

Enrolled Agents Errors & Omissions Claims

Allegation: failed to properly file "S" Corporation election for his taxes. The client also alleged that the insured arranged a loan with interest in excess of the maximum 10% per annum

Total Claim Value: \$86,743

Allegation: failed to include (2) 1099 on the client's tax forms and as a result the IRS sent the client notice for additional taxes, penalty & interest. The client paid the taxes and sought restitution from the Enrolled Agent to pay the penalty & interest.

Total Claim Value: \$1,526

Allegation: Enrolled Agent's employee embezzled from client who was previously convicted of fraud. Client owed payroll taxes. Causes of action included: 1. Breach of Contract/Implied Covenant of Good Faith and Fair Dealing; 2. Negligent Hiring/Supervision; 3. Breach of Fiduciary Duty; and 4. Vicarious Liability.

Total Claim Value: \$161,700

Allegation: Client demanded the payment of fines and penalties assessed by the IRS due to an error by the Enrolled Agent. The Enrolled Agent attempted to have the IRS abate the penalties, but the IRS was unwilling to do so.

Total Claim Value: \$14,675

Allegation: Resulting from IRS audit it was discovered the client worked abroad and was entitled to the foreign tax credit, but once the client began working for the government/civilian job, the foreign tax credit was no longer allowed which was an oversight by the Enrolled Agent resulting in taxes, interest & penalties.

Total Claim Value: \$3,796

Allegations: Enrolled Agent admitted to errors in preparing the tax return that led to the IRS audit. The error is based on her advice that the client elect to treat her LLC as a single owner entity/sole proprietorship (the other choice was to treat the LLC as a Sub S corp) and at the same time pay wages on a W2 to the owner. It was determined by IRS his should not have been allowed. Enrolled Agent represented client at IRS audit. The auditor disallowed all deductions and assessed an approximate \$150,000 tax liability against the client. Following the end of the audit, the client fired Insured and hired an attorney to fight the IRS and the tax assessment. The attorney succeeded in reducing the tax liability.

Total Claim Value: \$34,500

Allegations: Claimants failed to file an S Corp return and personal returns. Enrolled Agent had power of attorney to file returns, however failed to do so. Damages: Fees, penalties and costs associated with re-filing, representation in front of IRS.

Total Claim Value: \$27,500