

Focus on Fun

1. The Ways & Means Committee agreed to take a position that the use of certain vehicles would be excluded from income as a working condition fringe benefit. Now, while that sounds like a reasonable and taxpayer friendly approach by a Congressional Committee, it would perhaps be warranted to note that the vehicles included in this ruling – keeping in mind that this ruling says that the use of these vehicles would not create taxable income to the individual as a personal benefit – were, forklifts, cement mixers, dump trucks, refrigerated trucks, tractors, combines, delivery trucks with seating only for the driver, flatbed trucks, passenger busses, marked police and fire vehicles, ambulances, hearses and cherry pickers;
2. Doctors are a frequent subject of IRS audits and litigation. Often, the IRS' aggressiveness is appropriate. However, there are times when you really have to wonder:
 - ◆ IRS agents accused a physician of not filing tax returns for two years – when at the same time, other IRS agents were auditing those same two years;
 - ◆ A doctor received a notice “Correction to Arithmetic”. The notice warned that in checking the arithmetic on the doctor’s tax return, the IRS had to make corrections. The notice further went on to state that the doctor might want to check his figures against those shown below. What was shown below were 11 entries – all in the amount of zero;
 - ◆ Finally, recognize that the IRS policy is not to refund amounts below \$1. So when a doctor was advised that he owed the IRS 25 cents, he decided that reciprocity was in order, and didn’t pay the 25 cents. The IRS then dunned him for the 25 cents, along with interest, and a \$100 penalty.