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Robert De Niro Hit With \$6.4M Tax Bill: A Cautionary Tale

[Robert De Niro](#) owed \$6.4 million to the IRS for his 2013 tax return, but it appears he just learned of it. The Oscar winner's tax debt surfaced in [documents first uncovered by the Smoking Gun](#). Mr. De Niro has an estimated worth of over \$200 million, and is reputed to spend \$125,000 a month on his rental on Central Park West. In that sense, this tax bill doesn't seem so large.

But it was unpaid, as the [notice to New York City's Department of Finance](#) revealed. That is what an IRS [lien](#) filing is all about. But right away, Mr. De Niro took action. In fact, his spokesman Stan Rosenfeld said the problem occurred because the IRS delinquency notices had been sent to an old address. As soon as the actor learned of the tax lien, he had a check for the full amount hand delivered to the IRS.



Not every tax debtor can write a check of this size on the spot. In any case, it may seem hard to believe that someone could not know about a \$6.4 million bill. Yet celebrities seem often to find themselves in this position. Despite high earnings, their tax bills may slip through the cracks. They may have managers or other professionals handle all of such details.

And make no mistake, this didn't occur because of just one missed notice. There would have been multiple notices that went unanswered, escalating the dispute. As one might expect, that usually means extra interest and penalties. The IRS can file a [Notice of Federal Tax Lien](#) only after:

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

The IRS files a notice of lien so creditors know. IRS tax liens cover all property, even if 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](#).

Liens and seizures aren't the same. The lien just makes sure the IRS *eventually* gets paid. A seizure involves forced collection so the IRS can sell property and get paid now. But occasionally, even the IRS makes a mistake. For example, it happened to [Dionne Warwick, and she proved that an IRS tax lien can be wrong](#).

More recently, [comedian Chris Tucker had a \\$14 million IRS lien](#). He is witty, but it is hard to outwit the IRS when it moves to collect on a huge tax bill, particularly when they start to snowball. Tucker had a new lien adding \$2.5 million to a previous [\\$12 million](#). Fortunately, Mr. Tucker reached a deal [settling the huge bill](#).

That is another lesson about liens and levies. No matter who you are, when bills get to this stage, there are usually extras like penalties and interest, not to mention costs and expenses to get it fixed. Settling large amounts and multiple years can be expensive. In the case of celebrities, usually someone has not done what they were supposed to do. Otherwise the lien wouldn't be filed in the first place.

Mr. De Niro's address problem is all too common. Mr. Tucker's explanation through a representative was that poor management was to blame, including poor accounting and business management. That too is a common problem, one that hardly seems surprising for celebrities who often have multiple handlers.

As for the rest of us, missing out on notices is easier to happen than you might think. People move and may not receive errant mail. Use consistent addresses with tax filings, and when you do move, file a [Form 8822, Change of Address](#) with the IRS. And remember, the longer IRS bills are outstanding, the more you owe.

Moreover, by not responding to notices promptly when they arrive, one can often lose out on certain procedural rights. Just about everything in the tax system has a timed response, such as 30 or 90 days. If you don't receive a notice and miss out on a procedural advantage, you may not be able to make it up later.

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