

Covid-19 Tax Resolution Update



Presented by Michael Rozbruch, CPA, CTRS
August 20, 2020

Meet Michael Rozbruch, CPA, CTRS



Michael Rozbruch is a nationally recognized entrepreneur and founder of Roz Strategies and Michael Rozbruch's Tax and Business Solutions Academy®, a training and coaching services company that helps CPAs, Enrolled Agents and attorneys start or expand highly profitable tax resolution practices through proven marketing, sales and client management systems.

Michael helped pioneer the tax resolution industry more than 22 years ago. He founded and built one of the most reputable tax resolution firms in the country. On the verge of a personal bankruptcy in 1998, he started Tax Resolution Services, Co. on his dining room table with zero clients and grew it into a nationally recognized brand registering \$23 million in sales in one year alone.



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Agenda

- ✓ Recent IRS Covid-19 Enforcement updates
- ✓ The Current Landscape of Tax Resolution
- ✓ Six Benefits of a Tax Resolution Business
- ✓ FOUR Choices Taxpayers Have
- ✓ The 5 Most Common IRS Settlement Options
- ✓ Sample case study



Covid-19 Updates

People First Initiative – Update 7/9/2020

- Agents still working from home
- Supervisor approval on IAs – DELAYED
- IA Approval letters – DELAYED
- Moratorium on Levy's Potentially August 31st
- Moratorium on Liens potentially August 31st
- ROs pursuing High-Income non-filers (880k owe \$46B)
- Audits started back up on 7/15
- No new Private Debt Collector activity
- New SIA; \$100k-\$250k, ACS only, No 433-A, Full pay 72 months, LIEN filed.

Covid-19 Updates – Cont'd

People First Initiative – Update 7/9/2020

- Passport Certifications suspended
- Practitioner's Priority Service (PPS) open
- Central Authorization File (CAF-2848) unit open -15 days
- Automated Collection System (ACS) open for business
- Pursuing “Worker Classification” Audits; W-2 vs. 1099
- IA payments resumed
- OIC payments resumed
- Appeals continuing to work cases (not in-person)
- Paper 1040 returns will take much longer

What IS Tax Resolution?

Tax Resolution, aka IRS Representation, are services designed to help troubled taxpayers resolve back tax problems. Taxpayers tend to seek help after they've ignored the problem so long that the IRS or state has lost all patience and decided to forcibly recover unpaid taxes.

- Unfiled Returns (50%)
- Offers in Compromise
- Installment Agreements
- Penalty Abatements
- Currently Non Collectible

Think of Tax Res as “Financial Planning in Reverse”



Why Tax Resolution and Why Now?

We've never seen the convergence of so many current market conditions, at all once, that has made this the absolute right time for success in this niche.



The Economy: “BAD IS GOOD”

➤ **2008 - The Great Recession**

**Think About All the Economic
Devastation brought on by
Covid-19
2020 – 2022**

Think About All the New IRS Problems Your Clients Will Have:

- Businesses that will owe Payroll (941) Taxes 4/15, 7/15, 10/15...
 - Directly Related Trust Fund Recovery Penalty Cases...
 - **The companies that deferred their payroll tax obligations...**
 - *1/3 of Taxpayers state they can't pay 2019 by 10/15
- Over 35 million who will have their Unemployment taxed in 2021
- Chapter 7 & 13 BK filings expected to surpass 1.6 million filings in 2020-2021 – a majority of which, will have federal and state income and payroll taxes that will survive the BK!
 - Government needs to recover over \$3 Trillion in stimulus

*Survey by Tax Practice Advisor



Pre-Covid - Since mid-2019 the Pendulum has swung back toward enforcement after a 10-year retrenchment.

The IRS just announced a very aggressive, expanded high-income, non-filer initiative and have beefed up headcount by hiring nearly 15,000 new employees in the last 18 months.

<https://www.irs.gov/newsroom/irs-increases-visits-to-high-income-taxpayers-who-havent-filed-tax-returns>



The IRS is Your Marketing Partner!

- ***19 million** taxpayers owe the IRS **\$391,000,000,000 (Billion!)**
- ***Ready made market – 11.2 million people** in the Collection Division of IRS right now! (not counting the coming COVID-19 tsunami)
- **Congress set to give IRS \$600 Million a year as “Enforcement Fund”**
- ***7.5 million** people don't file their returns every year (non-filers)
- New IRS Commissioner
- **One client a month is an extra \$60,000 in cash sales**
- **One client a week is an extra \$260,000 in cash sales**

*Source: 2019 SOI IRS Data Book

❖ There has **NEVER** been a better time than **NOW** to add Tax Resolution to your practice.

When the floodgates open will you be ready to ride the tidal wave?



6 Benefits of a Tax Resolution Practice

- 1 Specialization
- 2 Increased Fees
- 3 Deadlines
- 4 Collections
- 5 Leverage
- 6 Competition



6 Benefits of a Tax Resolution Practice

1. Specialization

As a CPA/EA/Atty you are ALREADY uniquely qualified! You are the only 3 credentialed people on the planet who can fully represent clients before the IRS and take advantage of this market opportunity.

The worlds top business experts advise that working in a niche is the only way to achieve real financial independence. Tax Resolution is the only way to do that **building on the skills and credentials you already have!!!**



6 Benefits of a Tax Resolution Practice

2. Increased Fees!!

The average fee for preparing one's tax return is \$273 nationwide. Now, you may be charging slightly more than that. **However, the average MINIMUM fee for a tax resolution case is \$4,000 - \$5,000.**

Resolving tax problems can easily earn you double to triple your current hourly rates as this practice area lends itself to "value pricing".

But it gets even better – During the busy season, one client means one tax return, one small fee. Tax season is short and then you're back hustling for work May – Dec. When you add tax resolution to your firm, you'll have **predictable profits** and cash flow all year round.



6 Benefits of a Tax Resolution Practice

3. Deadlines

You can't "move" the deadlines for 4/15, 9/15 or 10/15. However, deadlines given by the IRS regarding your tax resolution clients are more flexible than compliance deadlines.

And I have had to move "collection" deadlines at times due to vacations and family events. Try doing that with compliance work!



6 Benefits of a Tax Resolution Practice

4. Collections and ROI

If you or your team spend time chasing after fees when you should be working on earning new fees you may decide that Tax Problem Resolution work is just what the doctor ordered.

Tax Problem resolution clients expect to pay in advance. No more Accounts Receivable. You'll actually have deferred revenue on the books...that is money in the bank for services yet to be performed. And save a ton of time by eliminating those collection calls.



6 Benefits of a Tax Resolution Practice

5. Leverage (huge!)

A majority of this work (70%-80%) can be performed by non-licensed staff!

This frees up your time to spend on generating leads and talking to potential clients. You can further leverage your time through case management software like PitbullTax Software.

Additionally, this business lends itself to be conducted 100% remote! Big benefit in the Covid-19 era.



6 Benefits of a Tax Resolution Practice

6. Competition

Marketing to a niche market eliminates competition, **In fact former competitors become valued referral sources.**

Additionally, being in the powerful position of being able to offer IRS Problem Clients much needed relief will be known throughout your community.

Being recognized as the practitioner specializing in tax problem resolution will bring referrals from people and other professionals you've never met before. You'll be known as the "go-to" person for help!



Will This Work in My Part of the Country?

Yes, there are currently over 19 million people, from Maine to Hawaii, who owe billions to the IRS who are in desperate need of your help.

Businesses that need assistance with the IRS (including 941 payroll taxes), include: Covid-19 related shutdowns, retailers, restaurants, manufacturers, wholesalers, Ecommerce companies, service companies, distributors, Cannabis distributors/dispensaries, Cryptocurrency traders and professional practices.



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Can I Represent Clients Who Reside Outside My State?

Yes! Since the IRS is a Federal Agency, and as long as you are in "good standing" with your state's licensing agency (your state bar, state board of certified public accountancy, or IRS enrollment card) **you are permitted to represent clients residing in all 50 states! You are not bound by any geographic barriers!**



Taxpayer Options When Dealing With IRS Issue

1. Pay the requested amount in full...
2. Ignore the IRS until it's too late...
3. Set up a never-ending monthly payment plan...
4. Reduce the total amount they owe



“But, I’ve Never Done This Type of Work Before”

- 4 main categories of resolution
- All follow the same 3-step work flow process
- I had zero IRS experience and no clients



Tax Resolution - The Work Flow Process

1

Transcript Analysis

Determine where client is in the collection process
(analyze CSEDs)

2

Compliance

Prepare unfiled returns. Correct WH/ES payments

3

Resolution

- Prepare and submit form 433A-OIC
- Prepare and submit Offer in Compromise on form 656
- Negotiate with IRS offer examiner or Appeals..or
- Call ACS setup streamline IA, CNC
- Request Penalty Abatemnet Relief, etc.



The 5 Major IRS Collection Options

- 1 Offer in Compromise (OIC)
- 2 Installment Agreement (IA)
- 3 Partial Pay Installment Agreement (PPIA)
- 4 Penalty Abatement (PA)
- 5 Currently Non-Collectible (CNC)



Tax Resolution Case Study/Sample Problem – Suggested Fees (“rule” not the exception)

Process	Fee
IRS Transcript investigation and evaluation of alternatives	\$1,500
Compliance (4 years of tax prep)	\$1,600
Levy Release	\$1,000
Offer in Compromise Resolution	\$4,750
- Prepare and submit 433A-OIC	Incl.
- Prepare and submit 656 (offer in compromise)	Incl.
- Negotiate Offer	Incl.
Total Fees	\$8,850

Tax Resolution Case Study / The “RULE” not the Exception!

Client

- Accepted Offer for \$6,000 on a \$70K liability.
- Gets their life back
- Refers others to you
- Built in tax prep and other advisory services for life

Tax Resolution Firm

- \$8,850 in fees (case took about 20 hours)
- Effective hourly fee of \$455/hour
- With case management software and some experience: 15 hours or \$606.67/hour*
- Creates wealth
- Able to predict future cash flow and profitability!!!!

** Similar results cannot be guaranteed every time and may vary by client.*



Unprecedented Times
= Unprecedented Opportunity
Giving You Unprecedented
Access...



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ZOOM ZILLA!!



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Dates: August 27-29, 11 AM – 5 PM EST

Day One: 8/27 - Marketing Metrics

- **The Key Numbers you Must Know to GROW Your Tax Resolution Practice.**
- **Reverse engineering the numbers in your business to Achieve Revenue Goals**
- **How to Leverage Social Media and increase your CONVERSIONS.**
- **You'll Create a POWERFUL and Strategic MARKETING PLAN.**
- **You'll Create Your Own BLUEPRINT for a SUCCESSFUL Tax Resolution Practice.**
- **The 3 Secret Phases of Marketing Your Tax Resolution Firm to get a flood of leads**
- **Breakout sessions, 3 Heavy Hitting Industry Experts...and more**

Get your ticket here: <https://www.rozstrategies.com/summit2020>

Or, call John Israelian (818) 973-2732



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Dates: August 27-29, 11 AM – 5 PM EST

Day Two: 8/28 - Sales Mastery

- **The 3 NEW Pricing Strategies to Increasing Your CASH FLOW immediately!**
- **How to conduct the 433-A interview to get RETAINED!**
- **How to conduct this business remotely and close on the phone or zoom!**
- **Find the hidden money in your practice you didn't even know exists!**
- **How to conduct business remotely in the Covid-19 era**
- **Phones, appointments, and sales**

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Dates: August 27-29, 11 AM – 5 PM EST

Day Three: 8/29 - Business Mastery

Program ends 4:00 pm EST on Saturday

- **How to Onboard new clients from getting transcripts and a collection hold to final resolution**
- **Proven answers to 25 of the most common SALES objections.**
- **Best Practices for running a Successful Tax Resolution Business**
- **How to manage your cases for maximum efficiency**
- **Business Plan Implementation for next 30, 60 & 90 days.**

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WEBINAR PRICING – TODAY ONLY!

Regular Price = ~~\$697~~

\$298.50 (57% OFF!)

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Success Summit
Event (8/27-8/29)
Boxes being
loaded onto
pallets for
shipping on
8/19/2020



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Tax Resolution **Success Summit** VIRTUAL '20 SUPERCHARGE YOUR PROFITS®

The Tax Resolution Success Summit Virtual 2020 is the country's only direct response marketing, sales and business mastery event that's 100% devoted to starting or scaling a lucrative tax resolution business.

This is a full-on live studio production where we'll do everything we planned to do in-person. Many of our expert speakers will be in studio with me to deliver high-value, actionable content that you can implement immediately. We will have a vibrant, FUN, educational and interactive networking event including a Virtual Exhibit Hall with all our great sponsors too.

You'll get your questions answered live, by me, and our other experts, as if you were right there in the room with us.

Check it out here www.rozstrategies.com/summit2020



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and Business Event in The Country!

Dates: August 27-29, 11 AM – 5 PM EST

Here's just a sample of what you'll miss if you don't attend:

- The 3 NEW Pricing Strategies to Increasing Your CASH FLOW immediately!
- The Key Numbers you Must Know to GROW Your Tax Resolution Practice.
- How to Onboard new clients and manage your cases efficiently and PROFITABLY
- How to conduct the 433-A interview to get RETAINED!
- How to Leverage Social Media and increase your CONVERSIONS.
- The proven answers to 25 of the most common SALES objections.
- The 3 Secret Phases of Marketing Your Tax Resolution Firm.
- How to Create a POWERFUL and Strategic MARKETING PLAN.
- How to Create Your Own BLUEPRINT for a SUCCESSFUL Tax Resolution Practice.
- And much more... 3 Heavy Hitting Industry Experts...

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