

Tax Examination/Investigation Representation and Defense

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As a result of the decades of government experience that members of our team possess, including prior employment in the IRS Audit Division, as well as IRS Counsel's Office, we are well versed in best practices during an IRS or New York state tax audit. This significant experience benefits our clients and enables us to obtain the best possible results.

Lippes Mathias LLP represents individuals and businesses facing audits of their income, sales or employment tax returns by the IRS or New York State taxing authorities. We ensure that if our clients' tax returns are selected for examination, that they are provided with experienced and knowledgeable legal counsel to ensure their interests are protected throughout the audit process.

With our Lippes Mathias LLP team's many years of experience representing clients before the IRS and New York State Department of Taxation and Finance, we utilize every legal method available to protect our clients through the audit process. In the event that our clients do not agree with the governments' audit determinations, we have the experience and ability to successfully navigate our clients through the administrative appeals process, resolving a vast majority of cases favorably at the administrative appeals level.

In the event it becomes necessary, members of our team also have extensive litigation experience representing clients before the United States Tax Court, U.S. District Court, Federal Court of Claims and the New York State Tax Tribunal.

Income Tax Audits and Investigations

In recent years, IRS and New York State audit rates have risen dramatically for most taxpayers. Within the past few years, the audit rate for individual taxpayers has increased by 25%, and the audit rate for high-income taxpayers has doubled. Additionally, if you are a business operating in New York State your chance of being selected for a sales tax audit has significantly increased in the past few years. Our Tax Team has extensive experience representing individuals and businesses through examinations and, if necessary, through administrative appeals.

Innocent Spouse Relief

TEAM LEADER



TIFFANY D. BELL
Partner | Office Leader, Clarence

Although many taxpayers enjoy significant tax benefits from filing joint returns, these benefits can be outweighed by the exposure to joint and several liability where a tax deficiency or unpaid balance exists. The IRS might also offset a current year's joint refund to pay a separate obligation of one spouse. In 1998, the IRS provided expanded spousal relief for taxpayers who file joint returns. Three types of relief exist with the best option depending upon whether the tax liability arose as a deficiency or as a filed joint return with a balance due, and upon the current marital status of the parties. Our Tax Team represents individuals who are requesting innocent spouse relief as a result of owing income taxes from an activity or income of a spouse and that they do not believe they should be liable for the payment of, and our Team may defend certain individuals when a claim for innocent spouse relief was filed by their current or ex-spouse.

Worker Classifications

A worker classification case may arise if a business owner treats a worker as an independent contractor instead of an employee and as such fails to collect and pay the required social security and Medicare taxes required for that employee. If the government reclassifies the worker as an employee, the business becomes responsible for the unpaid social security, Medicare and income taxes it failed to withhold and pay over to the IRS. Owners, corporate officers and others in positions of authority can also be held liable in these instances. Our Team represents and advises businesses and responsible officers on the nuances of worker classification factors and work to minimize exposure for both the business and officers.

Sales Tax Audits

Sellers and retailers in most states have an obligation to collect, report, and remit sales tax to the State taxing authority. Failure to comply with the sales tax laws may lead to tax significant assessments, interest and penalties. If a business fails to fully and accurately report taxable sales the business may be subject to substantial penalties, or even criminal investigation. The corporate officers or other responsible persons for the business may also be *personally* liable for the tax and penalties due. Our Team represents businesses and individuals during sales tax audits and investigations. Our attorneys have a broad range of experience to assist our clients obtain the best resolution of the audit, administrative appeals and, if necessary, vigorous defense during a criminal investigation related to the sales tax reporting.

Employment Tax Audits and Corporate Officer Liability and Trust Fund Recovery Penalty Cases

A business has many of the same legal rights and obligations as do individuals. One advantage of incorporating a business is that it is an entity that is separate and distinct from the individuals who own and control it. In most cases, these individual owners have limited or no legal exposure for the corporation's liabilities.

However, a corporate officer or other responsible person may have personal liability if the company owes certain types of federal or state taxes. If a corporation owes what is called "trust fund taxes," taxes that are required to be collected on behalf of the government, such as payroll taxes or sales tax, corporate officers and others in certain positions of authority may face *personal* liability for the company's trust fund taxes. Our Team assists clients limit or address their exposure to personal liabilities for the company's trust fund taxes owed to the IRS or New York State.