



## Happy Spring BTLG Friends!

Welcome to our quarterly BTLG newsletter for the spring of 2024. While this isn't my first newsletter, this issue marks my debut as Managing Director of the firm. I'm thrilled to embark on this new journey at BTLG, and I extend my heartfelt gratitude to Dennis Brager for passing on the baton. As he indulges in wine-tasting, travels, and a well-deserved break from executive demands, rest assured that Dennis remains steadfastly dedicated to our clients and their cases as one of our stellar tax litigation attorneys.

In this issue, you'll discover insightful articles highlighting key pitfalls to be mindful of. With tax season in full swing, it's crucial to keep our clients informed about recent IRS announcements, including the responsibilities of our clients under the new 'Corporate Transparency Act' on page 2.

Furthermore, the IRS has announced new initiatives to target high-income non-filers, as well as a new audit program for high income taxpayers, which you can delve more into on page 3.

With spring ushering in new beginnings, our marketing team is excited to kick things off with a giveaway of Starbucks gift cards for three lucky winners. Fuel up on caffeine as you tackle your tax filings! Additionally, we are offering ten complimentary tickets to a webinar I'll be hosting on Employment Retention Credits (ERC) on page 2. I also urge you to take heed if you took advantage of the ERC, on page 4.

As someone who values personal engagement and staying abreast of IRS updates, I'm eager to connect and network with our clients and CPAs through informative lunches, coffee and other networking opportunities, read more on page 4.

Stay safe, and to our clients with school-aged children, I wish you strength and calm as you navigate spring break while filing your taxes!

**Cheryl R. Frank**



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## Spring 2024 E-Newsletter

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### CLIENT APPRECIATION DAY

April 15th may be the Tax Filing deadline, but mark your calendars because April 18th is no ordinary day — it's **Client Appreciation Day!** We're rolling out the red carpet or should we say, green carpet since it is spring, **and** because we are giving away **Starbucks gift cards valued at \$50** each to **THREE** lucky winners!

All you have to do is answer three simple questions related to our Spring Newsletter, and send your reply to the editor before April 2nd, 2024 at: [afferreira@bragertaxlaw.com](mailto:afferreira@bragertaxlaw.com)



1. *On what page is the article about the new Corporate Transparency Act (CTA)?*
2. *Page 3's article is about the IRS going after who?*
3. *What would you like us to write about in our next newsletter?*

**The first 3 correct answers received from a random pool will be selected and the winners will be notified by email on April 30th, and also announced in our Summer Newsletter issue!**

#### Terms and Conditions:

- Individuals affiliated with Brager Tax Law Group, including family members and associates, are not eligible to participate in this competition.
- Prize gift cards are not transferable for cash.

**Are You Aware of  
Your  
Responsibilities under the New  
Corporate Transparency Act  
(CTA)?  
By Cheryl Frank**

We are committed to providing comprehensive guidance to our clients, as always. More recently we would like to draw the attention of our clients who oversee various entities, such as corporations, partnerships, and Limited Liability Companies concerning their legal and filing obligations under the Corporate Transparency Act (CTA).

Under the new CTA, our clients managing or controlling these entities are mandated to disclose and submit reports to the US Government detailing all beneficial owners of interests in these entities by January 1, 2025. However, navigating the intricacies of this Act is complicated as certain provisions remain ambiguous. Currently, procedures and forms are being developed to ensure compliance with this legislation. We appreciate your patience and understanding as we strive to stay informed about any CTA updates or additional conditions that may be relevant to you.

It's important to note that while the disclosed information will not be publicly accessible, it will be accessible to the IRS and other relevant agencies. Furthermore, it's worth mentioning that states like California may also enact similar requirements under state law.

If you have any questions, please feel free to reach out to us at **310-208-6200** and speak to one of our Tax Litigation Attorneys for a complimentary 15-minute consultation to see how we can address any CTA related concerns you may have.

**Strafford Publications Webinar  
on  
Navigating IRS Examination of  
Employee Retention Credit  
Claims**

**Cheryl Frank**  
will be presenting at this informative webinar  
on **Tuesday, May 21st, 2024**  
at **1pm-2:30pm EST**  
(**10am-11:30am PST**)

**The IRS will be examining a substantial number of ERC claims.** Counsel must be prepared to assist clients who have claimed the ERC credits and prepare for potential audits. The IRS will also be targeting various ERC promoters.

The ERC was implemented to help employers retain and pay employees during the COVID pandemic. However, these credits provided substantial amounts of money to businesses per employee and have been an area of focus for the unwary. There is no doubt that even those businesses with legitimate ERC claims must be prepared for a potential IRS examination.

Tax practitioners working with businesses that have taken advantage of the ERC need to prepare for IRS scrutiny. Also, ERC companies that promoted these transactions will be under investigation.

**Cheryl Frank will cover these and other critical issues:**

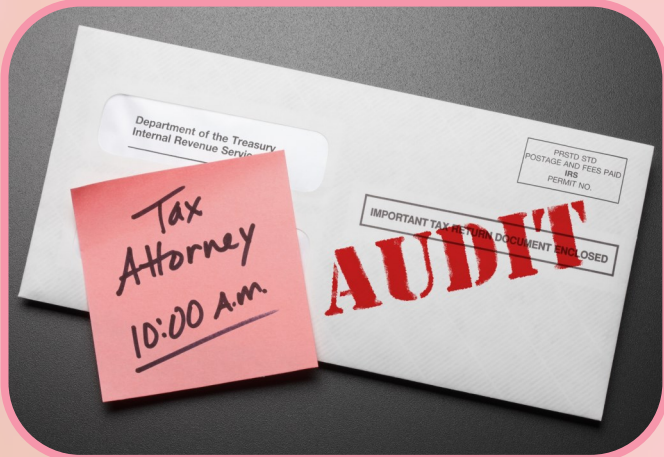
- Tools for handling an ERC examination
- Preparing clients for ERC audits
- Separating legitimate and illegitimate ERC claims
- IRS key areas of focus in examining ERC claims

**We have 10 complimentary tickets to give away on a first-come-first-served basis.** Please submit your contact information including name, company, email, and phone number to our editor at: [aferreira@bragertaxlaw.com](mailto:aferreira@bragertaxlaw.com) before **May 15th, 2024.**

For more information and to register for this webinar, visit the Strafford Publications website at [www.straffordpub.com](http://www.straffordpub.com)



## IRS Rolls Out New Initiative Targeting Wealthy Non-Filers and High-income Earner Audits, by Cheryl Frank



On February 29th, the IRS announced a proactive stance regarding affluent individuals who have neglected to file tax returns. The latest initiative, supported by funding from the Inflation Reduction Act, commences with the IRS dispatching compliance letters for over 125,000 cases where tax returns have not been filed since 2017. Among these, more than 25,000 letters target individuals earning over \$1 million annually, while over 100,000 are directed towards those with incomes ranging between \$400,000 and \$1 million for tax years 2017 to 2021.

The IRS Commissioner recently announced, *"At this time of year when millions of hard-working people are doing the right thing paying their taxes, we cannot tolerate those with higher incomes failing to do a basic civic duty of filing a tax return. The IRS is taking this step to address this most basic form of non-compliance, which includes many who are engaged in tax evasion."*

The IRS stated that all of these cases involve instances where the IRS has obtained third-party information, such as Forms W-2 and 1099, indicating that these individuals received income within these brackets but did not file a tax return. Due to significant budget and staff constraints, the IRS non-filer program has only operated sporadically since 2016, preventing these cases from being addressed.

In their 2023 Strategic Operating Plan, the IRS announced that they would be targeting examinations of high net worth individuals and industries and noted that audits will take place to ensure compliance with specifically trained auditors. Given their profiles, high income individuals may encounter increased scrutiny from the IRS stemming from the complexity of their financial situations.

Under this initiative, the IRS will use tens of billions of dollars to hire and train specialized auditors to audit high-net-worth individuals and large entities and target certain industries that it identifies. We anticipate more announcements to come as the IRS gears up in hiring and training these new auditors in various industries.

However, with the newly available funding from the Inflation Reduction Act, the IRS now possesses the resources necessary to conduct these audits and is implementing various measures to enhance tax compliance in areas previously overlooked due to resource constraints.

Failure to address tax obligations may lead to collection procedures, such as wage garnishment or the filing of a federal tax lien. Persistent non-compliance could result in additional penalties or legal consequences and prosecution, both civil and criminal.

Contact our former IRS attorneys at Brager Tax Law Group if you are experiencing any issues related to this new initiative or other tax litigation issues at **310-208-6200** or visit [www.bragertaxlaw.com](http://www.bragertaxlaw.com)

Do you have a tax law related topic that you would like to share or is there a topic that you would like our BTLG team to write about in our next newsletter? Send an email to the editor: [aferreira@bragertaxlaw.com](mailto:aferreira@bragertaxlaw.com)



## Brace Yourself for the ERC Storm! Expanded Audits, Investigations and Promoter Crackdowns.

*By Cheryl Frank*



On Friday, the ERC Voluntary Disclosure Program ended, but we are far from seeing any end to the expanded audits and investigations in this area. In fact, the IRS announced the expansion of ERC audits and investigations. I have no doubt that 2024 will be the year of intensive IRS activity in this area. The IRS also confirmed the continuing moratorium until mid year.

The IRS further announced that during the upcoming months it plans to complete the transcription of amended paper returns with the help of digitalization and deploy new risk analysis strategies to identify additional compliance work. The IRS has thousands of ERC claims currently waiting to be processed or under audit.

Promoter investigations are just beginning. The IRS is working on gathering information about suspected abusive tax promoters and preparers improperly and aggressively promoting the ability to claim the ERC. The IRS Office of Promoter Investigations has received hundreds of referrals from internal and external sources. Civil and criminal enforcement will continue against these promoters and preparers.

The IRS announced that through March 15<sup>th</sup>, they have initiated 386 criminal cases, with claims of almost \$3 billion dollars. Twenty five investigations have resulted in federal charges with 12 convictions and 6 sentencing hearings, with an average sentence of 24 months.

The processing moratorium has saved more than \$1 billion dollars just since it was instituted beginning September 14, 2023. Billions of dollars of claims are under investigation by the IRS Criminal Investigation Division. The IRS determined that more than 12,000 entities filed over 22,000 improper claims and resulted in \$572 million dollars of assessments.

More activity is sure to come and BTLG will keep you updated with regular IRS announcements!

## Let's Connect Over Lunch or at Your Office



Navigating the complexities of tax litigation and controversy requires not just expertise and up-to-date insights into the ever-evolving landscape of current IRS changes and updates, but also bridging the gap between our professional services and personal rapport. At Brager Tax Law Group, we pride ourselves on our commitment to providing comprehensive guidance in this domain while fostering strong client relationships.

In today's fast-paced world, where digital communication often dominates, Cheryl Frank recognizes the enduring value of face-to-face interaction. Hence, she extends a warm invitation to clients: "Let's connect over coffee or lunch - on us!"

It's not just about social niceties; it's about nurturing a culture of collaboration and trust. Cheryl Frank believes that these informal yet personal gatherings serve as catalysts for stronger client relationships, laying the groundwork for more effective legal representation.

If you are a CPA, attorney, current or past clients, we invite you to grab your calendar and connect with us by sending an email to our Director of Communications, Ana-Paula Ferreira, so we can get a business date set up with Cheryl Frank at: [afferreira@bragertaxlaw.com](mailto:afferreira@bragertaxlaw.com)