

IRS Collection: Update and Overlooked Strategies

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I. Update

1. New Financial Statement Forms. The Internal Revenue Service (“IRS”) has issued new financial statement forms 433-A and 433-B, which are effective January, 2008.
2. New allowable ownership costs for older vehicles
 - Internal Revenue Manual (“IRM”) Section 5.8.5.5.2 allows taxpayer’s an additional operating expense for older or high mileage vehicles of \$200
 - “Older” vehicles are defined as being over 6 years old
 - Vehicles with more than 75,000 miles will also qualify for the ownership expense
3. New allowable expenses
 - The allowable expense tables had significant changes made during 2007;
 - There is a new “Out-Of-Pocket Costs” table which grants each individual \$57 for out of pocket healthcare costs (\$144 if the individual is age 65 or older)

- Prior to the change the Allowable Living Expenses were based upon the number of individuals residing in the taxpayer's home and the household gross monthly income
- The new Allowable Living Expenses are set based upon the number of people living in the home, regardless of where the taxpayer lives or the household's gross monthly income
- The Allowable Housing Allowance and Transportation Allowance have been increased slightly

4. New IRS policies/noticed trends.

a) Returning OICs for Noncompliance

1) Prior to the enactment of the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), taxpayers had to be in current tax compliance before filing OIC or OIC would be returned. This included OICs from in-business taxpayer being current for prior two quarters on employment tax deposits. TIPRA changed this. See, e.g., FAQs for New Offer in Compromise Rules, No. 15, which states: "Is compliance no longer a processability criterion for OIC submissions? Correct. Compliance is not considered to be a processability criterion for OIC initial submissions...."

The IRS appears to be following this rule now on OICs. However, this only applies at the time the OIC is received by the IRS. If the taxpayer fails to maintain compliance during the time an OIC is being considered, the IRS will still return the offer for noncompliance. IRM 5.8.7.2.2. Given that most OICs take more than a year to process, the risk is still high that an OIC will be returned

for noncompliance. Per IRM 5.8.7.2.2.1(2), a taxpayer is to be given the opportunity to remedy insufficient current year withholding/estimated taxes before an OIC is returned – however, the IRS often does not give a taxpayer the opportunity to remedy noncompliance in practice. Once an OIC is returned for any reason – even if contrary to IRM – it is very difficult to have the decision to return the OIC reversed. IRM 5.8.7.3. Additionally, if the OIC is resubmitted it can be returned for not being materially different than then prior returned OIC. Therefore, materially change the OIC before resubmitting.

2) Noncompliance by Related In-Business Taxpayer

If a responsible officer submits an OIC for a trust fund recovery penalty (TFRP) and the related business fails to maintain compliance (*e.g.*, late on a payroll deposit), the IRS often will return the OIC. This is the case despite that the IRM advises otherwise. (See, *e.g.*, IRM 5.8.3.4.1(1)(A) which states “[a]n individual taxpayer should not be considered an in-business taxpayer because he owns or controls a corporation that is not in compliance and Chavez v. U.S., 93 AFTR2d 2004-2386 (W.D. Tex 2004), Appeals Officer abused his discretion when he returned an individual’s OIC for the TFRP because his company has not made payroll taxes).

b) IRS’ Trend to Consider Dissipated Assets

Per IRM 5.8.5.4, the IRS can include assets sold by a taxpayer in years prior to submitting the OIC in computing the reasonable collection potential (RCP) for an OIC. Generally, the only defense to this per the IRM is if the money from the sold assets was used for necessary living expenses. Thus, if the taxpayer

sold stock and used the proceeds to pay credit card debt, the stock sales can be included in the RCP as a dissipated asset. Nonetheless, the IRS only recently seems to have started utilizing IRM 5.8.5.4 routinely to include dissipated assets with OICs. See McKenzie, *Representation Before the Collection Division of the IRS*, Section 6.22.50 (author has found marked increase in the IRS considering dissipated assets). If the IRS applies this provision, taxpayers with significant dissipated assets will likely not be able to satisfy an OIC given assets will be included in the RCP which no longer exist.

See example of IRS response to recent OIC submitted attached as Exhibit

A. In the attached example, the IRS included the following in the RCP as dissipated assets:

- i) Proceeds from forced stock sales to cover margin calls on plummeting dotcom stock sold up to four years prior to when OIC was submitted;
 - ii) \$500,000 the taxpayer borrowed out of his real estate three years before the OIC was submitted to pay back state taxes; and
 - iii) \$1,425,000 – the gross amount of the selling price of the taxpayer's real property 80% of which went to mortgages on the property and 20% to states taxes (taxpayer netted zero from sale).
- c) IRS' Policy Not to Allow Business OICs to Designated Payments Toward Trust Fund Portion of Employment Tax Debt.

Payments made with an OIC submission and monthly as it is considered (with deferred payment offers), may be designated toward the trust fund portion of a debt. IRC 7122(c)(2)(A), Notice 2006-68, IRM 8.23.1.4.1.1(1)(E).

Undesignated payments made with an OIC for employment taxes will be applied to non-trust fund debts first. IRM 8.23.1.4.1.1(1)(F). However, once the OIC is accepted, the taxpayer no longer has the right to designate subsequent OIC payments. IRM 8.23.1.4.1.1(3). Thus, the payment may not be designated toward the trust fund portion of an employment tax liability. This appears to be a recent policy change at the IRS. Previously, an in-business taxpayer with an employment tax liability could designate a payment made on an accepted OIC for the tax debt toward the trust fund portion of the debt.

Example – ZipCo, Inc. owes \$200,000 in employment taxes and has very little net income and assets. Its reasonable collection potential (RCP) is \$25,000. The trust fund portion of its debt is \$100,000. The TFRP has not yet been assessed against any responsible officer. Previously, one approach was for ZipCo to submit an OIC an offer to pay both the RCP of the corporation plus the RCP of the responsible officer (up to the trust fund amount). Thus, in this case, the OIC would be for \$125,000. If the OIC was accepted *and* the \$125,000 OIC payment was designated first toward the trust fund amount, both ZipCo and the responsible officer would generally owe no further amounts on the liability.

However, the IRS recently stopped this strategy by creating a policy where OIC payments cannot be designated toward the trust fund portion of a liability. Therefore, the responsible officer should first loan the money to ZipCo for the trust fund liability, have ZipCo make a voluntary payment to the IRS with that loan and designated it toward the trust fund. Then ZipCo can file an OIC for the remainder of its employment tax liability.

d) Number of Months of Future Income in RCP Calculation for OICs

IRS written guidance states that future income for an OIC is calculated as follows (See, e.g., Form 656 pages 6 and 9, IRM 5.8.5.5):

For lump sum offers “net income” times 48 months;

For short-term (up to two years of payments) deferred payment offers – “net income” times 60 months; and

For longer term offers – “net income” times number of months left on collection statute.

IRS now appears to be at least sometimes ignoring the above and uses number of months left on collection statute with lump sum and all deferred payment offers. See, e.g., OIC RCP calculation example attached as Exhibit “A” where IRS uses 89 months for future income calculation on a lump-sum offer. Other tax practitioners have noted the IRS is increasingly using more than 48-60 months of future income. If length of collection statute will always be used with RCP calculation, all clients should make deferred payment offer due to time value of money and, more importantly, ability to pay less with the OIC submission which is unlikely to be accepted.

e) Changes in Authority of Taxpayer Advocate

Many practitioners regularly use the Taxpayer Advocate to solve certain types of collection problems. For example, to reverse a levy if an OIC is about to be filed or to remove/reduce garnishment on wages/social security payments. Recently, the IRS changed the authority of the Taxpayer Advocate to limit its authority in certain limited areas. See Modifications to Delegation Order 267

(effective October 1, 2007) attached as Handout 5. Some of these changes may limit Taxpayer Advocate's ability to assist with collection matters.

II. Strategies

1. Future Earnings. Review the taxpayer's financial analysis to see if there are allowable expenses they can take advantage of but have not.
 - Health Insurance – the taxpayer should have health insurance, or if they do not have health insurance, have them obtain a policy to cover them and their family
 - Disability Insurance – Self-employed individuals should have long-term disability insurance, particularly if they are the sole earner for their family. This expense is an allowable business deduction and may be taken on Page 6 of either the Form 433-A for Sole Proprietorships or Form 433-B for entities
 - Health Care Out-of-Pocket Expenses – the taxpayer is allowed \$57 per month for out-of-pocket health care expenses without having to provide any supporting documentation (\$144 if age 65 or older)
 - Term Life Insurance – IRM Section 5.15.1.22 allows a taxpayer to include in their "Allowable Expenses" a reasonable premium for term life insurance
 - Cash-Value (Permanent) life insurance, because it is considered an investment, is not allowed as an expense and will be considered an available asset to the extent there is cash value

- Accounting & legal Fees – Under IRM 5.15.1.10 accounting and legal fees required for the representation of the client before the IRS is a necessary expense.
- Other necessary expenses include, but are not limited to, the following:
 - a. Charitable contributions if they are required as a condition of employment (Ministers or Rabbis required to donate a portion of their salary to the institution)
 - b. Childcare if it is necessary
 - c. Child support payments are necessary but will only be allowed if the taxpayer is actually making the payments
 - d. Court ordered payments are allowable if they are being paid
 - e. Dependent care if there is no other alternative
 - f. Taxes – Federal Income Tax, FICA, Medicare, State and local taxes are all allowable
 - g. Student Loan payments are allowed if they are secured by the federal government and for the taxpayer's education

2. 2nd Circuit Decision in McNamee and Final Regulation § 301.7701-2. Owner of a single member LLC failed to pay payroll taxes. The taxpayer argued that only the trust fund portion should attach to him as a responsible person, pointing to the IRS proposed regulations under Section 7701 that supported his contention. In May 2007 the 2nd Circuit Court of Appeals ruled against the taxpayer, concluding the IRS regulations were only proposed and had been issued after the taxpayer's

controversy had started. The court concluded the entire payroll liability attached to him because the SMLLC was treated as a disregarded entity (Sean P. McNamee v. Department of the Treasury, U.S. Court of Appeals, 2nd Circuit, 05-6151-cv, May 23, 2007)

The IRS finalized the formerly proposed regulations § 301.7701 on August 15, 2007, which state that, though a single member LLC may be disregarded for income tax purposes, it will be treated as a corporation for purposes of employment taxes. So unlike the 2nd Circuit Appeals conclusion, only the trust fund portion of the payroll taxes will attach to a member-owner of an LLC if such member meets the definition of a responsible party under § 6672.

Consider closing up the company (Corp or LLC) to reduce outstanding tax debts to those that the individual owner will be responsible for under § 6672 (Trust Fund Recovery Penalty)

3. Designating Payments.

When tax is owed for multiple years, the strategy is generally to designate tax payments to the following items:

- a) To the Trust Fund portion of employment taxes that are owed
- b) To debts that are non-dischargeable
- c) To the more recent years where older years may be barred by the collection statute

Revenue Procedure 2002-26 is where the IRS has restated their position that:

“at the time the taxpayer voluntarily tenders a partial payment that is accepted by the Service and the taxpayer provides specific written directions as to the application of the payment, the Service will apply the payment in accordance with those directions.”

4. Partial Pay Installment Agreements.

- The IRS in the past informally permitted partial pay installments agreements in certain circumstances. In 2004, legislation was passed with codified this procedure – known as the Partial Payment Installment Agreement (PPIA) for taxpayers who have outstanding federal tax liabilities. See IRC section 6159. Therefore, if a taxpayer based on his Form 433-A can only afford to pay \$500/month on his tax liability, the IRS can accept an installment agreement for that amount even if the payment will not pay off the tax prior to the collection statute expiring. The agreement will end when the collection statute expires. If a taxpayer's facts seem to support an OIC based on Effective Tax Administration, the taxpayer might want to consider a PPIA instead given ETA OICs are generally not considered. An example might be an older person on social security with a personal residence with enough equity in it to pay off the tax. Based on the RCP, the taxpayer can full pay. The IRS is unlikely to take the personal residence so maybe a PPIA would be acceptable.

- Younger taxpayers generally prefer an OIC or bankruptcy to achieve fresh start instead of a long partial pay installment agreement where the IRS will take more of their earnings if they are successful in the future.

5. Submit OIC to Service Center vs. via CDP/Equivalent Hearing.

- The standard procedure to submit an OIC is to IRC central processing in Memphis, TN or Holtsville, NY. The OIC is then prescreened for basic processibility and, if not returned at that stage, sent to a centralized OIC processing office near the taxpayer.
- Alternatively, an OIC can be proposed at a collection due process (CDP) hearing or Equivalent Hearing as a collection alternative to a lien/levy action. A CDP hearing must be requested without thirty days of the issuance of a Final Notice of Intent to Levy or a certain Notice of Lien (“CDP Notices”). Notices of Determination issued in a CDP hearing may be appealed in Tax Court. However, even if the taxpayer misses the 30 day CDP filing date, an “Equivalent Hearing” can be requested within one year of the relevant levy/lien notice. Regs. 301.6330-1(i)(2) Q&A No. I7. The determination from an Equivalent Hearing, however, cannot be appealed in Tax Court.
- Suggestion – If you are hired by a new client for an OIC, immediately get transcripts for all years with balances when new client is engaged to determine if CDP Notices have been issued yet for any of the years. If so,

file for CDP/Equivalent Hearing if within 30 day/one year deadlines and submit OIC to Settlement Officer as part of hearing - even if just one year of a multi-year OIC is eligible for a CDP/Equivalent Hearing.

- Using CDP/Equivalent Hearing is generally slightly better than the centralized processing OIC route. First, the IRS Appeals/Settlement Officer will probably be a higher level IRS employee and not as focused on finding returning the OIC instead of considering it. Second, the OIC will likely be acted on sooner if submitted via a CDP/Equivalent Hearing.

6. Trust Fund Recovery Penalty (the “100% Penalty”).

- The liability for the Trust Fund Recovery Penalty is joint and several between all taxpayers determined to be a “responsible person” under IRC § 6672.
- In cases where there are multiple responsible persons, the IRS may assess and recover the Trust Fund Recovery Penalty from only one of the responsible parties.
- If the IRS does proceed against multiple responsible persons, they are entitled to recover the full amount of the penalty only once.
- The IRS is authorized to collect the maximum amount it can from each responsible party and then abate the excess recovered from any one party after it has ceased its collection activity.
- Where more than one person is liable for the Trust Fund Recovery Penalty, one responsible party is allowed a federal right of contribution

to recover a proportionate share of the Trust Fund Recovery Penalty from the other responsible person(s).

- In order to set forth a claim for contribution against others, the person seeking contribution must show that the others are responsible persons, and that they willfully failed to collect or truthfully account for and pay over the payroll taxes.
- Where there is more than one responsible person, the IRS can disclose to those responsible persons: (1) the names of any other persons determined to be liable for the Trust Fund Recovery Penalty; and (2) whether the IRS has attempted to collect the Trust Fund Recovery Penalty from the other person, the nature of the collection actions taken, and the amount collected. IRC § 6103(e)(9).

7. Qualified Offers and Recovery of Attorney Fees. Consider using a qualified offer to put pressure on the IRS to settle the taxpayer's case.

IRC § 7430(c)(4)(E) provides a qualified offer rule, which treats the taxpayer as the prevailing party and allows for the recovery of reasonable administrative and litigation costs if the taxpayer made a "qualified offer" which was rejected by the government and the taxpayer's subsequent liability determined by the court is less than or equal to the amount offered.

A “qualified offer” is an offer designated as a qualified offer and made in writing to the United States at some time during the period beginning on the date the 30 day letter was sent and ending 30 days before the date the case is first set for trial. IRC § 7430(g).

8. Transferring Property Subject to Tax Debt (Legal/Ethical Issues)

- a) Selling assets of business with tax debt for market value.

Example:

i) Bob is sole shareholder and president of ZipCo, Inc. ZipCo owes \$200,000 in payroll taxes, \$100,000 of which are trust fund. ZipCo has no valuable assets and is not profitable. Bob has sufficient assets to pay the trust fund portion of ZipCo’s debt. Bob’s objective is to try and return ZipCo to profitability but cannot afford \$200,000 back tax debt. What should Bob do?

ii) What if he sold ZipCo to unrelated third party for \$50,000, ZipCo paid the \$50,000 toward the trust fund portion of its debt and the Bob formed ZipCo LLC to compete with ZipCo?

iii) What if Bob obtained appraisal of ZipCo at \$50,000 and his son bought the business for \$50,000 (which it paid toward the trust fund liability) and hired Bob to run the company?

- b) Transfers of property between spouses.

Example:

i) Bob and Jane are recently married. Bob owes \$1M in back income taxes from pre-marriage years. Bob and Jane

realized that their community income is subject to the income tax debt. Can you advise them to divorce? Can you advise them to enter into a post-nuptial agreement stating that their income is not community?

ii) What about if the \$1M in tax debt is incurred during marriage.

iii) Can you advise clients to change property to joint tenants to limit exposure of asset to separate tax liability of one spouse?

c) Keeping assets safe.

You are working on an OIC for a client who owes \$1M in back income taxes and is subject to tax liens and final notice of intent to levy has been issued over year ago (levy could occur at any time). Client receives a small inheritance of \$100,000. Can you tell the client to keep it out of his bank accounts that the IRS knows about (keep in cash or open a new account)? Can you suggest that he place \$50,000 of it in your attorney trust account as a retainer for future legal fees related to this tax matter?

Handouts:

1. New 433-A and 433-B
2. Allowable Expense Tables
3. IRM Section on older vehicles
4. IRM section regarding offers from Partners
5. Change in Taxpayer Advocate's Authority (Order 267)

EXHIBIT A

OIC Example Attached

Basics:

- \$45,000 Lump Sum OIC for 1040 liability of over \$4 million. Dotcom founder's stock was used as collateral for loans and tax generated when stock plummeted in value and was sold to cover secured debt.
- California accepted \$25,000 OIC on \$750,000 liability from same taxpayer for same tax years
- IRS returned OIC determining RCP was \$6.8 million

Taxpayer's financials when OIC submitted:

- \$100,000 gross W-2 income
- Sole asset was 1/3 interest in X LLC which generated and distributed \$2,500/month to taxpayer (X LLC also owned 25% interest in Y LLC). Neither LLC had any assets – just held month to month contracts which paid the LLCs a management fee
- X LLC generated more income in past before it lost its primary customer – IRS averaged LLC's income using prior years before largest customer was lost
- IRS included both future income (projected using average of past income not actual current income) from LLC in RCP and value of LLC interests as an asset in RCP
- LLC interests held by taxpayer were valued as an asset in RCP at 100 times gross income



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

Date: August 21, 2007

[REDACTED]
[REDACTED]
San Francisco, CA [REDACTED]

Dear Mr. [REDACTED]:

I have reviewed your offer and find that it's too low and would be recommended for rejection procedures. You may withdraw the offer via the attached form. Provide the following items to me by 09/17/07 or the offer will be returned. You will receive instructions on how to appeal if the offer is rejected. Tax liens will be filed on all liabilities.

- 1) 1040-2005 will not be allowed on an offer as you were told to make the ES (estimated tax) payments during the last offer. Provide full payment of \$15,680.77 via certified funds.
- 2) Either file and full pay 1040-2006 or provide an income statement, tax calculation, and full payment of the ES due. Make any required ES payment for 2007.
- 3) Your 1040s for 2004 & 2005 have been selected for examination. Provide any information that you have on the issues in question. You must resolve the audits before any offer can be accepted.
- 4) Provide copies of your vehicle registrations.
- 5) Provide the following on both ~~X~~ LLC and ~~Y~~ LLC: F433B, Collection Information Statement for Businesses; the Articles of Organization, the Operating and Management Agreements (original contracts with all amendments), and a copy of the last income tax return filed.
- 6) Your Citibank account shows a \$25K deposit on 08/23/06 and a cash withdrawal of \$25,010 on the same date. Document the source of that deposit and what you did with the \$25K. Provide a copy of check #1062, \$5K, 10/31/06, and state what it was for.
- 7) Please see the attached worksheets where the minimal acceptable offer amount is calculated. The IET includes the average income received from ~~X~~ LLC 2003-2005 for 64 months based on your statement that K1 income will be resumed after 9/08. There are 89 months available. I also show the current reduced income and net ability to pay for the 1st 25 months. The AET shows estimated values for ~~X~~ & ~~Y~~ LLCs. I include the stock sales 2003-2005 as dissipated assets. The dissipated RP (real property) is based on the sale of [REDACTED] St, [REDACTED]/03, for \$1,425,000 and the \$500K Trust Deed you took on [REDACTED] Lane on [REDACTED]/03. You may provide documentary counter evidence to my figures.

Attachments: WD, IET, AET

TAXPAYER: [REDACTED]

TIN/EIN: [REDACTED]
Date: August 21, 2007**INCOME/EXPENSE TABLE (IET)**
(Rev. 1-2001)

The Internal Revenue Service uses established National and Local standards for necessary living expenses when considering Offers in Compromise. Only necessary living expenses will be allowed. Other expenses, such as charitable contributions, education, credit cards, and voluntary retirement allotments are generally not considered as necessary living expenses.

Total Income		Necessary Living Expenses		
Source	Gross		Claimed	Allowed
31. Wages/Salaries (T/P)	\$8,333.00	42. National Standard Expenses	\$950.00	\$916.00
32. Wages/Salaries (Spouse)	\$0.00	43. Housing and Utilities	\$2,000.00	\$2,000.00
33. Interest	\$0.00	44. Transportation	\$450.00	\$401.00
34. Net Business Income (from Form 433-B)	\$0.00	45. Health care	\$350.00	\$350.00
35. Rental Income	\$0.00	46. Taxes	\$2,775.00	\$5,538.00
36. Pension (Taxpayer)	\$0.00	47. Court ordered payments	\$0.00	\$0.00
37. Pension (Spouse)	\$0.00	48. Child/dependent care	\$0.00	\$0.00
38. Child Support	\$0.00	49. Life Insurance	\$371.00	\$200.00
39. Alimony	\$0.00	50. Secured or legally-perfected debts (specify)	\$0.00	\$0.00
40. Other - 3 yr av <input checked="" type="checkbox"/> LLC	\$19,359.00	51. Other -	\$865.00	\$0.00
41. Total Income	\$27,692.00	52. Total Expenses	\$7,761.00	\$9,405.00
(Line 41 minus Line 52) NET DIFFERENCE				\$18,287.00

53. Net difference times (a,b or c) = Amount that could be paid from future income:

Net difference = \$18,287.00

Months
64

Amount that could be paid = \$1,170,368.00 *

- a) If taxpayer is making a cash offer (offering to pay in 90 days or less) multiply the amount in line 53 times 48 or the number of months remaining in the statute.
 b) If the taxpayer is making a short term deferred payment offer (offering to pay within 2 years) multiply the amount in line 53 times 60 months or times the number of months remaining in the statute, whichever is shorter.
 c) If the taxpayer is making a deferred payment offer (offering to pay over the life of the statute), use the Deferred Payment Chart to determine the number of months.

The total offer must equal the sum of the equity in assets and the amount that could be paid from future income unless special circumstance considerations have been approved.

NOTES:

Line 42 National Standard expenses: Maximum allowable by IRS National Expense Standard for food, housekeeping supplies, apparel and services, and personal care products, based upon gross monthly income and number of persons in the household.

Line 43 Housing & Utilities expenses: Housing and utility expenses are limited to standards established for the county of residence and the number of household members.

Line 44 Transportation expenses: Transportation expenses are limited to the standards established for zero, one or two vehicles, and to a maximum allowable amount for lease or purchase of one or two vehicles.

* Plus \$1691 Net (without ~~X~~ tax at 2775) x 25 mos = 42,275
Income

Total 89 mos = 1,212,643

Date: August 21, 2007

TAXPAYER'S NAME: [REDACTED]

EIN/TIN: [REDACTED]

ASSET/EQUITY TABLE (AET)

(Rev. 1-2007)

ASSETS	Fair Market Value	Quick Sale Reduction Percentage	Quick Sale Value	Encumbrances or Exemptions	Net Realizable Equity
1. Cash/Bank Accounts	\$1,814.00				\$1,814.00
2. Offer Deposit					
3. Loan Value Life Insurance					
4. Pensions / IRA/401(k)					
5. Real Estate					
6. Furniture/Personal Effects	\$6,000.00	20	\$4,800.00	\$7,720.00	
7. Vehicles	\$10,000.00	20	\$8,000.00		\$8,000.00
8. Accounts Receivable					
9. Tools and/or Equipment					
Other - X LLC	\$2,000,000.00	_____	\$2,000,000.00		\$2,000,000.00
Y LLC	\$1,000,000.00	_____	\$1,000,000.00		\$1,000,000.00
Dissipated stock 2003-2005	\$655,607.00	_____	\$655,607.00		\$655,607.00
Diss RP equity	\$1,925,000.00	_____	\$1,925,000.00		\$1,925,000.00
Future Income Value (see Income and Expense Table (IET) attached)					\$1,212,643.00
TOTAL MINIMUM VALUE					\$6,803,064.00

Item 6 IRC 6334(a)(2) allows an exemption of \$7,720 for fuel, provisions, furniture and personal effects.
 Item 9 IRC 6334(a)(3) allows an exemption of \$3,860 for tools of the trade.

REMARKS: