

10 QUESTIONS FOR

Steven Goldburd

Steven (Shmuli) Goldburd is a partner at Goldburd McCone LLP, a tax law firm based in New York.

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What should people look for in an accountant?

Because we're a law firm, we don't have an actual tax season, but I started working at my father's accounting firm when I was 14, so I know how it works. The main thing you want is someone who's there to help you. My father spends hours on the phone with clients and non-clients alike, explaining every angle. You don't want an accountant who's only there once a year to prepare your taxes. A place that's open only during tax season isn't the place to use. You want

someone who's available whenever you need him. If your accountant only speaks to you when you owe him money, stay away. He shouldn't make you feel bad for silly or mundane questions, because they can lead to good tax advice. If he bills for every minute he answers your questions, you'll stop calling him to ask. Someone just told me he made an LLC for his *tzedakah*. Great, but the IRS doesn't allow that, a *tzedakah* has to be a corporation. He wasted \$300. He should've asked his accountant to ask how to set up the *tzedakah*.

3

What filing mistakes do you see a lot?

Kollel couples who file for both earned income and child care. Both of these credits are based on income. Problem is, a *kollel* check isn't income, it's a living stipend you get in order to survive. So when you treat the check as income and put down for the child care and earned income credit, you're asking for an audit. The most common error made by *frum* couples is claiming *tzedakah* they gave to a foreign charity or an individual. You can give \$1,000 to the most *chashuveh* and poorest person you know, and it's a great mitzvah, but if it's not a 501(c)(3) you can't file for it because it's not a charity by law.

2

Do you have year-round tax-planning tips you like to stress?

Keep your records, specifically business expenses. The IRS is zoning in on auto and cell phone usage that people are writing off for business, because they feel those are being abused. Your car might bring you to work but it also hauls your kids around. If you keep logs of when you use it for business, it will help come tax season — you can whittle down the expenses as much as possible.

4

What's the most common excuse for not filing on time?

"I didn't file because I don't have the money to pay on time." Huge mistake. The IRS penalizes those two separately — there's one penalty for late filing and another for late payment. So even if you can't pay a penny, file on time — at least you won't get fined for late filing. If you can't pay what you owe, we can obtain what's called an installment agreement, a payment plan.

5

What credits or deductions do people often miss?

The home-office deduction. If you have a designated place for work, you're allowed a deduction. But it's also abused a lot, because to qualify, it has to be really separate, not the den is also my office and a spare bedroom. Another one is child care, if both parents work — that means you both receive W-2s, 1099s, or K1s — you can claim what you pay for the babysitter or playgroup. And don't forget the foreign income tax credit. If you pay tax overseas, you get credit for what you pay here — you don't have to pay twice.

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What was your most memorable negotiation?

An officer for a *tzedakah* organization in New York came to me. As far as he knew, there were no problems, but the IRS was after him for employee withholding taxes — as an officer, he could be held responsible. He tried fighting it on his own, his accountant tried, but to no avail. He hired me and I reviewed the IRS's whole file, pages and pages. I found the main paper the IRS had based their determination on — turns out they were collecting against him for the wrong organization! It was another one with a very similar name. Another memorable client was a lady who hadn't filed since 1986. The IRS was about to seize her house. Baruch Hashem I was able to save it and we put her on a payment plan. I asked why she hadn't filed. She said something happened in 1986 — that's when the new tax code came out — and she stopped filing since she didn't understand all the laws. I told her no one does, that's why you have accountants and attorneys.

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What do *frum* people do to trigger an audit?

Claiming *tzedakah* but not keeping backup. The IRS requires you to keep records — you know those receipts you get in the mail from the shul and school and all the organizations? — for seven years. *Tzedakah* audits are extremely easy. If you send in your proof — those receipts — the audit goes away right away. But without records, your simple *tzedakah* audit can grow — if you can't substantiate those *tzedakah* claims, the IRS wants to know what else can't be substantiated, and you'll have a full-blown audit on your hands!

7

Have you seen cases of identity theft that come to light when people file?

We're seeing more of it — a client says their return was rejected because it was already filed. Someone else used their information to claim their return. The only advice I have is don't give your information to strangers, even if the person says he works for the government. There's a scam now where someone claims to be from the "Criminal Division." He asks a bunch of questions — for your Social Security and credit card — and threatens that if you don't pay the \$3,000 you owe, they'll arrest you that day. Some clients called me freaking out, so I actually called this guy. I asked, "Why are you bothering these people?" I'll be honest, he seemed nice, but he's not stopping. He said he makes more in a week than most people make in a year.

8

What's the largest amount of money you helped recoup or protect?

One client was assessed as owing \$3.8 million over a three-year period. I reduced it to \$2,500 — that was one of the biggest amounts that disappeared.

10

What's your favorite part of the job?

Aside from winning? Because let's be honest, when the IRS claims someone owes money and you prove otherwise, it's the best. I've had people come into my office crying that they literally can't make Shabbos, yet the IRS wants to collect. Believe it or not, the IRS understands you can be down on your luck, and when I get someone labeled as noncollectible, the IRS backs down. Then he can start living — get a job and eventually, pay his taxes — and everyone's happy. I met a client on the street in Flatbush. He gave me a huge hug. He's grateful he doesn't have to worry the IRS will freeze his bank account for his few hundred dollars or stop his paychecks every five minutes. Giving people the ability to pick up and move on — I love it.

