United States District Court for the District of Connecticut, on the 12th day of March, 2015, in which the United States of America seeks to **enforce federal tax liens against real property** more fully described hereunder, and is now pending in the Court.

Notice is further given that the subject property affected by the said action is, as follows:



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