

Eliminating Owed Taxes

By Diane Wilson

(WTVD) -- This is a special troubleshooter investigation into promises of tax relief.

The promise is that you'll save thousands of dollars all for one fee.

It's tax time, and it could be a stressful time especially if you owe. But when you hear big promises of tax relief, explore your options. If you don't, you could end up deeper in debt.

Dave Grupy contacted JK Harris to help solve his tax problems.

"I was going to go to the IRS, but I was paranoid [about] what would happen," said Grupy.

Paranoid because he was way behind on his federal taxes. Grupy admits he didn't file for a few years and owed the IRS thousands.

Grupy said JK Harris and Company made him an offer he couldn't refuse.

"He said I can get you an offer of compromise dead on," Grupy said. "We'll probably go between an offer of 100 to 500 dollars. That's all you'll have to pay."

Willie Newkirk said JK Harris made him a similar offer. The company said it could take care of his \$8,000 in back taxes with a "offer in compromise." That's an agreement with the IRS to pay less than owed in back taxes.

"They made it sound like they could do it just like that," said Newkirk.

He paid JK Harris \$3,350 for the service. Grupy paid \$1,750 -- both waited but never got the offer in compromise.

"From what the IRS is telling me, they [JK Harris] didn't even contact [them]," said Newkirk.

The IRS told Grupy someone must have dropped the ball because he never qualified for an offer of compromise. So, for 15 months, he waited only to find that JK Harris had not done anything to eliminate his owed taxes.

Both stories are similar ones one former IRS agent said he's heard all too often.

"Anytime someone guarantees you we can get it done -- we can get it accepted, I would walk away because there are no guarantees," said **Louis Arthur**, former agent. "The IRS has the final say so. The IRS has the final control."

Arthur should know because he worked for the IRS for 32 years. Some of those years in the Offer in Compromise Division and he now specializes in tax negotiation.

"For a small offer of \$6,000, the IRS is probably not even going to consider it because they have a 10-year statute to collect the tax," said **Arthur**. "They can collect that tax in that amount of time."

He said it wouldn't be worth the trouble for the IRS to collect such a small amount through an offer in compromise.

"Generally you need to owe a large debt because any chance you can pay the liability off, it's not going to be accepted," said **Arthur**. "So if you owe ten to \$20,000, the government is probably not going to accept it."

And the IRS adds the offer should be a last resort for tax payers as most aren't actually accepted.

"Generally speaking, less than one percent of balances due to [the] IRS are settled with offer in compromise," said **Arthur**.

Newkirk learned that lesson the hard way.

"It hurt me bad," he said. "We're still struggling and trying to catch up."

Grupy is experiencing a similar outcome.

"To date, I've paid over \$2,000 in taxes and penalties they were supposed to take care of for me," said Grupy. "Plus they have the \$1,900 on top of that and haven't done a thing."

There is some relief for both of the men. Grupy got a 92 percent refund from JK Harris and Newkirk was promised an 86 percent refund by March.

JK Harris told Eyewitness News that in Newkirk's case, they were unable to perform his contract because Newkirk did not give them the documentation needed after repeated requests. Newkirk said that is not true.

And those men are not alone. The state attorney general's office said they're part of a multi-state investigation involving JK Harris. In N.C. they have received more than 70 complaints since JK Harris started operating in the state.

As for JK Harris, they sent Eyewitness News a statement that says in part, "We offer our clients many more settlement options than the offer in compromise program. We agree options should be considered. Our contract disclosure states 'the number of offers in compromises accepted by the IRS is substantially lower than the total number of offers submitted.'"

And the company added they are continuing to work closely with the attorneys general to alleviate any concerns they may have.

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