

## Re: The 9 weirdest tax write-offs

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**From:** Robert Morien (*PhD\_failure\_at\_nousefulinfo.com*)

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In article <8s7f21dl0u2l5atchgr4eqhmfm1mgodl31@4ax.com>, Joel M. Eichen <joeleichen@yahoo.com> wrote:

> *Good one Robert ... Are dentures tax deductible?*

>

> *Joel*

... .. / ... .. / ... ..  
... / ... .. / ... .. / ... ..

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> *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.*

>>

>>

>> *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.*

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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.*

> >

> > *"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  
> > 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*

> >

> > *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.*

> >

> > *"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."*

> >

> > *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*

> >

> > *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.*

> >

> > *"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*

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> >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."  
> >  
> >  
> >Playing with fire  
> >  
> >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?  
> >  
> >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  
> >  
> >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.  
> >  
> >

> > *Fun with livestock, part II*

> >

> > *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*

> >

> > *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*

> >

> > *Sometimes deductions seem so logical they just have to be legal.*

> >

> > *"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.*

> >

> > *"I kind of liked that one. The IRS loves that stuff."*

> >

> >

> > *He works in mysterious ways*

> >

> > *And when all other loopholes seem closed, sometimes only a higher  
> > power can help.*

> >

> > *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.*

> >

> > *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.*

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