



Wood LLP

Tax Alert



Robert W. Wood

THE TAX LAWYER

TAXES 8/29/2014

Vanessa Williams Slapped With Six Figure IRS Tax Lien

The IRS filed a \$369,249 [federal tax lien](#) against Vanessa Williams, saying the singer-actress owes the federal government that amount on her 2011 earnings. Tax liens aren't fun, and no celeb or anyone else likes the embarrassment, much less having to pay. The lien was filed on August 13, 2014, as this copy of the [federal tax lien](#) reveals.

Williams, 51, has had a storied and successful career. This lien could just be a kerfuffle between notices and her advisers, but it's still serious. Tax liens can be about income, property, or even estate taxes. They can be state, federal or local. And they are all about getting paid.

Celebs can often be in this position. Despite high earnings, their tax bills may slip through the cracks. Take [Lindsay Lohan](#), whose missed bills lead to a [\\$94,000 tax lien](#). Notices start the process.



Vanessa Williams at pre-opening of Otarian NYC (Photo credit: Wikipedia)

In fact, the IRS can file a [Notice of Federal Tax Lien](#) only after:

- IRS assesses the liability;
- IRS sends a Notice and Demand for Payment saying how much you owe; and
- You fail to fully pay within 10 days.

The IRS automatically has a lien and files notice so creditors know. IRS tax liens cover all your property even that acquired after the lien filing. The courts use it to establish priority in bankruptcy proceedings and real estate sales.

IRS liens last 10 years, and usually release automatically if IRS has not refiled them. However, you're better off to get them removed immediately. Getting the IRS to release a lien usually involves: (1) paying the tax, interest and penalties; or (2) posting a bond guaranteeing payment. Even then the IRS may take 30 days. State or local government charges to file and release the lien

are added to the amount you owe. See [IRS Publication 1450, Request for Release of Federal Tax Lien](#).

Entertainers aren't the only ones with tax lien problems. Case in point? The embarrassment over [tax liens on Newt Gingrich](#). But liens and seizures aren't the same. The lien just makes sure the IRS *eventually* gets paid. A seizure means *now*.

The [Treasury Inspector General for Tax Administration](#) (TIGTA) reviewed a random sample of 50 of 738 IRS seizures conducted from July 1, 2011, through June 30, 2012. In the majority of seizures, the IRS followed all guidelines. However, in 15 seizures, TIGTA identified 17 instances in which the IRS did not comply with a legal mandate of the tax code. The legal errors included:

- The sale of the seized property was not properly advertised. (Section 6335(b));
- The amount of the liability for which the seizure was made was not correct on the notice of seizure provided to the taxpayer. (Section 6335(a));
- Proceeds resulting from the seizure of properties were not properly applied to the taxpayer's account or seizure and sale expenses were not properly charged. (Sections 6341 and 6342(a)); and
- The balance-due letter sent to the taxpayer after sale proceeds were applied to the taxpayer's account did not show the correct remaining balance. (Section 6340(c)).

But occasionally, even the IRS gets a lien wrong, as occurred when [Dionne Warwick proved IRS tax liens can be wrong](#). Bottom line, it pays to check everything carefully.

Contact me at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.