

Re: The 9 weirdest tax write-offs

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Good one Robert ... Are dentures tax deductible?

Joel

On Thu, 03 Mar 2005 15:09:45 -0800, Robert Morien
<PhD_failure@nousefulinfo.com> wrote:

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>*The IRS offers no points for originality, but you can't blame*
>*taxpayers for trying. They're writing off criminal acts, their pets*
>*and even their televisions.*
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>*Did you hear the one about the ostrich? The sperm donor? The dog food?*
>
>*They're just three of the more ingenious tax deductions that creative*
>*Americans have devised over the years to counterpunch the tax*
>*collector. A quick Ali shuffle, a feint with the left and an*
>*outlandish deduction delivered with a straight face can take the sting*
>*out of the annual tax beating -- at least until the Internal Revenue*
>*Service catches on.*
>
>*Taxes, of course, are no laughing matter. Serious consequences await*
>*those who fail to file, falsely file, knowingly underreport or*
>*otherwise throw spitballs at the system. Just ask Willie Nelson, who*
>*lost the best little golf course in Texas to back taxes. Simplify your*
>*taxes and get your refund faster.*
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>
>*File online.*
>
>*Still, every year Americans try to shave what they owe on their*
>*personal income tax returns by pushing the envelope and letting their*
>*certified public accountant make the line calls.*
>
>*"If you're going to be aggressive, deductions are where you're going*
>*to do it. You're not going to do it in the area of income; you want to*

sci.med.dentistry: Re: The 9 weirdest tax write-offs

- >report all your income," says Frank Howard, CPA and principal of
- >Howard and Waltrip in Dallas. "I go ahead and apply the smell test.
- >Most of the time, they're just throwing everything up against the wall
- >to see if it sticks."
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- >Old argument invalidated
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- >As any accountant will tell you, the rewards of cheating on your taxes
- >are never worth the risk. And even if you find a tax pro willing to
- >push the limits, the Treasury Department says when it comes to
- >"potentially abusive" tax moves, the old "my tax adviser said it was
- >OK" argument will no longer work.
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- >"We are raising the stakes for taxpayers who fail to disclose
- >potentially abusive transactions to the IRS," stated Treasury
- >Assistant Secretary for Tax Policy Pam Olson in announcing the tougher
- >rule on Dec. 30, 2002. "Too many tax advisers have counseled clients
- >against disclosing their transactions with the expectation that the
- >advisers' opinions will allow the clients to avoid penalties."
- >
- >By removing that argument, tax officials now believe taxpayers'
- >risk-to-reward calculations will be more judicious, eliminating what
- >Olson describes as "inappropriate tax avoidance transactions."
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- >Still, it's a good bet that as April 15 approaches, many taxpayers
- >will do -- or at least try -- the darndest things. Here are nine of
- >the funniest, though not recommended, tax-trimming attempts that
- >clients have taken to CPAs across the country.
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- >My son, my dog
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- >Disc jockeys typically don't make much money and save even less. A few
- >years ago, one approached Wyoming CPA Mike Lovelett for some free
- >advice.
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- >"I've got this problem, and I'm really starting to get nervous about
- >it," the DJ admitted. "Several years ago, I was going to owe some tax,
- >so I put an extra deduction on my tax return."
- >
- >Well, reasoned Lovelett, managing director of Lovelett, Skogen &
- >Assoc. in Casper, it couldn't be that bad. Then the DJ explained: "I
- >put my dog on as a dependent." The radio personality had deducted his
- >dog Red all these years, a move that meant he owed nothing to the IRS.
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- >Sex and the city
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>Then there was the client who approached Manhattan CPA Marc Albaum
>about a very personal tax matter. "He had made some money being a
>sperm donor and wanted to know if he could take a depletion
>allowance," Albaum recalls. "I told him he really needed to be an oil
>well or something like that."

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>Playing with fire

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>Herb Wakeford, a CPA in Raleigh, N.C., recalls a Pittsburgh
>furniture-store owner who, after years of trying unsuccessfully to
>sell his business, hired an arsonist to torch the place. The insurance
>company paid off to the tune of \$500,000, which the owner dutifully
>reported on his income tax return. However, along with taking the
>proper deductions for the building, its contents and the usual
>business expenses, he also deducted a \$10,000 "consulting fee" he had
>paid the arsonist. An IRS audit two years later landed them both in
>jail. The IRS disallowed the "consulting fee" and slapped on \$6,500 in
>additional taxes, penalties and interest.

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>What, not the Barcalounger?

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>Then there was the client who insisted on deducting the cost of his
>television and cable service against his accountant's advice. "His
>reasoning was that he was a Spanish teacher at school, and the only
>reason he bought the TV and had the cable was for the Spanish channels
>so he could be able to teach his students better," Howard recalls. "I
>told him, well now, not too many people out there can deduct the cost
>of their TV and cable, but if you can get away with it, knock yourself
>out."

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>Fun with livestock, part I

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>Back when the Society of Louisiana CPAs manned a tax hotline, few
>inquiries stumped them. But Al Suffrin, SLCPA's communications and
>public relations director, recalls one that did: "We took a call from
>an ostrich farmer in St. Tammany Parish who called in to find out how
>to go about depreciating an ostrich," he recalls. Strange as it
>sounds, you can depreciate an ostrich or any other livestock, as long
>as they're used for breeding.

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>Fun with livestock, part II

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>Which brings us to the tale of the crusty old Texas rancher who
>insisted upon accompanying his CPA, Raymond Lott of Lott, Vernon & Co.
>of Killeen, to the rancher's first tax audit. When the rancher's tax
>depreciation schedule listed 15 or 20 animals as breeding stock, the
>no-nonsense young IRS agent challenged the old cowboy. "I presume you

>breed these animals?" she asked pointedly. Without hesitation, the
>rancher replied, "Nope," sending his CPA into mild tachycardia. After
>a sufficient pause, the rancher finished the popular Texas joke, "I've
>got a bull for that."
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>Go fish
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>There was a time when deductions were as plentiful as dinner mints.
>"Many years ago when I was a young clerk, a local CPA kept a very
>large glass bowl filled with receipts in his office," recalls Nancy
>Reynolds of Reynolds & Associates in Naples, Fla. "If a client came in
>and was a little shy of deductions, they merely dipped into the bowl
>and helped themselves to some of those glorious deductions."
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>Sic him, Fido
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>Sometimes deductions seem so logical they just have to be legal.
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>"I had a guy come in one time wanting to know if he could deduct the
>cost of his dog food. His reasoning was that his dog was security for
>his house, therefore the dog food became a security expense," Howard
>says.
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>"I kind of liked that one. The IRS loves that stuff."
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>He works in mysterious ways
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>And when all other loopholes seem closed, sometimes only a higher
>power can help.
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>One fine February, a rookie tax accountant completed a slam-dunk
>return for one of the firm's old and trusted clients and turned it in
>to his boss, relates Mary Anne Petesch, a CPA with Hagen Kurth Perman
>and Co. of Seattle. There followed several loud whoops of laughter
>from the partner's office.
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>It seems the client had accidentally lost his dentures when they fell
>in the toilet, and had claimed them on his taxes as an act-of-God
>casualty loss.