

Owe Back Taxes? Beware of Hiring “Quick Fix” Firms

If you are struggling to pay your taxes, the last thing you need is to lose more money to a bogus scheme, and it is important that you be alert to the dangers of a quick fix to resolve any big tax bills.

- Questions? Contact attorney [Ronald P. Adams](#)

As you may see advertised on TV, many tax debt companies proclaim professional representation and big-time savings. Would-be “clients” are lured by promises to lift wage and bank garnishments, remove tax liens, reduce liabilities and eliminate penalties and interest.

Government Action. However, some recent state and federal lawsuits highlight government efforts to protect the public from tax resolution firms that make big promises, but offer clients no tangible relief. For example, this year the Federal Trade Commission filed a federal lawsuit against American Tax Relief LLC, alleging that it engaged in deceptive practices related to advertising and selling tax relief services.

American Tax Relief promoted services that many IRS debt relief companies take advantage of, including the “pennies on the dollar” approach and a false idea that the IRS is accepting, for a brief time only, a “one-time settlement offer.”

According to the lawsuit, up-front fees varied from \$3,000 to \$25,000. The company offered a free consultation, but the persons with whom they met were merely “screeners” with little to no tax law background.

Ironically, the lawsuit revealed that the company was behind in paying its own income taxes. In April, federal agents seized the company owner's Ferrari, and a co-owner was shown to be leasing six luxury vehicles, including a Rolls Royce, a Bentley, two Porsches and two Mercedes.

Tax Lady. In August, the California Attorney General filed a \$34 million suit against Roni Lynn Deutch, the self-professed “Tax Lady” and founder and president of the Roni Lynn Deutch Professional Tax Corporation. The lawsuit alleges that Deutch duped thousands of clients out of large sums of money under the promise of IRS debt resolution. In return, her clients received little or no settlements.

The lawsuit said one of Deutch's ads portrayed three clients she purportedly helped save a collective \$86,000, yet all three still owed taxes plus interest and penalties. Deutch merely won them a delay from the IRS's collection efforts. In fact, only about 10% of Deutch's clients ever get their tax debt resolved, despite her claim of a 99% success rate.

Alternatives. The fact is, there are no options available to a tax lawyer, CPA, attorney or other third party that are not available to you directly. Knowing what your options are is the key, and while the IRS encourages taxpayers to contact them directly and immediately in order to resolve any tax balance, it's generally in your best interest to hire an experienced tax attorney or CPA to advise you or intercede on your behalf.