

Re: The 9 weirdest tax write-offs

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REPLY TO ROBERT:

Koj tias koj yug tom qab 78 ua cas koj ho hais tau tej lo lus uas kuv
tseem tsi tau paub thiab?

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?*
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>*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.*
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>*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.*
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>*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.*
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>*"If you're going to be aggressive, deductions are where you're going*

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>to do it. You're not going to do it in the area of income; you want to
>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."
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>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*

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>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.