

IRS NEWS & INQUIRER

What's the Answer?

Q. Why can't I do my taxes myself? It's simple and I have do-it-yourself software that guarantees accuracy?

A. Tax software attempts to make tax filing easier, but costly mistakes and frustration can result. Calculations are based on the answers given. This doesn't make the tax return accurate – only the calculations.

Errors from entering amounts in the wrong places, not entering some amounts at all, not understanding questions asked, and not knowing if the software is capturing all of the information can cost you higher taxes and a possible audit.

Get FREE Tax Help

If you do use your software to prepare your tax return, bring it to us before you file it. And we will give you a second opinion free.

We will help you consider deductions which are often overlooked that may save you many tax dollars.

Call for **FREE** consultation.
404-762-1030

Bill Davis Tax & Accounting
3110 Washington Road
East Point, Georgia 30344

What's Happening?

The IRS New Plan Can Cost You Money

On Thursday, September 7, 2006 the IRS assigned 12,500 uncollected tax debts to three private collection firms. This new program is supposed to save the IRS money on collection expenses while bringing in more money from delinquent taxpayers. The three companies were selected in March to perform the work. The agency plans to expand the program to 10 firms in 2008.

According to IRS estimates, the agency expects to collect between \$55.8 million and \$92 million from the program during the pilot phase. Agency costs are projected at \$61.2 million. The low-end revenue estimate of \$55.8 million falls to \$44.1 to \$42.4 million when the commissions paid to the private collectors are taken into account. This is well below the fixed program costs of \$61.2 million.

The IRS first attempted to contract out collection work in 1996 but abandoned the program because the \$3 million collected fell below the \$21 million in costs. Thus the IRS lost revenue it took to run the program. Why can't the IRS do the job itself?

Reservists To Get Refunds Under Pension Law Change

Military reservists called to active duty after September 11, 2001 and before December 31, 2007 can now receive payments from their IRA, 401K, and 403B accounts, without having to pay the 10% early distribution penalty. The Pension Protection Act of 2006 eliminates the 10% penalty for reservists called to active duty for at least 180 days.

FILE FOR YOUR REFUND: Because the relief is retroactive, eligible reservists who have already paid the 10-percent tax can claim a refund by amending their returns for the year in which the retirement distribution was received

Man Pleads Guilty

Gary Davis pleaded guilty to filing a false tax return. He admitted that he claimed about \$430,000 that had been withheld from him and that a similar amount was owed him. He presented an erroneous statement from his mortgage company, which mistakenly stated that \$430,000 had been withheld from his account, rather than \$4,300. 01/07