



## Robert W. Wood

THE TAX LAWYER

May. 23 2012 — 6:02 am

### Dionne Warwick Proves IRS Tax Liens Can Be Wrong

Do tax liens ever turn out to be wrong? In my experience rarely, and I've been a tax lawyer for over [30 years](#). But it does happen *occasionally*. Here's a great example. It concerns someone who knows a thing or two about tax liens: [Dionne Warwick](#).

The Diva has had more than a few run-ins with IRS liabilities over the years. She had a \$2.2 million federal tax lien filed against her back in 2009, an apparent result of unpaid taxes from the 1990s. Amazingly, the IRS has officially revoked it. Evidently the lien was the result of an accounting mistake! See [Dionne Warwick: \\$1.2 Million Break In Unpaid Tax Case](#).

However, Ms. Warwick evidently still owes the IRS just under \$1 million, so the error doesn't wipe away her entire tax debt. Of course, Ms. Warwick is not the only celeb to have tax problems. Despite high earnings, their tax bills often seem to slip through the cracks. Take [Lindsay Lohan](#), who missed bills leading to a [\\$94,000 tax lien](#). See [In Taxes, Lindsay Lohan Is No Kim Kardashian](#).



Dionne Warwick (Photo credit: Wikipedia)

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.

**Liens Last 10 Years.** 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.

**Lien Release.** 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](#).

**Suit?** If the IRS knowingly or negligently fails to release a Notice of Federal Tax Lien when it should be released, you may sue the federal government for damages.

Entertainers aren't the only ones with tax lien problems. Even Newt Gingrich was nearly unleashed over tax liens. See [Tax Liens and Newt Gingrich](#).

For more, see:

[IRS Files Tax Lien against Rapper Bow Wow](#)

[Tax Liens Means IRS Thinks You Owe](#)

[Duke Lacrosse Tax Lien Highlights How Lawsuits Are Taxed](#)

[Got A Tax Notice? Here's What To Do](#)

[Follow Three Simple Tax Rules](#)

[When Fighting IRS, Should You Pay To Stop Interest?](#)

[Ten Things To Know About Fighting An IRS Bill](#)

[Choose Your Ground In Tax Disputes](#)

[Crocodile Tears For Paul Hogan Tax Travails](#)

*Robert W. Wood practices law with [Wood LLP](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009 with 2012 Supplement, [Tax Institute](#)), he can be reached at [Wood@WoodLLP.com](mailto: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.*