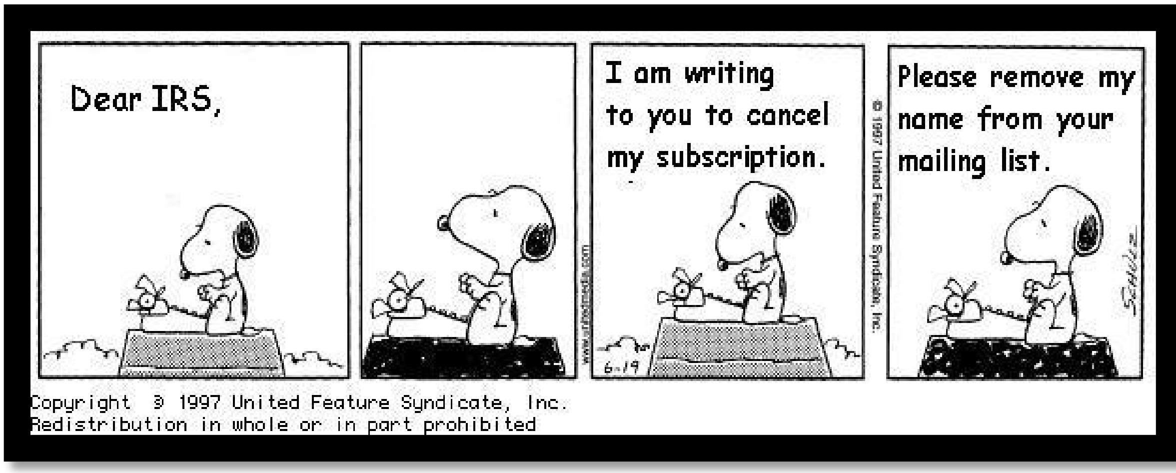
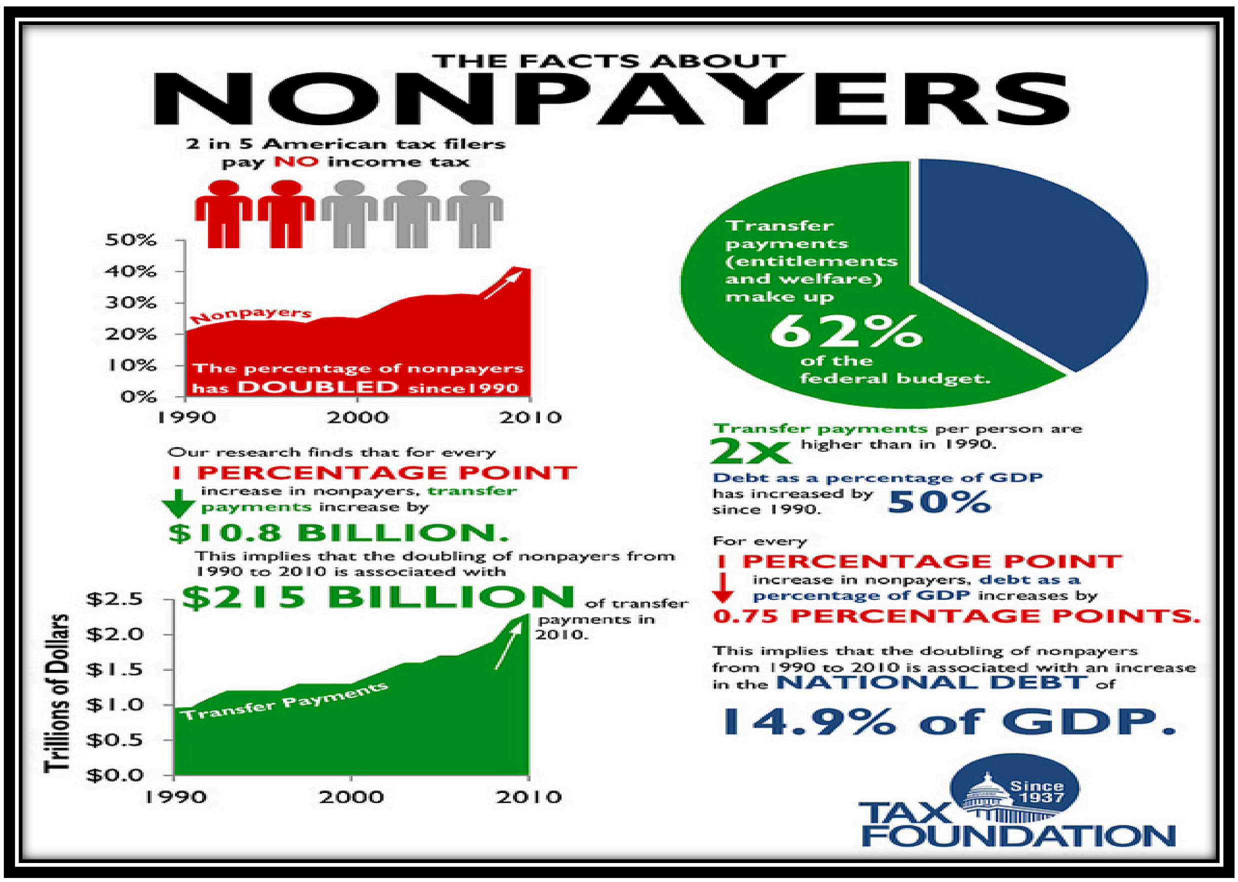
Non-adherents: Non-Taxpayers
Aka: Any Person that is a Non- Filer





Plaintiff [believes] the Non-adherents of Taxology is any person who refuses to makes a proper return to the IRS and their path of life, beliefs and practices concerning or involving Refunds- Exemptions – Exclusions – Credits – Deductions – Adjustments - Abatements, central to an IRS system of religious beliefs, practices and convictions. The IRS labels them as NON- Filers

Part 4. Examining Process

Chapter 19. Liability Determination

Section 17. Non-Filer Program

4.19.17 Non-Filer Program

- 4.19.17.1 Non-Filer Program
- 4.19.17.2 Non-Filer Strategy
- 4.19.17.3 Non-Filer Processing
- 4.19.17.4 Non-Filer Penalties
- 4.19.17.5 Taxpayer Replies

Manual Transmittal

October 01, 2015

Purpose

(1) This transmits revised IRM 4.19.17, Campus Examination Non-Filer Program.

Background

This section contains information on Non-Filer Program procedures for administrative matters and provides a reference for common issues and related items that might be found on tax returns. Throughout this revision there are references to other IRMs which may contain related information needed when working cases.

Material Changes

(1) Editing and grammar changes throughout the document. Content rearranged to improve information flow and document readability.

(2) 4.19.17.2.1 (2) -Updated to reflect Operations Manager periodic review of inventory selection to Workload Selection periodic review.

(3) 4.19.17.3.3 (5) -Clarified continued use of assigned Non-Filer Source and Project codes when delinquent returns issues are selected.

(4) 4.19.17.3.8 -Mandatory Review content combined into same section.

(5) 4.19.17.3 -Removed GAO review information from Large Dollar Case content.

(6) 4.1.-17.3.10 -Updated Statute of limitations information to include reference to IRM 25.6.1 to ensure consistency in verbiage used.

(7) 4.19.14.5.2.1- Added closures from listing from HQ and emphasized re-input of –A freeze after AIMS closure.

(8) 4.19.17.5.2.3 - Added use of SSIVL to identify and work posted returns.

(9) 4.19.17.5.2.4 -Added reference to IRM 5 for Math Error guidance when Examination was not going to continue for program consistency.

(10) 4.19.17.5.2.5 -Changed reference for income verification to IRM 5 for ASFR/Non-Filer program consistency.

(11) 4.19.17.6.1.1 -Added NFR closures.

(12) 4.19.17.6.2.1.1 &2 -Added information about interest free period.

(13) 4.19.17.6.2.2 -Updated title and included Unclaimed/Refused Mail.

(14) 4.19.17.7.1 Added additional guidance for Refund Hold Inventory.

(15) 4.19.17.7.5 Added reference to IRM 5 for program consistency.

(16) Deleted Exhibit for Under-reported Income Taxability; refer to IRM 5 for ASFR/Non-filer program consistency.

Effect on Other Documents

(1) This material supersedes IRM 4.19.17, dated 07/13/2012.

Audience

This IRM is intended for the use of the SB/SE Campus Examination Operations.

Effective Date

(10-01-2015)

Scott Irick, Director,

Examination/AUR Policy

4.19.17.1 (01-05-2010)

Non-Filer Program

1. The Non-Filer program, also known as SFR (Substitute for Return), and its automated version, Automated Substitute For Return (ASFR) were developed to contact taxpayers who have not filed tax returns voluntarily and for whom income information is available to substantiate a significant income tax liability.
2. Internal Revenue Code Section (IRC) 6212 authorizes the Service to send a notice of deficiency when a taxpayer appears to have a filing requirement but does not comply by voluntarily filing a tax return.

4.19.17.1.1 (01-05-2010)

IRC Section 6020(b) Certification

1. The Service has the authority to prepare returns for any person who fails to submit a return required by Internal Revenue law or regulation at the time prescribed, or makes (willfully or otherwise), a false, or fraudulent return. The return is prepared from the personal knowledge of the Service's employee or from information which can be obtained through testimony or otherwise.

2. IRC § 6020(b) provides that the return is prima facie good and sufficient for all legal purposes, however despite this language, for most purposes of the IRC, the section 6020(b) return is not treated as a return filed by the taxpayer. For example be aware of the following:
    - A. The amount shown as due on an IRC § 6020(b) return must be assessed under the deficiency procedures.
    - B. An IRC § 6020(b) return does not start the statute of limitations on assessment.
    - C. An IRC § 6020(b) return does not stop the Failure to File (FTF) Penalty.
    - D. An IRC § 6020(b) return prepared using the Married Filing Separate (MFS) filing status will not prevent taxpayers from electing a Joint filing status under IRC § 6013(b).
3. IRC § 6020(b) pertains to individual income tax returns. Such returns may be automatically generated by the Campus or manually prepared with reports of proposed tax adjustments.
4. When the taxpayer has not filed an individual income tax return, the Service needs to create a valid IRC § 6020(b) return to apply the Failure to Pay (FTP) Penalty.
5. The Tax Court does not consider a mere assessment of tax or FTP penalty to constitute a "return" under the provisions of IRC § 6651(a) (2) and will not sustain the penalty. Therefore, to sustain a FTP penalty on a taxpayer who has not filed a return, the Service must, IN ALL CASES, properly process an IRC § 6020(b) return or have the taxpayer sign an appropriate return according to the following Form 13496 Certification procedures.

4.19.17.1.2 (01-05-2010)

Form 13496 Certification Procedures

1. There are two different processes for certifying a valid IMF IRC § 6020(b) return. The first is the Report Generation Software (RGS)/Automated Correspondence Exam (ACE) procedure, the other is Form 13496, IRC Section 6020(b) Certification.
2. **Electronic Form 13496** - The RGS/ACE IRC § 6020(b) Certification and attached documents are generated systemically. Under Exam RGS/ACE procedures, the data that constitutes a valid return under IRC § 6020(b) includes computation of the taxpayer’s tax liability for the tax period in question and a completed Electronic Certification form with the electronic signature of the delegated IRS employee.
3. **Paper Form 13496 Procedures** - Form 13496 ***MUST*** be completed with a live signature if not generated systemically through RGS/ACE and ***MUST*** be dated on or after the date the 30-day letter (or revised 30-day letter) is signed and dated such that the date of the certification is identical to, or later than, the 30-day letter. The completed Form 13496 ***MUST***:
    - A. Identify the taxpayer by name and taxpayer identification number.
    - B. Contain sufficient information from which to compute the taxpayer’s tax liability, Form 4549, Income Tax Examination Changes (or the equivalent such as Form 4549-A) and Form 886-A, Explanation of Items or the equivalent.
    - C. Purports to be a valid IRC § 6020(b) return.
    - D. Be properly signed and dated.
4. Form 13496 may not be prepared or dated after the date of the 90-day letter.

5. Whenever the examiner revises a report of proposed adjustments that increases the total tax liability of the taxpayer (without regard to whether or not the revised report is reissued to the taxpayer), a re-certification is required on another Form 13496 dated on (or after) the same day as the revised report.
6. When the report of proposed adjustments involves more than one tax year, create a separate Form 13496 for each year and attach each one to a photocopy of the report for each year.

Note:

Form 13496 is an internal use only form and should not be sent to the taxpayer(s).

4.19.17.2 (01-05-2010)

Non-Filer Strategy

1. The National Non-Filer Strategy is directly aligned with the Service's effort to identify non-compliant taxpayers and design methods to encourage their compliance.
2. The Campus Examination Operations participate in the Non-Filer Strategy either:
    - Directly under the guidelines in the IRM or
    - By providing support for Area Offices (AO)in their Non-Filer Assistance Program efforts.

4.19.17.2.1 (10-01-2015)

Non-Filer Inventory & Responsibility

1. Headquarters Examination establishes the priority of cases to be selected based on the availability of cases identified through the Collection Inventory and other Compliance Service initiatives for investigation by Examination.
2. Headquarters Examination Workload Selection performs periodic reviews of inventory selected, addresses inventory selection concerns and improves case selection by modifying selection criteria or suggests new initiatives.

4.19.17.3 (01-05-2010)

Non-Filer Processing

1. The examination begins when a compliance check reveals filing delinquencies with potential for tax assessment.
2. In most cases the Non-filer case is worked through ACE processing and will move systemically through the Correspondence Exam process without Correspondence Examination Technician intervention unless a return or reply is received from the taxpayer.
3. There will be instances when a Non-filer case rejects from ACE processing. If these cases cannot be corrected and re-introduced into batch, then a manual report must be prepared.

4.19.17.3.1 (01-05-2010)

Audit Information Management System (AIMS) Controls

1. Accounts selected for the Exam Non-filer program will be established on AIMS for each tax year as follows:
    A. Master File Tax (MFT) 30.
    B. Transaction Code (TC) 424.
    C. Status Code 08.
    D. Source Code, see Non-Filer Source & Project Codes discussed later.
    E. Project Code (PC), see Non-Filer Source & Project Codes discussed later .

F. Employee Group Code (EGC) 5XXX.

G. Primary Business Code (PBC) 2XXX .

H. Push Code (PC) 036.

I. Activity Code based on taxpayer Total Positive Income (TPI).

2. The filing status will be Single or MFS.

4.19.17.3.2 (10-01-2015)

Non-Filer Letters

1. The following letters are used most often in the Non-filer Program and have the same suspense time frames as other Correspondence Exam letters, i.e. 45 days for most letters except Statutory Notice Of Deficiency (SNOD), which is suspended for 105 days, or 165 days for a foreign address. A few letters, such as Disallowance letters, will not be suspended.

   A. Letter 105C – Claim Disallowance – Barred Refund.

   B. Letter 106C – Partial Disallowance.

   C. Letter 143C – Missing Signature.

   D. Letter 474C-Math Error.

   E. Letter 692 – Response to the taxpayer before SNOD.

   F. Letter 555 – Response to the taxpayer after SNOD.

   G. Letter 692 (SC) – Response to the taxpayer, Revised Report.

   H. Letter 1862 – Initial Contact Letter (ICL). This is considered a combo letter as the Form 4549 Examination Report will also be sent as part of the initial contact.

   I. Letter 2469C – ASFR Possible Refund.

   J. Letter 3219 – Statutory Notice of Deficiency (SNOD).

   K. Letter 4391 – Non-Examination closure.

   L. Letter 4392 – Combat Zone. Examined/Non Examined closure.

4.19.17.3.3 (10-01-2015)

Non-Filer Source & Project Codes

1. Source Code 24, Substitute for Return, and 25, Non-filer Strategic Initiative-High Income Non-filer are used for Non-filer program work. **Do not update from Source Code 25 to another Source Code or to Source Code 25 from another Source Code.**

2. Source Code 24 with Project Code 0277 will be used for initiating additional Non-filer cases identified during the course of working other program work upon acceptance by Classification.

3. Project Codes 0277, Non-filers, and 0422, State RAR Initiative, are commonly used for identifying projects worked within the Non-filer program.

4. Refund Hold cases will be placed in Project Code Project Code 0277 with Tracking Code 0911 in SBSE. Project Code 0655 was previously used in W&I.

5. The Source and Project code will remain the same on Non-filer cases when additional issues such as large, unusual, or questionable (LUQ), are selected based on the delinquent return for program tracking purposes.

4.19.17.3.4 (01-05-2010)

Non-Filer Technique Codes

1. The following Technique Codes (TC) will be used when closing all Non-Filer cases :
   - A. A "2" = Correspondence Received. The definition of TC 2 per IRM 4.4.12.4.40.4 is Correspondence Examination. For tracking purposes, we will apply TC 2 whenever correspondence is received so we can capture closure information where taxpayers have responded.

     Valid with DC 04, 08, 09, and 10.
   - B. A "6" = No Response, Unclaimed, and Refused.

     Valid with DC 01 and 10.
   - C. A "7" = Undelivered Mail.

     Valid with DC 13.

4.19.17.3.5 (10-01-2015)

Non-Filer Disposal Codes

1. See IRM 4.19.17.6, Non-Filer Closures for commonly used Disposal Codes (DCs).

4.19.17.3.6 (10-01-2015)

Workpapers

1. Workpaper documentation is extremely important and leaves an audit trail of the actions taken by the Correspondence Examination Technician. Refer toIRM 4.19.13.5 Workpapers for All Cases, for additional information. Some of the items that must be documented on the Non-filer workpapers are:
   - A. Return received date.
   - B. Research performed to validate return, such as spouse and dependent TINs.
   - C. Income verification.
   - D. Referrals for LUQ, Frivolous, and fraudulent issues. Documentation should include decision(s) from the referral.
   - E. Penalty assessments and reasons for abatements.
2. Below are examples of appropriate workpaper documentation:

Example #1: (DATE of action) (TE Initials) Received filing status 2 signed return (IRS received date), Researched indicates that spouse has not filed and dependents are not claimed on another return. Taxpayer has U/R NEC of $ amount. Taxpayer also has LUQ contributions and EBE. Update entity for Joint filing. Close case using partial procedures. Issue Letter 692. RSED expired; hold excess credits until final closing.

Example #2: (DATE of action) (TE Initials) Received filing status 2 signed return (IRS received date), Researched indicates that spouse has not filed and dependents are not claimed on another return. All income reported. taxpayer also has LUQ Schedule C AO issues, refer to Classification. Received back from Classification, return accepted as filed. Update entity for Joint filing. Close case using appropriate DC. RSED expired credits to Excess Collection.

Example #3: (DATE of action) (TE Initials) Received filing status 2 signed return (IRS received date), Research indicates that spouse has not filed and dependents are not claimed on another return. All income reported. Schedule C for EITC purposes refer to Classification. Received back from Classification, accept as filed, and close using appropriate DC.

4.19.17.3.7 (01-05-2010)

Partial Assessments

1. Use partial assessment procedures to assess the secured delinquent return if a SFR has posted and the examination is continuing or the taxpayer is appealing the reasonable cause determination.
2. Ensure the return has been validated, prior to making a partial assessment per the return.
3. **DO NOT** resolve credit balances on **partial** assessments until final case closure.
4. Update filing status and name line, if applicable, and Assessment Statute Expiration Date (ASED) as appropriate.
5. Do not update the activity code until after the examination is completed.

4.19.17.3.7.1 (10-01-2015)

Contacts After Partial Assessments

1. Follow procedures in IRM 4.19.13 and IRM 4.19.15 for subsequent contacts with the taxpayer after a partial assessment.
2. If No Reply after SNOD has already been issued and the taxpayer's filing status is Single, Head of Household, or MFS and the increase in tax does not meet new deficiency guidelines, allow the SNOD to default on Unagreed and/or No Reply cases before making the assessment per the corrected report.
3. If the Non-Filer SNOD has already been issued and the taxpayer's filing status per the secured return is Joint, a new SNOD must be issued in the Joint name to allow the spouse the same deficiency rights the Non-Filer taxpayer received prior to making the assessment per the corrected report. It is not necessary to wait until the Non-Filer SNOD has expired before issuing a Joint SNOD or to rescind the previous Non-Filer SNOD.

4.19.17.3.8 (10-01-2015)

Mandatory Review

1. Several reviews are mandatory during Non-Filer case processing:
    A. Deficiencies of $500,000
    B. ACE Manual Rejects
    C. Closed Cases over $50,000

4.19.17.3.8.1 (01-05-2010)

Deficiencies of $500,000-Prior to Initial Contact Letter (ICL

1. Prior to issuing the initial contact letter, Non-filer cases with deficiencies of $500,000 or more will be rejected from ACE processing for review by Tax Compliance Officers or Revenue Agents in Classification to validate income sources are accurate.
    A. If research indicates income belongs to the taxpayer, then place the case back into ACE for ICL.
    B. If research indicates income previously reported on another return, close the case DC 37.
    C. If research indicates that the income does not belong to the taxpayer, close the case DC 39.

4.19.17.3.8.2 (10-01-2015)

ACE Manual Rejects

1. Cases rejected from ACE for "manual" reports must be reviewed by lead or manager.

4.19.17.3.8.3 (10-01-2015)

Closed Cases With Deficiencies of More than $50,000

1. FollowIRM 4.19.18.6.2.3, Deficiencies More Than $50,000-Exam Paper Discretionary, Exam Pass-through Entities, for review of cases with deficiencies of more than $50,000.

4.19.17.3.9 (10-01-2015)

Large Dollar Case assessments over $100 Million

1. Due to system restraints, the maximum amount of a single assessment is $99,999,999.99. Therefore, if the assessment is $100 Million dollars or more it needs to be input with two separate transactions, one for $99,999,999.99 and a separate one for the difference between the total assessment and $99,999,999.99, Whenever the assessment is over $100 million the case must:
    A. have managerial approval, and
    B. be manually monitored by both the manager and the employee who inputs the assessment to ensure both assessments post correctly.

4.19.17.3.10 (10-01-2015)

Statute of Limitation

1. All returns must be reviewed to ensure protection of all statutes of limitation. See IRM 25.6 for specific instructions on statute protection. See IRM 25.6.1.6.15 to determine the return received date, and to determine the date the return is considered filed under the IRC..

4.19.17.3.10.1 (10-01-2015)

Assessment Statute Expiration Date (ASED)

1. The general rule is that an assessment of tax must be made within three years from the date a return is filed or the due date of the return whichever is later. Generally, this means that tax must be posted or journalized to Master File within 3 years from the received date of the return. Additionally, the Service has three years to assess additional tax due. See IRM 25.6.1 for exceptions to assessing additional tax within three years from the received date or due date of a return whichever is later and for a more thorough explanation of the ASED, and the conditions that extend the ASED.
2. Non-Filer/SFR default assessments and the SFR **dummy** TC 150 do not start the running of the ASED. Therefore, the ASED must be set when processing delinquent returns.
3. Additional review is necessary when a joint return is filed, and at least one spouse previously filed a return. See IRM 25.6.1.9.4.4 for limitations to processing separate to joint returns.
4. Non-Filer delinquent returns that are tax increases must be posted to Master File within three years of the received date. If a return is received with an ASED within 90 days, see IRM 25.6.1.9.9.2
5. When processing delinquent returns , determine the ASED. If the ASED is not posted on IDRS or the ASED is not correct on IDRS, input the ASED on IDRS. Generally, the ASED is set three years from the received date of the return. See IRM 25.6.1 to determine the date the return is considered filed under IRC when the return received is not valid.
6. To set the ASED on IDRS, input a TC 971, Action Code (AC) 282 using CC REQ77. The required fields for input are:
    - TC 971

- The ASED (correct return received date plus 3 years) in the Transaction Date Field.

7. To correct an ASED posted to IDRS, input a TC 560 using CC REQ77. The required fields for input are:
    - TC 560
    - The ASED (the correct received date plus 3 years) in the Extension Date Field.

Note:

When TC 976 is posted, the ASED is systemically set on IDRS. It is not necessary to input TC 560 in these cases unless the generated ASED is incorrect on IDRS.

4.19.17.3.10.2 (10-01-2015)

Refund Statute Expiration Date (RSED)

1. Refer to IRM 5.18.1.10.2.3.15.1 , Refund Statute Expiration Date (RSED) for guidance.
2. ASFR returns are the same as delinquent returns received as a result of a Non-Filler examination.

4.19.17.3.11 (10-01-2015)

Undeliverable Mail

1. Follow IRM 4.19.13.13 in processing undelivered mail.

4.19.17.4 (01-05-2010)

Non-Filer Penalties

1. A SFR IRC §6020(b) return must be prepared before penalties can be considered.
2. Penalties to be considered if no return is filed and the case is closed through deficiency procedures are:
    A. Failure to File Penalty (FTF) IRC 6651(a)(1),
    B. Failure to Pay Penalty (FTP) IRC § 6651(a)(2), and
    C. Estimated Tax Penalty IRC § 6654 or IRC § 6655.
3. Penalties to be considered on secured delinquent returns and IRC § 6020(a) returns are:
    A. Failure to File Penalty IRC § 6651(a)(1).
    B. Failure to Pay Penalty IRC § 6651(a)(2).
    C. Estimated Tax Penalty IRC § 6654 or IRC § 6655.
    D. Fraudulent Failure to File IRC § 6651(f). The burden of proof is on the Government to establish fraud. Refer to IRM 4.19.10.1.9 for examples of Fraud indicators and on how to refer returns to the Campus/Exam Fraud Coordinator.
    E. Accuracy Penalty IRC § 6662(a).

4.19.17.4.1 (01-05-2010)

Request for Penalty Relief

1. The initial request for relief may occur either during or after an examination.
2. When the tax liability has been resolved, the FTF and FTP penalties are applied unless the taxpayer has provided an explanation and documentation for Reasonable Cause (RC).
3. Refer to IRM 20.1.1.3 as a resource guide for the non-assertion of penalties due to RC.
4. **If the taxpayer is entitled to penalty relief**, document workpapers that RC was considered, and how RC was established.

5. **If the taxpayer is not entitled to penalty relief**, document workpapers that RC was considered and why RC does not apply and what penalties are to be assessed when the case is forwarded to AIMS as both partial and final assessments. Also include the date to start the FTP penalty if the FTP penalty applies.

Note:

Compute the FTP penalty on both delinquent returns and IRC Sec. 6020(a) returns from the due date of the return.

4.19.17.5 (10-01-2015)

Taxpayer Replies

1. Taxpayer replies include telephone inquiries, filed returns, and written correspondence. The reply may be in response to a 30-Day Letter or SNOD. Follow IRM 4.19.13.9 when processing taxpayer replies.
2. Update correspondence to the appropriate reply status per IRM 4.19.13.10.

Note:

Even though a Non-filer return does not meet Policy Statement P-21-3 criteria for Interim Letter purposes, it is still considered correspondence and must be updated to Status 54, with the earliest IRS received date upon receipt of the return in Exam, unless the case is in Status 24. When in status 24, update the crrespondence date to reflect the earliest IRS received date.

3. Refer taxpayers to the Taxpayer Advocate Service (TAS) when the contact meets TAS criteria, see IRM 13.1.7.2, **and** you can't resolve the taxpayer's issue the same day, refer to IRM 13.1.7.4 , **Same-Day Resolution by Operations**. ≡ When referring cases to TAS, use Form 911, *Request for Taxpayer Advocate Service Assistance (and Application for Taxpayer Assistance Order),* and forward it to TAS in accordance with your local procedures.

4.19.17.5.1 (10-01-2015)

Correspondence and Telephone Inquiries

1. When responding to telephone inquiries, disclose no tax return information until reasonably certain the person making the inquiry is the taxpayer or his/her authorized representative. For complete disclosure information, see IRM 21.1.3.2, General Disclosure Guidelines.
2. During the telephone contact: and telephone inquiries on Non-filer cases without a return will often ask general questions such as how to secure prior year forms, requests for extension, or explain why the taxpayer is not required to file. The table below provides a list of the most common taxpayer replies and guidelines on how to respond.

IF	**THEN**
Taxpayer needs more time to file a return	• Request for additional time to file prior to SNOD will be considered on a case by case basis dependent on the taxpayers need for the additional time. Extensions past 30 days should not be given. • If SNOD has been issued, DO NOT grant an extension. Explain the time remaining on the SNOD and that the account will be assessed per the Exam report if not

IF	THEN
	received within this time. Also explain returns can be considered as reconsideration but, it is to the taxpayer's benefit to file as soon as possible. See Exception below. **Exception:** Use professional judgment in holding a case when SNOD has expired. If the taxpayer indicates the return is in the mail or will be faxed/sent within a week to ten days, it makes better business sense to hold the return a few additional days than to make the default assessment and then have to process the return as an audit reconsideration.
Taxpayer filed Jointly with spouse	• Research IDRS for fact of filing. If Joint return was filed, close case per Non Examined procedures. • If return was not filed, request a signed copy be faxed or mailed to the appropriate address.
Taxpayer states they are not required to file	• Verify through research and/or additional contact with the taxpayer reason(s) why they are not required to file. Refer to Non Examined Closing procedures.
Taxpayer is in a Combat Zone	• If taxpayer or "related person" responds that the taxpayer is in a Combat Zone follow Combat zone procedures.
Taxpayer is in a Disaster Zone	• Follow IRM 25.16 Disaster Assistance and Emergency Relief procedures in responding to taxpayers.
Taxpayer states a refusal to file	• Refer to IRM 4.10.12.3.3 Frivolous Filer for reasons taxpayers refuse to file.
Taxpayer requests abatement of penalty and/or interest	• Follow IRM 20.1 and IRM 20.2 in considering requests for abatement of penalties and/or interest.
Taxpayer requests copy of income information	• Send IRP information. Only include spousal IRP information **<u>if</u>** proper authority has been granted by spouse.
Taxpayer wants to know how to get blank prior year forms and tax tables	• Refer taxpayer to IRS website http://www.irs.gov/formspubs /.
Taxpayer states that he/she did not receive income reported on the	• Attempt to verify IRP information through third party contacts. • If the third party cannot be located, has ceased to operate, has not retained records from which verification can be derived, or other circumstances suggest that the IRP

IF	THEN
IRP payer document	payer information is not reliable or accurate, remove the income from the Non-filer deficiency proposal report. • If removing income from the Non-filer deficiency proposal report reduces the total income below the income level for filing a tax return, close the case DC 39. . • If the payer information can be verified, notify taxpayer and proceed with Non-filer examination.
If the taxpayer states they are a victim of Identity Theft	• Refer to IRM 4.19.17.7.8.

3. Document workpapers for telephone calls and correspondence to/from the taxpayer with actions taken and decisions made.

4.19.17.5.2 (12-16-2010)

Return Received

1. Delinquent returns can be received directly in the Operation from the taxpayer, posted to Master File as a duplicate return (TC 976/977), or routed from Accounts Management (AM).

Note:

If the return has been adjusted by AM, per IRM 21.5.3.4.10(2), continue to follow all necessary actions as listed below before closing the examination. If all income is reported, there is no Large, Unusual or Questionable (LUQ) issues, and the return does not meet specialty criteria follow normal closing procedures and address the adjustment by following IRM 4.10.15.2.9.5

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2. Professional judgment should be used in the review, acceptance, and selection of return(s) with LUQ issues. ≡
3. A return is not considered filed for interest computation purposes until the return is received in processable form.
4. A return is in processable form if it:
    - A. Is filed on a permitted form;
    - B. Contains the taxpayer's name, address, and identifying number;
    - C. Has the required signature(s); and
    - D. Contains sufficient information (whether on the return or on required attachments) to permit the mathematical verification of the tax liability shown on the return.
5. If the requested information is received after the return due date, the return is processed with a "Return Processable Date (RPD)" reflecting the date the information was received. This date is also known as the "Correspondence Received Date (CRD)." The CRD is used to calculate interest the IRS owes on refunds.

6. The "RPD" date should be input on secured Non-Filer returns even if a balance due. This is needed since the taxpayer may file at a later date an "Amended" tax return which at that time may contain a refund.

Note:

If the RPD date is not input the credit interest will revert to the "IRS received date." which is the date the SFR TC 150 was processed and this is the incorrect date for credit interest.

4.19.17.5.2.1 (10-01-2015)

NFR (Non-Filer Reject) Return Received Prior to Non-Filer Initial Contact Letter (ICL)

1. A NFR is a return that is received in the Service after the posting of the TC 150 Dummy/SFR but prior to the issuance of the Initial Contact Letter (ICL) and can be identified by:
    A. AIMS Status 08 or less
    B. TC150 SFR
    C. May or may not have a TC 976. If the return was sent directly to Exam, a TC 976 will not be on the account.
2. Exam will either receive the return directly or a listing from HQ of systemically identified NFR cases in EGC 5065. The NFR listing are sent from Headquarter to each campus monthly. NFR returns will be worked in the Individual Master File (IMF) AM site of the posting of the TC 976, or if no TC 976 posting, the IMF AM site where the taxpayer would have filed had they filed a timely return.
    A. If the return is received in Exam and there is no TC 976 posted, write "NFR" across the top of the return and forward to the AM site where the taxpayer would have filed had they filed a timely return.
    B. If closing per the listing received from Headquarters, **do not order the returns and close the cases immediately**.

Note:

Review the return if already in your possession and TC 976 posting to determine the Assessment Statute Expiration Date (ASED). If the ASED is within 180 days, update the ASED, ensure sufficient time for getting the return assessed, and expedite routing of the return to ensure assessment will be made within the ASED period.

3. AM is responsible for adjusting the accounts and responding to any TAS inquiries on NFR cases. If an OAR (Operational Assistance Request is received in Exam, return it to TAS stating the case is a NFR worked by AM. Refer TAS to IRM 21.5.3.4.10.1.
4. Close NFR AIMS control base:
    A. If -A freeze is on account, it must be released prior to closing the AIMS control.
    B. Close the AIMS control Non-Examined.
    C. Once the AIMS control has been closed, input TC 971 (using REQ 77) with an action code of 010. Monitor the case to ensure the -A freeze posts.

Note:

The -A freeze must be on the module after AIMS control is closed so AM is aware that a return has been received and needs to be processed.

4.19.17.5.2.2 (10-01-2015)

Return Posted as TC 976/977 or Received in Operation After Initial Contact Letter

1. An -A Freeze should be present on accounts with a TC 976/977 and must be resolved before a case can be closed off AIMS.

2. **If case is in Status 08 or below,** follow IRM 4.19.17.6.2.1, NFR (Non-Filer Reject) Return Received Prior to Non-Filer Initial Contact Letter (ICL), above.
3. With the exception of cases is status 08 and below, cases in which a return is received must be updated to reply status upon receipt in the Operation.
4. SSIVL listings should be used to identify all open Non-Filer accounts that have a TC 976/977 posted. .Do not allow the case to sit in an open AIMS status until it moves to the next status and rejects before trying to secure the TC 976/977 document.
5. Every effort should be made to secure the TC 976/977 document as soon as possible:
    A. Most TC 976/977 documents have been scanned into the Correspondence Imaging System (CIS) and should have an open IDRS control by AM. If possible,,secure a copy from CIS for expedite processing of the taxpayer’s return.

Note:

Returns printed from CIS may not always reflect the actual IRS received date and may have a received date that is later than the TC 976 posting date. If this is the case, use the TC 976 date as the earliest IRS received date in updating AIMS Status and ASED.

    B. If unable to secure the return from CIS, and return information is available on Tax Return Data Base (TRDB), print a copy of the TRDB return information as proof of filing a signed return.
    C. If the TC 976/977 document is not available on CIS or TRDB take the following steps:
    D. Make one attempt to ESTAB for the TC 976/977. If the return has not been received within 4 weeks contact the taxpayer for a signed copy.
    E. Inform the taxpayer by telephone or correspondence that the return they previously submitted is not readily available and that we need another "signed" copy. The copy of the return can be faxed or mailed. Suspend the case for 45 days. If the taxpayer provides a signed copy of the return, update the ASED using the posted TC 976/977 date. If the taxpayer does not provide a signed copy of the return, proceed with the Non-Filer case and default if no reply received after SNOD period expires.

4.19.17.5.2.3 (10-01-2015)

Return Validation

1. Before the taxpayer’s account can be adjusted all forms, schedules, and attachments must be manually verified. ≡
2. Review the entire return for missing signature(s), schedules, math errors, etc., before contacting the taxpayer.
3. At least one phone attempt should be made and documented in workpapers before corresponding with the taxpayer.

4.19.17.5.2.3.1 (10-01-2015)

Unsigned Return

1. A taxpayer is not considered to have filed a tax return which begins the period of limitations on assessment (ASED) until the taxpayer files a valid tax return. An unsigned return is not considered a valid tax return.
2. Return information on TRDB is considered a signed return. A faxed signature is also acceptable.

3. If signature is missing, try to contact the taxpayer by telephone to obtain a signed return. If contact by telephone is not successful, send Letter 143C, Request for Signature, and suspend the case.
4. If no reply is received after the suspense period, send the return back to the taxpayer stating the return is not acceptable due to the missing signature and that the substitute for return process will continue. Make a copy of page 1 and 2 of the taxpayer's return before returning and associate with the Non-Filer case in Files. Proceed with the Non-filer case putting the case back into ACE.

4.19.17.5.2.3.2 (10-01-2015)

Entity, Filing Status, and Dependent Verification

1. The following Entity information on the taxpayer's return must be verified:
   A. Name of the primary taxpayer is for the correct Non-filer tax period and matches the SSN.
   B. Spouse's name matches the SSN shown on the return and the spouse has not already filed.
   C. Dependent(s) name(s) matches SSN shown on the return and dependent(s) is not being claimed on someone else's return.

Note:

If the dependent's SSN is not valid, then the following credits can not be allowed: Dependent exemptions, Child Tax Credit, Child Care Credit, and the Earned Income Credit.

   D. Verify the taxpayer's correct address. If the address is different on the secured return from Master File verify the correct address with the taxpayer.
   E. Update Entity information as appropriate.

4.19.17.5.2.3.3 (10-01-2015)

Math Errors

1. Returns must be reviewed for math errors. See IRM 5.18.1.10.2.3.19, for guidance with the following additions/exceptions:
   A. Document workpapers with math error(s) identified and actions taken to resolve them.
   B. If the return contains other issues that warrant continuance of the examination process, such as un/under reported income, or LUQ, partial per the figures on the delinquent return, beginning with the per return amounts. Include math error adjustment(s) with other examination issues on the examination report with an explanation on Form 886. Follow guidance in IRM 4.19.17.3.7 Partial Assessments to continue the examination process.

4.19.17.5.2.4 (10-01-2015)

Under/Unreported (UR) Income

1. Verify all income is reported to the IRS is reported on the return. See IRM 5.18.1.10.2.3.20, for guidance with the following exceptions:
   A. IRM 5.18.1.10.2.3.20 (1) Use IRPTR to verify all taxpayer and, when applicable, spousal income is reported.
   B. IRM 5.18.1.10.2.3.20 (2) d. Follow, follow guidance in IRM 4.19.17.3.7 , Partial Assessments, to continue the examination process. If the return reflects a Joint filing status the exam reports (partial, corrected, and if applicable, SNOD) **MUST** reflect both taxpayers names.
   C. If a taxpayer has unreported tip income, ensure Form 4137, Social Security and Medicare Tax on Unreported Tip Income, is present . Notate on the Form 3198, Unreported Tip Income Case.

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More Internal Revenue Manual

https://www.irs.gov/irm/part4/irm_04-019-017r.html

Examples of Non-filer Investigations - Fiscal Year 2014

The following examples of non-filer investigations are written from public record documents on file in the courts within the judicial district where the cases were prosecuted.

Former Office Manager/Bookkeeper Sentenced for Wire Fraud and Tax Evasion

On Sept. 25, 2014, in Columbia, South Carolina, Chandra Padgett, of Batesburg, was sentenced to 87 months in prison for her conviction on charges of wire fraud and tax evasion. According to court documents, Padgett was an office manager and bookkeeper for a pain clinic. Padgett set up a shell company named PSS (Padgett Specialty Scrapbooking Services). The name PSS was shared with her employer’s primary vendor and allowed Padgett to send bogus invoices for payment. Between June 2008 and December 2010, Padgett created checks from her employer’s account payable to her company PSS and deposited them in to an account to which she had primary control. Padgett also used her position as bookkeeper and office manager to increase her own salary without her employer’s authorization or knowledge. Padgett was ordered to pay restitution to her employer and the Internal Revenue Service.

Husband and Wife Sentenced on Tax Charges

On Sept. 16, 2014, in Denver, Colorado, Mathew Zuckerman, of Woody Creek, Colorado, was sentenced to 24 months in prison, three years of supervised release and ordered to pay $693,706 in restitution to the IRS. Zuckerman’s wife, Sandra Zuckerman was sentenced to 36 months’ probation and was jointly liable for $112,511 of the restitution. Mathew Zuckerman pleaded guilty on Feb. 18, 2014, to income tax evasion and Sandra Zuckerman pleaded guilty on May 30, 2014, to willful failure to pay income taxes. According to court documents, beginning in 1986 and continuing through 2009, the Zuckermans either failed to file an income tax return, or filed a return using incorrect income amounts. Matthew Zuckerman concealed his assets and business affairs from the IRS by utilizing corporations and trusts in order to avoid payment and collection of the Zuckerman's outstanding tax liabilities. In 1999, the Zuckermans caused the deed to their Woody Creek residence, purchased for approximately $1.2 million, to be recorded in the name of a Nevada corporation that listed the names of a cat and a dog as its officers and directors. Similarly, in 2004 Mathew Zuckerman formed a company in Nevada that was used to purchase a $1.8 million home in 2004. Furthermore, in December 2004, Mathew Zuckerman formed and used a trust to receive profits in excess of $500,000 while evading payments of taxes owed to the IRS.

Florida Attorney Sentenced for Failure to File Income Tax Returns

On Sept. 11, 2014, in Miami, Florida, Steven E. Siff, of Davie, was sentenced to 13 months in prison, one year of supervised release and ordered to pay $924,684 in restitution to the IRS. Siff previously pleaded guilty to three counts of failing to file an income tax return. According to court documents, since at least 1982, Siff worked as an attorney in the Miami office of an international law firm, first as an associate, then as a partner. Siff failed to file personal income tax returns since at least tax year 1997. Between 2001 and 2011, Siff earned approximately $8,248,401 in partnership profits. For tax years 2009 through 2011, Siff failed to make an income tax return reporting gross partnership income of $716,464, $705,967, and $694,449, respectively.

Mississippi Businessman Sentenced for Failing to File Taxes

On Sept. 9, 2014, in New Orleans, Mississippi, Kendall O. Marquar, of Waveland, was sentenced to 12 months of home detention after pleading guilty to willfully failing to file taxes. In addition, Marquar was ordered to pay $156,941 in restitution to the IRS and a $3,162 fine. According to court documents, from in or around 2000 through in or around 2012, Marquar, a Mississippi businessman, owned a company called K&D Earthworks that was a maintenance and construction vendor at the Orleans Parish Sheriff's Office (OPSO). During the years 2007, 2008, and 2009, Marquar and K&D Earthworks earned approximately $580,379 in taxable income, mainly from work performed at the OPSO. Marquar failed to file taxes during the years 2007 through 2009.

Richard Joseph SalonSpa Owners Sentenced in Tax Fraud Conspiracy

On Sept. 2, 2014, in Birmingham, Alabama, Richard Joseph Smith and Timothy Euell Brown were each sentenced to 36 months in prison and ordered to pay $1.4 million in restitution. According to court documents, beginning in 1991, a company called Smith, Hobart & Brown (SHB) operated Richard Joseph SalonSpa. Brown was the sole owner and registered agent of SHB and SHB operated the spa from 1991 to July 2006. SHB owed more than $300,000 in employment taxes to the IRS by the third quarter of 2006. In June 2006. RJSS took over operation of Richard Joseph SalonSpa and Smith and Brown opened a business checking account together for RJSS. Brown misrepresented to the IRS that he closed his salon business in 2006 and no longer worked at Richard Joseph Salon. Rather than closing the salon, he transferred its ownership to Smith. In August 2008, Smith incorporated another business, Richard Joseph Redmont Group Inc., and he and Brown together opened a business checking account for it. In July 2009, Smith and Brown opened a Richard Joseph Salon, and operated it through the Redmont Group. Between 2006 and 2013, Smith and Brown withheld the $1.4 million from employees of RJSS and Redmont group and failed to pay it over to the IRS in employment taxes. In addition, Smith and Brown skimmed money from the salons for personal use.

Michigan Doctor Sentenced For Accepting Kickbacks and Not Reporting Cash Income

On Aug. 22, 2014, in Grand Rapids, Michigan, Dr. Shannon Wiggins, of Okemos, was sentenced to 24 months in prison, three years of supervised release and ordered to pay $285,781 in restitution and forfeit $550,000. Wiggins pleaded guilty to receipt of health care kickback payments and falsifying an income tax return. According to court documents, between January 2004 and April 2011 Dr. Wiggins conspired with her husband, Mohamad Abduljaber, to receive kickbacks for referring patients for electrodiagnostic testing. Dr. Wiggins also admitted signing a false tax return which did not accurately disclose cash income that she earned from signing medical marijuana certifications.

International "Con Man" Sentenced for Scamming Investors and Dodging Taxes

On August 21, 2014, in San Diego, California, Svein Erik Ulsteen, a former executive and shareholder of Anturion Limited, a company formed in the Channel Islands, was sentenced to 46 months in prison. Restitution will be ordered at a later date. According to court documents, between October 2011 and June 2013, Ulsteen solicited investors by pretending to either: (1) sell them shares of Anturion stock; or (2) borrow money on behalf of Anturion, which would be paid back with interest. In fact, however, Ulsteen was neither authorized to sell company stock nor borrow money on its behalf. To support his deceptive solicitations, Ulsteen created fake "subscription agreements" and phony "loan" documents that purported to be authentic securities of Anturion. Using these counterfeit securities, Ulsteen convinced investors throughout the United States to send more than $2 million to Ulsteen's nominee accounts. In addition to selling forged securities, Ulsteen admitted to corruptly obstructing the IRS's attempts to assess his true tax liability. Between 2010 and 2012, Ulsteen earned over $1 million from various activities, including the sale of his Anturion stock. Although the IRS notified Ulsteen that he needed to file federal income tax returns as he owed taxes, penalties and interest, Ulsteen refused to file for any of these years, and took several steps to prevent the IRS from learning how much income he had earned. These steps included depositing investor funds into the nominee accounts he controlled and paying his personal expenses out of these company accounts.

Former Texas Business Comptroller Sentenced for Embezzlement Scheme

On Aug. 21, 2014, in San Antonio, Texas, Monica R. Richardson, was sentenced to 37 months in prison, three years of supervised release and ordered to pay $65,551 in restitution to the Internal Revenue Service. In July 2013, Richardson, a former Watermark Group comptroller, pleaded guilty to one count of failure to account for and pay payroll taxes. According to court documents, Richardson admitted that she stole over $287,000 from Watermark and caused Watermark to fail to account for and pay the Internal Revenue Service payroll taxes due.

Texas Man Sentenced For Tax Evasion

On Aug. 21, 2014, in San Antonio, Texas, Daniel Isiah Thody was sentenced to 90 months in prison, three years of supervised release and ordered to pay $162,857 restitution to the Internal Revenue Service. On Nov. 8, 2013, a jury convicted Thody on five counts of tax evasion. According to court documents, Thody willfully evaded and failed to file income tax returns for calendar years 2006 through 2010. Thody intentionally tried to conceal from the IRS his true income by using another individual’s bank account as well as the name of a nominee company--WET Publishing—a company created by his father to produce anti-government publications.

Louisiana Man Sentenced for Scheme to Defraud PayPal

On Aug. 19, 2014, in New Orleans, Louisiana, Giray Biyiklioglu, a/k/a “Johnny Bryan,” a Turkish national and resident of New Orleans, was sentenced to 192 months in prison. Biyiklioglu was also ordered to pay restitution of $324,551 and to forfeit fraud proceeds, including a Ducati motorcycle, a Kawasaki jet-ski, and more than $85,919 in U.S. currency. Biyiklioglu was found guilty by jury trial on Oct. 31, 2013 of wire fraud, aggravated identity theft, tax evasion and money laundering. According to court documents and proceedings, Biyiklioglu devised a scheme to defraud PayPal, Inc. using PayPal accounts he had fraudulently set up in the names of other persons. Biyiklioglu used personal information of six victims in furtherance of his wire fraud scheme. Biyiklioglu was also found guilty of tax evasion for his 2010 and 2011 individual income taxes. Biyiklioglu attempted to conceal the fraud proceeds by wiring funds to Turkish banks, as well as his purchases of the motorcycles and jet-ski.

Michigan Man Sentenced for Philippine Gold Scam and Failure to File Taxes

On Aug. 15, 2014, in Grand Rapids, Michigan, Carl “Buck” Reed, of St. Joseph, was sentenced to 87 months in prison and ordered to pay $1.8 million in restitution. Reed was convicted in February 2014 of failing to file tax returns. According to court documents, Reed had not filed any tax returns -- or paid any taxes -- for almost 10 years, despite making more than $1 million in just a three year period and living an extravagant lifestyle that included five luxury vehicles and an expensive house. Shortly after the tax trial, Reed pleaded guilty to a Philippine gold fraud scheme. He admitted that he engaged in a scheme to defraud investors by soliciting money from investors to recover “Yamashita’s gold,” a legendary gold hoard supposedly left behind by Japanese soldiers when they were defeated by the U.S. Army at the end of World War II. Desperate for money, Reed told investors that he and a co-conspirator had located the gold and would use their money to finance the gold extraction costs. He told other investors that he had access to “gold certificates” supposedly worth millions of dollars. Reed was able to obtain $1.3 million in connection with the two schemes. Instead of using the investors’ money as promised, Reed admitted that he spent it on himself so that he could maintain his façade of wealth.

Former Dentist Sentenced for Tax Evasion

On Aug. 15, 2014, in Great Falls, Montana, James Zander, a former dentist, was sentenced to 40 months in prison and two years of supervised release for tax evasion. According to court filed documents, from 2002 to 2010, Zander evaded his 2001 tax liability through several means, including filing a return filled with zeroes and funneling income from his dental practice to a various entities. Zander also obstructed IRS collection efforts by sending notices and demands to government employees and filing a frivolous lawsuit against an IRS Revenue Agent. Zander also failed to file legitimate tax returns for the 2002 to 2009 tax years, incurring a total tax debt of over $1 million. Zander last filed a legitimate individual income tax return for the 2000 tax year. Zander’s tax preparer prepared a 2001 individual income tax return and a Form 1120S for Zander’s solely owned corporation, Dental Care of Great Falls. Zander signed and filed only the corporate return. On Feb. 20, 2002, Zander formed Solid Rock Partners, LP; on July 16, 2003, he formed Royal Priesthood Society (RPS), a corporation sole; and on June 10, 2008, he formed American Humanitarian Project another corporation sole. Zander opened bank accounts for RPS, Rock Solid, and American Humanitarian Project. From 2002 to 2009, Zander purchased five parcels of land in the name of Solid Rock Partners and RPS. Zander maintained two bank accounts for Dental Care. On Feb. 17, 2004, Zander filed a 2001 individual income tax return listing zeroes in each section for his income, adjusted gross income, and tax liability. The return requested a $27,131 refund for the amount he had withheld. He also attached a two-page document espousing tax defier arguments. In later years Zander either filed a return filled in with zeroes or no return at all. Zander made approximately $2.9 million in unreported income from 2001 to 2009.

Motivational Speaker Sentenced for Failing to File Income Tax Returns

On July 8, 2014, in Madison, Wisconsin, Eric Plantenberg, of Bend, Oregon, was sentenced to 12 months and one day in prison. On April 15, 2014, Plantenberg pleaded guilty to three counts of failing to file income tax returns for the tax years 2006 through 2008. According to his guilty plea, during the relevant period, Plantenberg earned more than $1.3 million as an owner and president of three self-help companies -- Freedom Personal Development, Freedom Professional Services, and I-Kinetic. Plantenberg failed to pay $367,589 in federal taxes.

Former National Football League Player and Wife Sentenced on Tax Charges

On July 3, 2014, in Honolulu, Hawaii, Charles Loewen, owner of Paradise Stone & Tile and former National Football League player for the San Diego Chargers, was sentenced to 37 months in prison, three years of supervised release and ordered to pay $235,288 in restitution. Charles Loewen's wife, Paula Loewen was sentenced to three years' probation and ordered to pay $5,034 in restitution. According to court documents, the Loewens falsely claimed tax refunds from the IRS totaling $2,353,173. Loewen, who has a Master’s Degree in Business Administration, created fake supporting tax documentation, specifically, phony 1099-OID Forms, to make it appear as if the IRS owed him a large tax refund, when in fact the IRS did not. In addition, Loewen took steps to conceal his income by depositing his Paradise Stone & Tile business income into a bank account in his wife’s name. Loewen later submitted false federal tax returns to the IRS claiming that he earned zero net income for three tax years, when in fact he had earned net income for those years. Loewen ignored past due notices from the IRS or sent frivolous correspondence to tax authorities for tax years going back to 1995. Loewen recently disclosed a net worth with his wife of over $1.5 million dollars to federal authorities, including $260,000 in tools and gold bullion and $695,000 in an offshore account.

Former Casino Cashier Sentenced for Embezzlement and Failing to File a Tax Return

On June 26, 2014 in Oklahoma City, Oklahoma, Kimberly Dawn Logsdon, of Chickasha, was sentenced to 37 months in prison, two years of supervised release and ordered to pay restitution of $174,472. Logsdon was found guilty of embezzling from an Indian casino and failing to file a tax return. Logsdon was employed as a cashier clerk at a casino from July 25, 2007 until her termination on Dec.3, 2008. According to trial testimony, from January of 2008 through November of 2008, Logsdon double-counted certain winning cash-out vouchers presented by casino customers for payment, and kept a total of $174,472. She duplicated payments by treating certain vouchers both as scanned by the computer system and as unscanned vouchers not entered into the casino's computer system. Logsdon also knowingly failed to file a federal income tax return for 2008, despite the fact that she and her husband had at least $144,800 in gross gambling winnings between May and December of 2008. The jury also convicted William Michael Logsdon of failing to file a tax return.

Connecticut Man Who Used Offshore Accounts Sentenced for Tax Evasion and Conspiracy

On May 28, 2014, in Hartford, Connecticut, John Cote III, formerly of Danielson, Connecticut, was sentenced to 46 months in prison, three years of supervised release and ordered to pay $222,691 in restitution. Cote was convicted in January 2014 of four counts of tax evasion along with conspiracy to defraud the IRS. According to court documents and evidence produced at trial, Cote did not file a timely or valid tax return for the years 1995 through 2009, despite earning income from his work as a consultant in the high-technology welding industry. Cote and his wife responded to IRS efforts to assess and collect taxes by concealing income and assets from the government, and by submitting obstructive letters and other documents, including false criminal complaints against IRS employees. Cote had the companies he worked for pay his compensation to nominee entities, sometimes through accounts in Costa Rica and Sweden. Cote also used a nominee entity in his wife's name to conceal income and assets from the IRS; and in 2003, Cote's wife conveyed their personal residence to this entity.

South Florida Man Sentenced for Tax Fraud

On May 21, 2014, in Fort Lauderdale, Florida, Paul F. Wrubleski, of Weston, was sentenced to 55 months in prison, three years of supervised release and ordered to pay $79,963 in restitution. Wrubleski was convicted earlier this year of one count of corruptly impeding the due administration of the Internal Revenue laws and four counts of filing false claims for tax refunds. According to court documents and the evidence presented at trial, Wrubleski had a decade-long pattern of filing false documents with the IRS. Wrubleski impeded the IRS by filing false IRS forms that claimed he was exempt from income tax withholding and by filing false tax returns, including four tax returns that requested over $1.5 million in federal refunds. Wrubleski also sent obstructive letters, tax returns and other false documents to the IRS between 1999 and 2010. In addition, the indictment alleged and the evidence proved that Wrubleski filed for bankruptcy in 2006 in order to impede IRS collection actions.

New York Orthodontist Sentenced for Attempting to Defraud the IRS

On April 21, 2014, in Albany, N.Y., Glenn Richard Unger, of Ogdensburg, New York, was sentenced to 97 months in prison and ordered to pay $200,000 in restitution. On Oct. 21, 2013, a jury convicted Unger of obstructing and impeding the IRS, filing false claims against the United States, tax evasion and passing fictitious obligations. According to court documents, Unger, a former orthodontist, engaged in a multi-year scheme to obstruct and impede the IRS by filing numerous false and fraudulent claims with the IRS for payment of a refund of taxes totaling approximately $36 million. Between 2007 and 2011, Unger filed 14 false tax returns claiming that he earned substantial income reported on IRS Forms 1099-OID, had substantial withholdings on that income, and was entitled to $36 million in tax refunds. Despite numerous warning letters from the IRS that his returns were frivolous, he continued filing false tax returns. Unger also attempted to evade payment of taxes he owed to the IRS. During 2004 and 2005, Unger earned income and failed to file tax returns reporting that income. The IRS assessed taxes for those two years and also assessed penalties for filing frivolous tax returns. After the IRS filed a tax lien against Unger, he attempted to file a false document with the County Clerk's office attempting to release the lien. Unger also attempted to pay off a debt to another orthodontist with a fictitious document purported to be worth $200,000.

Dental Center Owner Sentenced for Tax Evasion

On April 7, 2014, in Indianapolis, Ind., Sally Metzner was sentenced to 24 months in prison. Metzner previously pleaded guilty to tax evasion and failing to withhold social security and Medicare taxes for her employees. According to court documents, Metzner owned Anderson Dental Center in Anderson, Ind., for more than 10 years. Metzner, who is not a dentist, has a background in accounting and bookkeeping and personally controlled all of Anderson Dental's financial records. Metzner did not pay or file personal income taxes from 2006 to 2010. Metzner evaded income taxes through various means, including accounting for her own income from Anderson Dental as "miscellaneous expenses," and accounting for numerous personal expenses through the business as if they were business expenses, including claiming expenses for her daughter's wedding were "rent." Metzner also made numerous personal loans and gifts to family members and accounted for them as business loans or expenses.

Nevada Men Sentenced for Conspiring to Obstruct the IRS

On March 24, 2014, in Reno, Nev., Bret Ogilvie was sentenced to 60 months in prison, three years of supervised release and ordered to pay $315,286 in restitution. Linwood Tracy, of Fallon, Nev., was sentenced to 9 months in prison and three years of supervised release. They were each convicted of one count of conspiracy to defraud, and Ogilvie was also convicted of one count of corrupt interference with tax administration and five counts of presenting false claims to the IRS. According to the court records, from about Feb. 22 to Nov. 18, 2008, Ogilvie and Tracy conspired to impede and obstruct the IRS in their collection of income taxes by a number of means, including threatening to sue the IRS for $10 million if the IRS did not remove a tax lien on Ogilvie's residence, by contacting businesses and telling them not to comply with IRS levies against Ogilvie, by setting up a corporation and transferring compensation that Ogilvie earned through his plumbing company to the corporate bank account in an attempt to evade taxes, by threatening to sue IRS employees, and by filing a frivolous lawsuit against IRS personnel. Between Dec. 8 and Dec. 10, 2008, and on March 30, 2011, Ogilvie also presented false claims to the IRS for income tax refunds for the tax years 2006 through 2010 totaling approximately $3.9 million. Ogilvie made the claims by preparing and causing to be prepared an IRS form indicating he held a Power of Attorney for the Bret Ogilvie Trust.

Certified Public Accountant Sentenced on Tax Charges

On March 17, 2014, in San Jose, Calif., Steven Frank Boitano was sentenced to 41 months in prison, one year of supervised release and ordered to pay $181,910 in restitution. Boitano pleaded guilty on Aug. 9, 2013, to failing to file federal income tax returns for 2005, 2006, and 2007. On Aug. 19, 2013, a jury convicted Boitano of the three remaining counts in the indictment, charging him with filing false tax returns for 2001, 2002, and 2003. According to evidence presented at trial, Boitano was a certified public accountant and partner with the accounting firm. In this role, Boitano provided tax return preparation and other accounting related services to his clients, and was also responsible for preparing the tax returns for his accounting firm. Boitano's gross annual income from 2001 through 2007 was at least $275,000. Between 1991 and 2007, Boitano failed to timely file his individual federal income tax returns. Instead, he submitted requests for extensions of time, frequently along with partial payments. Thereafter, as the extended due dates for each year passed, Boitano failed to file his tax returns. Boitano was audited by the IRS at least twice between 1991 and 2007. Nevertheless, Boitano continued to fail to file income tax returns. In June 2009, the case was assigned to an IRS revenue agent. During a meeting with the revenue agent on Sept. 4, 2009, Boitano filed federal income tax returns for 2001, 2002, and 2003. On each of these tax returns, Boitano fraudulently reported making estimated tax payments of $26,000, $38,000, and $57,000, respectively, which he never actually made. As a result of these fabricated estimated tax payments, each return claimed a refund to which Boitano was not entitled.

New Jersey Attorney Sentenced for Income Tax Evasion and Failing to Pay Payroll Taxes

On March 11, 2014, in Trenton, N.J., Lee Gottesman, of Toms River, N.J., was sentenced to six months in prison, six months of home confinement, three years of supervised release and ordered to pay $27,384 representing taxes owed from 2006 to the present. Gottesman, an attorney, previously pleaded guilty to an indictment charging him with one count of federal income tax evasion and one count of failing to pay payroll taxes for the employees of his law firm. According to court documents, Gottesman operated a law firm in Toms River. In 2002, the IRS filed a levy on Gottesman’s assets because of unpaid taxes. Gottesman then opened a sub-account, within his attorney trust account, in the name of his wife. His wife had never been a legal client of his. Gottesman ran nearly all of his personal and business expenses through the account, closing all other business and personal accounts in his name. His payments from the account included more than $90,000 in mortgage payments for his home; more than $17,000 in household expenses, including maintenance on his pool, landscaping services and construction costs; and thousands of dollars in other personal expenses, such as life insurance premiums, auto body repair work and personal credit card payments. The scheme allowed Gottesman to avoid paying personal income taxes on the hidden income. Gottesman also withheld payroll and other taxes from his employees’ pay, but never filed the required forms or turned the withheld payments over to the IRS. Gottesman specifically admitted he did not pay all his personal income taxes owed for 2006 or payroll taxes for 2009.

Couple Sentenced for Attempting to Defraud Creditors and Fraudulently Obtaining Tax Refund Money

On March 10, 2014, in Orlando, Fla., Stephen Richnafsky, of North Royalton, Ohio, was sentenced to 20 months in prison and ordered to pay $42,021 in restitution. Richnafsky's domestic partner, Scylina Spikes, also of North Royalton, Ohio, was sentenced to two years of probation for her role in the scheme. On Nov. 19, 2013, Richnafsky pleaded guilty to mail fraud and obstruction of Internal Revenue laws and Spikes pleaded guilty to mail fraud. According to court documents, between July 2009 and August 2010, Richnafsky and Spikes conspired to evade their debts by mailing fraudulent documents to their creditors. These documents included letters disguised as official documents, fraudulent promissory notes, and other documents directing creditors to collect funds from fictitious "treasury accounts." The documents also included bills and account statements which were stamped or handwritten with statements such as "accepted for value and returned for value," and IRS Forms that were fraudulently presented as forms of payment. When creditors refused to accept these documents in satisfaction of Richnafsky’s and Spikes's debts, Richnafsky and Spikes would attempt to file personal liens against the employees, executives, and attorneys of the creditors. Richnafsky also filed four fraudulent tax returns, which falsely claimed taxes withheld from interest income from financial institutions. For tax years 2005 through 2008, Richnafsky claimed that the IRS had withheld more than $181,000 in interest income, when in fact no such income had ever been withheld.

Colorado Man Sentenced for Tax Evasion and Other Federal Charges

On March 6, 2014, in Denver, Colo., Michael Destry Williams, of Pueblo, Colo., was sentenced to 71 months in prison, five years of supervised release and ordered to pay $60,597 in restitution to the IRS. Williams was convicted by a jury on Nov. 5, 2013 for tax evasion, currency structuring, bank fraud and interfering with the IRS’s administration of the Internal Revenue laws. According to court documents and evidence presented at trial, Williams was self-employed as a general contractor focusing primarily on residential construction projects, including roofing, remodeling and the repair and restoration of residential structures sustaining fire and water related damage. He was also self-employed as a real estate investor involved in the purchase, renovation and resale of residential properties. Williams operated under the name of Greenview Construction, Inc., a Colorado corporation. From April 2005 and continuing through January 2008, Williams willfully attempted to evade a substantial amount of income tax and self-employment tax for calendar years 2005, 2006 and 2007. To conceal his income, Williams established and used trusts as part of his tax evasion scheme and structured over $90,000 in deposited funds from July 2008 through September 2008. In November 2009, Williams attempted to defraud a Colorado financial institution by depositing worthless fabricated United States Treasury checks for his own benefit. There were two false treasury checks totaling $55,000 payable to Greenview Construction. From October 2008 through December 2010, Williams mailed numerous frivolous correspondences to the Secretary of the Treasury, as well as various IRS offices, in an attempt to obstruct and impede the administration of the internal revenue laws.

Former Pennsylvania Police Chief Sentenced for Failure to File Tax Returns

On Feb. 25, 2014, in Pittsburgh, Pa., Nathan E. Harper, of Pittsburgh, was sentenced to 18 months in prison, one year of supervised release and ordered to pay $31,986 in restitution. Harper, a former Pittsburgh police chief, was previously convicted of conspiracy and willful failure to file income tax returns. According to court documents, from 2009 to 2012, Harper caused checks received by the police department to be diverted to two “off the books” accounts at a credit union. Using debit cards, Harper obtained over $31,000 in ATM withdrawals and debit purchases, all for his personal benefit. Harper also failed to file federal tax returns for the years 2008 to 2011.

Wisconsin Man Sentenced for Filing False Claim for Refund

On Feb. 13, 2014, in Madison, Wis., John Glavin, of New Lisbon, Wis., was sentenced to 36 months in prison and three years of supervised release. Glavin pleaded guilty on Dec. 4, 2013 to filing a false claim for refund with the IRS. According to court documents, Glavin submitted a false 2008 income tax return to the IRS claiming a tax refund of $700,704. The 2008 tax return included 12 fictitious Forms 1099-OID which falsely reported that Glavin had received $1,076,202 in income and had taxes withheld from that income. In addition, Glavin filed multiple lawsuits in federal court to stop the enforcement of IRS subpoenas for records, arguing that “sovereign citizens” are not citizens of the United States and that Form 1040 is not legitimate. Glavin also sent documents to IRS employees expounding sovereign citizens’ beliefs stating that he was exempt from taxes. These documents included fictitious promissory notes for $75,000.

Former Football Player Sentenced for Filing Fraudulent Income Tax Returns

On Feb. 10, 2014, in Austin, Texas, Gregory P. Boyd was sentenced to 33 months in prison and ordered to pay $185,129 restitution to the IRS. In Nov. 2013, jurors convicted Boyd of three counts of filing fraudulent income tax returns. Evidence and testimony presented during trial revealed that Boyd knowingly filed false income tax returns for 2004, 2005 and 2006. On each tax return, Boyd declared that he received zero income when in fact, during these years he worked in the field of real estate development and received approximately $795,000 for the three years with tax due of approximately $178,080. Evidence at trial also revealed that Boyd had not paid income taxes on any of the years 2004 through 2011. Boyd testified during the trial that he believed his tax returns were true and complied with the law, based on ideas he learned from the book “Cracking the Code” by Peter Eric Hendrickson. Hendrickson appeared at trial and testified as a witness for the defense. Boyd specifically testified that he believed, based on Hendrickson’s book, that the income tax applies only to the income of federal government employees and federal government contractors, as well as income derived from investments in federal government securities.

New Mexico Man Sentenced on Tax Charges

On Feb. 7, 2014, in Albuquerque, N.M., Bill Melot, a farmer from Hobbs, N.M., was sentenced to 168 months in prison, three years of supervised release and ordered to pay $18,469,998 in restitution to the IRS and $226,526 to the United States Department of Agriculture (USDA). Melot was previously convicted of tax evasion, failure to file tax returns, making false statements to the USDA and impeding the IRS. According to court documents and evidence presented at trial and at sentencing, Melot has not filed a personal income tax return since 1986, and owes the IRS more than $25 million in federal taxes and more than $7 million in taxes to the state of Texas. In addition, Melot has improperly collected more than

$225,000 in federal farm subsidies from the USDA by furnishing false information to the agency. Specifically, Melot provided the USDA with a false Social Security number (SSN) and a fictitious employer identification number (EIN) to collect federal farm aid. Melot took numerous steps to conceal his ownership of 250 acres in Lea County, N.M., including notarizing forged deeds and titling the property in the name of nominees. Additionally, Melot used false SSNs and fictitious EINs to hide his assets from the IRS. He also maintained a bank account with a Swiss financial institution which he set up in Nassau, Bahamas, in 1992, and failed to report the account to the United States Treasury Department as required by law.

Former Tennessee Resident Sentenced for Tax Evasion

On January 14, 2014, in Nashville, Tenn., Jimmie Duane Ross, of Lehi, Utah, and formerly of Sevierville, Tenn., was sentenced to 51 months in prison, three years of supervised release and ordered to pay $532,389 in restitution. On August 7, 2013, Ross was convicted of five counts of tax evasion following a jury trial. According to court documents, Ross won a monetary award of approximately $840,000 in 1999 after arbitration of an employment dispute with a former employer. Ross then filed a false mortgage on his residence, a false lien on his vehicle, dealt extensively in cash, and directed funds to an offshore account in order to avoid paying the full amount he owed in income tax for 1999. In addition, from 2004 through 2007, Ross earned commission income for referring clients to what appeared to be an investment company and evaded his taxes by using nominees and other means.

Anesthesiologist Sentenced for Tax Evasion

On January 9, 2014, in Amarillo, Texas, Edgar A Lockett, Jr. was sentenced to 45 months in prison and three years of supervised release. Lockett, a self-employed anesthesiologist, was convicted in September 2013 on six counts of tax evasion. According to evidence presented at the trial, Lockett has not filed income tax returns since 1999, except for a joint return filed with his spouse for tax year 2007. He owes $1,432,740 in unpaid income taxes for tax years 2000 through 2010. Lockett concealed from the IRS the nature, extent and location of his assets by placing funds and property in the names of nominee companies and secreting his income in bank accounts that he opened using his deceased father's name and social security number.

Former City Councilwoman Sentenced for Tax Evasion

On January 8, 2014, in Hammond, Ind., Marilyn Krusas, of Gary, Ind., was sentenced to 12 months and one day in prison and one year of supervised release. On April 18, 2013, Krusas pleaded guilty to tax evasion. According to court documents, Krusas earned income through employment as a property manager and an elected city councilwoman. For calendar years 1991 through 2010, Krusas was required to file individual federal tax returns but failed to do so. Between 1997 and 2010, the IRS sent correspondence to Krusas about her failure to file tax returns and the amount of money she owed to the IRS. The IRS assessed Krusas a total of $157,413. Between February 2009 and December 2010, Krusas received an inheritance of $232,680 in five payments. Krusas admitted that she attempted to conceal the inheritance money from the IRS and others through various means. She withdrew substantial sums of cash from her bank account and obtained money orders and cashier checks. She sent about $50,000 to a relative, kept about $60,000 in cashier's checks and used some of the money to payoff her mortgage and other creditors. Krusas admitted that she did not use any of the inheritance to pay her IRS debt.

Husband and Wife Sentenced for Tax Defiance Scheme

On January 6, 2014, in Atlanta, Ga., Timothy Thomas and Mary Beth Thomas, of Jackson County, Ga., were sentenced for their respective roles in a criminal tax scheme. Timothy Thomas was sentenced to 24 months in prison. Mary Beth Thomas was sentenced to ten months in prison. The couple was also ordered to pay $506,350 in back taxes, interest, and penalties to the IRS. On May 10, 2013, Timothy Thomas pleaded guilty to one count of conspiracy to defraud the IRS and Mary Beth Thomas pleaded guilty to one count of willfully failing to file an income tax return. According to information presented in court, in the 1990s, Timothy and Mary Beth Thomas, who were married and jointly owned and operated a deck and patio construction business, stopped filing federal income tax returns. They then hired American Rights Litigators (ARL), an organization that sold and promoted tax defiance schemes, to send obstructive and harassing materials to the IRS on their behalf. The IRS repeatedly sent notices to the couple notifying them that they had to pay their federal income taxes and that they had to comply with the tax laws. After the IRS shut down ARL as a result of fraudulent anti-tax actions, Timothy and Mary Beth Thomas continued to send a variety of obstructive, frivolous and harassing documents to IRS and Department of Treasury officials. These documents included statements that they were not United States citizens but instead were American citizens; that they were not subject to the federal income tax laws; and that paying income tax was voluntary. Finally, after a decade of not filing tax returns, the couple submitted four false tax returns claiming over $1,000,000 in fraudulent refunds from the IRS. They also submitted fictitious financial instruments to the federal government, to include a document purporting to be a $100 billion private registered bond, and instructed the government to use this bogus bond to pay any of their debts to the government. Despite earning substantial money from their business, Timothy and Mary Beth Thomas failed to pay over $350,000 in federal income taxes from 2003 to 2012. In a separate case, Stephen Paul Thomas and Patricia Denese Anderson, both of Lawrenceville, Ga., were convicted for a similar tax defiance scheme. They were both sentenced on January 3, 2013. Stephen Paul Thomas was sentenced to 60 months in prison and Patricia Denese Anderson was sentenced to 51 months in prison.

Florida Man Sentenced for Tax Fraud and Obstruction

On December 18, 2013, in Orlando, Fla., Daniel M. Metz was sentenced to 30 months in prison, three years of supervised release and ordered to pay $112,995 in restitution. Metz was found guilty by a federal jury on July 18, 2013 of filing false returns and attempting to obstruct justice. According to court documents, in 2009, Metz's business account was the subject of an IRS civil audit. During the course of the audit, the auditor realized that Metz had not filed personal tax returns for years 2005, 2006, and 2007. After being told about the personal tax returns, Metz prepared the returns and attached false Forms 1099, which he had prepared. Metz mailed the returns to the auditor. The auditor suspected that the Forms 1099 were false and requested records from Metz's personal bank accounts. The banks confirmed that the Forms 1099 were false; therefore, the personal tax returns were never processed. Through various means, Metz tried to hinder the IRS' investigation, including filing a lawsuit against the IRS Commissioner and the special agent who was conducting a criminal investigation. That lawsuit was ultimately dismissed.

Indiana Man Sentenced for Tax Fraud

On December 17, 2013, in Evansville, Ind., Gregory P. Stodghill, of Vincennes, Ind., was sentenced to 60 months in prison, three years of supervised release and ordered to pay $407,324 in restitution for tax fraud. According to court documents, Stodghill engaged in a series of complicated financial schemes that funneled outside investor funds through a number of offshore shell companies. This and a real estate flipping scheme conducted, helped Stodghill generate over one million dollars in personal income. Following these schemes, Stodghill filed a false 2006 federal income tax return and never filed one for 2008. Stodghill later filed a number of frivolous documents with the IRS claiming he had no tax liability.

South Dakota Man Sentenced for Income Tax Evasion

On December 13, 2013, in Sioux Falls, S.D., Dennis Wicks, of Custer, S.D., was sentenced to 14 months in prison and two years of supervised release. Wicks was also ordered to pay a $100 special assessment to the Federal Crime Victims Fund and $110,015 in restitution to the IRS. Wicks pleaded guilty on August 22, 2013 for tax evasion. According to court documents, Wicks was the owner of Wicks International Network.

Wicks knew he was required to report all of his business gross receipts on his income tax returns. In 2009, Wicks failed to file a tax return and instructed some of his patients to make payments to another entity in order to conceal a portion of his income. Wicks also attempted to evade or defeat taxes for the years 2001, 2002, 2005, 2006, 2007, 2008, and 2010.

Emergency Room Doctor Sentenced for Failure to File Tax Returns

On December 11, 2013, in Atlanta, Ga., Dr. Michael Austin, of Atlanta, Ga., was sentenced to 12 months and one day in prison, one year of supervised release and ordered to pay $215,906 in restitution to the IRS. Austin pleaded guilty on August 27, 2013 to willfully failing to file individual income tax returns for tax years 2008 and 2009. According to court documents, during 2008 and 2009, Austin was a medical doctor licensed by the state of Georgia who earned substantial income from practicing medicine at various hospitals, clinics and other health care institutions. Austin earned at least $213,931 in 2008 and $210,644 in 2009. However, Austin willfully failed to file an individual income tax return for both years.

Florida Dentist Sentenced for Failing to File Tax Returns

On December 10, 2013, in Ocala, Fla., Thomas W. Harter, D.M.D., was sentenced to 36 months in prison and ordered to pay $438,384 in restitution to the IRS. Harter was found guilty by a federal jury on September 17, 2013 for failure to file income tax returns. According to the evidence and testimony presented at trial, Harter worked as a dentist in the Ocala area for approximately twenty years. He stopped filing federal income tax returns beginning in the year 2000. From 2006 through 2011, Harter received a gross income, from his dental practice, of at least $1,709,230. Despite this income, Harter willfully failed to file a single tax return or pay any income tax during that same time period.

California Businessman Sentenced for Conspiring to Defraud the IRS

On December 5, 2013, in Los Angeles, Calif., Gary Mach, of Palm Desert, Calif., was sentenced to 16 months in prison, two months of house arrest, 18 months of probation and ordered to pay $270,725 in restitution to the IRS. Mach pleaded guilty on August 18, 2013 to conspiracy to defraud the United States. According to court documents, beginning around January 2002 and continuing through December 2010, Mach failed to report substantial income he earned from CSPS, a pool-servicing business operated throughout Riverside County. Mach and others established fictitious trusts which they used to receive income and hold assets in an attempt to conceal the assets and income from the IRS. Mach purported to operate a trust called “Quintessential,” and directed that his paychecks be made payable to Quintessential. He also opened a bank account in the name of Quintessential where he deposited CSPS proceeds. Mach did not report to the IRS any of the income he earned from CSPS between 2002 and 2010. In furtherance of the conspiracy, Mach also attempted to impede an IRS summons issued to a bank for business account records by closing his bank accounts. Mach admitted that his total unreported income for the tax years 2002 through 2010 was $1,410,430.

Owners of Missouri Real Estate Company Sentence for Tax Fraud

On December 3, 2013, in St. Louis, Mo., John P. Calandrella, of Lake St. Louis, was sentenced to 18 months in prison and ordered to pay $227,032 in restitution. Anthony R. Calandrella, of Lake St. Louis, was sentenced to six months in prison and ordered to pay $198,644 in restitution. In July 2013, John and Anthony Calandrella pleaded guilty to three counts of attempting to evade taxes. According to court documents, John and Anthony Calandrella owned Golden Delta Enterprises (GDE), a business that purchased, renovated, and then sold or rented homes in the St. Louis metropolitan area. For the tax years 2003, 2004, and 2005, GDE generated substantial profits, part of which went directly to the defendants. Accordingly, they received substantial, personal gross income which required them to prepare and file individual federal income tax returns. However, for these three tax years, the Calandrellas had returns prepared, but failed to file the returns or pay any taxes due and owing. Additionally, they sent letters to the IRS claiming to be citizens of the sovereign state of Missouri therefore not required to sign or file federal income tax returns or pay federal income taxes. They also concealed personal income and assets in order to lower potential tax liability.

Nevada Man Sentenced for Failing to File Tax Returns

On October 16, 2013, in Las Vegas, Nev., Johnny Ray Taylor, Jr., was sentenced to 25 months in prison, three years of supervised release and ordered to pay $117,559 in restitution to the IRS. Taylor pleaded guilty in May 2013 to one count of tax evasion. According to court documents, from 2008 through 2010, Taylor earned at least $393,188 in gross income. He failed to file tax returns for tax years 2008, 2009, and 2010. Taylor took several actions to conceal his income and evade his tax obligations, including having third parties pay automobile lease payments, make rental deposits and house payments, and conducting financial transactions in cash.

North Carolina Doctor Sentenced for Tax Offense

On October 3, 2013, in Raleigh, N.C., Susan Marie Lee was sentenced to 36 months in prison and ordered to pay $496,854 in restitution to the IRS. Lee pleaded guilty on May 14, 2013 to a criminal information charging her with corrupt interference with the Internal Revenue laws. According to the investigation, from 1996 through and 2009, Lee endeavored to obstruct and impede the IRS by failing to file income tax returns or pay taxes she claimed to owe, filing false income tax returns, forming sham entities to disguise personal expenses as payments related to her dental practice, and transferring ownership of her real property to nominees. Lee sought to divert her income into sham corporations and hide her assets from seizure. Finally, in 2009, she filed for bankruptcy in an effort to discharge nearly $1 million in tax debt due and owing to the IRS.

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