

From the desk of Jeanne M. Kerkstra, Esq., CPA

**Viewpoint
Taxing Matters**

Effective November 16, 2006,¹ there are new rules on the procedures for requesting Collection Due Process ("CDP") hearings. Although numerous comments from the tax community were dismissed by the IRS, there are several significant changes.

First of all, self-reported tax liabilities may be disputed in a CDP hearing. Secondly, all CDP cases, including both liens and levies, are to be litigated in Tax Court, not federal district court. The IRS and the Treasury Department both acknowledge that it may be in the best interest to have the Tax Court develop rules for abuse-of-discretion review.

Lastly, because timing is everything, it is important to note the difference in the notification between lien activity ("NFTL") and levy activity. The answer to Question 1-7 states: "A taxpayer must submit a written request for an equivalent hearing within the 1-year period commencing the day after the end of the 5-business-day period following the filing of the NFTL. This period is slightly different from the period for submitting a written request for an equivalent hearing with respect to a CDP Notice issued under Section 6330 [e.g., levy]. For a CDP Notice issued under Section 6330, a taxpayer must submit a written request for an equivalent hearing within the 1-year period commencing the day after the date of the CDP Notice issued under Section 6330."

For the full text of the final regulations, see 71 FR 60835-01.

¹ With respect to requests made for CDP hearings or equivalent hearings on or after November 16, 2006.

<p>Jeanne M. Kerkstra, Esq., CPA KERKSTRA LAW OFFICES LLC 53 W. Jackson Blvd. Suite 1530 Chicago, IL 60604 312.427.0493 312.675.0500 (fax) jmk@kerkstralaw.com</p>	<p>KERKSTRA LAW OFFICES LLC Problem? Solved.® asset protection • estate planning corporate work • business succession planning forensic investigation • litigation and more</p>
---	--

This material is intended for educational purposes only. The conclusions expressed are those of the author and do not necessarily reflect the views of Kerkstra Law Offices LLC. While this material is based on information believed to be reliable, no warranty is given as to its accuracy or completeness. Concepts expressed are current as of the date appearing in this material only and are subject to change without notice.

TAX ADVICE NOTICE: The Internal Revenue Service (IRS) now requires specific formalities before written tax advice can be used to avoid penalties. This communication does not meet such requirements. You cannot contend that IRS penalties do not apply by reason of this communication.