



# University of San Diego Federal Tax Clinic February 2022

# **\* Please Note \***

- **This material is for educational purposes only**
- **Its content should not be taken as legal advice**

# About the Federal Tax Clinic

- We provide **FREE** legal services to **qualified** low-income taxpayers who have disputes with the Internal Revenue Service (IRS)
- We do **NOT** file tax returns
- WE ARE **NOT** PART OF THE IRS

# Low Income Eligibility Guidelines

## 2022

- What is meant by low income?
- 250% of the Health and Human Services poverty guidelines

Number in Household	Monthly Maximum	Yearly Maximum
1	\$2,831.25	\$33,975
2	\$3,814.58	\$45,775
3	\$4,797.92	\$57,575
4	\$5,781.25	\$69,375
5	\$6,764.58	\$81,175
6	\$7,747.92	\$92,975
7	\$8,731.25	\$104,775
8	\$9,714.58	\$116,575

(For families with more than 8 persons, add \$933.33 per month or \$11,200 yearly, for each additional person.)

# How We Work

- Cases are assigned to clinic interns who are USD students earning their J.D. or LL.M. in taxation.
- We are authorized as power of attorney by the client in order to communicate with the IRS on the client's behalf to help resolve the client's dispute.
- All work is monitored by a supervising attorney.

# Type of Work We Do

- As a legal clinic participating in the LITC program, we provide:
  - (1) **Representation** for individuals in disputes with the Internal Revenue Service, including audits, appeals, collection matters, and federal tax litigation. LITCs can also help taxpayers respond to IRS notices and correct account problems;
  - (2) **Education** about taxpayer rights and responsibilities; and
  - (3) **Advocacy** on behalf of low income and ESL taxpayers.

# Type of Work We Do

- Help qualified taxpayers receive assistance with:
  - Ongoing litigation in the United States Tax Court
  - Offers in Compromise (OIC)
  - Installment Agreements
  - Currently Not Collectible Status
  - Earned Income Credits
  - Innocent Spouse Claims
  - Claiming Dependents

# Representation in United States Tax Court

- Taxpayers petition the United States Tax Court in response to a Notice of Deficiency (“NOD”) issued by the IRS.
- A taxpayer has 90 days from the issuance of the NOD by the IRS to file a petition with the U.S. Tax Court.
- A failure to respond to the NOD in a timely fashion can significantly impact the ability of the taxpayer to challenge the alleged deficiency.



# Representation in United States Tax Court

- The contact information for the USD Legal Clinics is included in every response from the U.S. Tax Court after a Tax Court petition has been filed.
- However, if you receive a NOD, please contact us at the Legal Clinics for our assistance before preparing your petition.
- We believe a taxpayer is more likely to be successful in challenging the NOD if they are represented by competent counsel.

# Enforced Collection Actions

- If taxes are not paid timely, the IRS may:
  1. Levy bank accounts and other assets
  2. Garnish wages, Social Security, and pensions
  3. File Federal Tax Liens
- You can avoid seizure of assets and wage garnishment with an Installment Plan, Currently Not Collectible Status, or an Offer in Compromise

# What is an Offer in Compromise?

- An agreement between a taxpayer and the IRS that settles the taxpayer's tax liabilities for less than the full amount owed
- Why would the IRS accept this? If there is **doubt as to collectability**- Doubt that the taxpayer will ever be able to pay the full amount of tax liability owed

# A Success Story

- Our client was an elderly individual whose sole source of income was from social security. Our client had a very large tax debt as a result of income generated by her deceased husband over many tax years. Once our client's husband passed away, she was no longer able to pay the debts on her modest yearly income.
- We assisted our client in submitting an OIC to the IRS in order to resolve her tax debts. The IRS sought additional documentation to substantiate our client's financials, but ultimately agreed to settle our client's tax debt by accepting her OIC. We saved our client approximately **\$64,000**.

# A Success Story

- Client was a retired Navy Veteran
- Client owed approximately \$10,000 in Federal taxes for the years 2003-2010
- Client came to the clinic, where we helped prepare an Offer in Compromise
- The offer to the IRS was to settle the entire liability for \$500
- The IRS accepted his offer of \$500 in satisfaction of his entire Federal tax liability for the years 2003- 2010

# A Success Story

- IRS alleged client failed to pay federal income tax on approximately \$75,000 of additional income.
- Client owed approximately \$20,000 in Federal taxes for tax year 2014.
- IRS alleged client operated an investment account and had significant gains on the sale of stock.
- Client was in the United States Tax Court.
- We were able to assist our Client in reducing his \$20,000 debt down to \$140.

# What We Don't Do

- We help clients resolve disputes with the IRS, we do not help our clients file tax returns.
- Fortunately, there are many organizations that are available to help individuals file their taxes for free.

# Where To File Taxes for Free?

- TAX-AIDE (AARP)  
(619) 641-7020
- 211 San Diego  
(2-1-1)
- VITA (Volunteer Income Tax Assistance)  
(800) 906-9887



# Continued...

- My Free Taxes – United Way  
(877) 355-8922

<https://www.irs.gov/individuals/find-a-location-for-free-tax-prep>

# Contact Us

- We can be reached at **(619) 260-7470**.
- We are open Monday – Friday from 8:30-5:00PM
- In addition to Federal Tax, we have many other clinics available, including Civil, Immigration, Education and Disability, and State Income Tax.

<https://www.sandiego.edu/law/free-legal-assistance/>

# Thank you!