



November 5, 2010

IRS News

Alico Receives Extension from IRS

Alico Inc. a grower and land manager was issued a letter of demand by the IRS to pay \$22.5 million in tax and penalties (\$14.5 million in tax and another \$8 million in penalties). The company was given 30 days to file a response. This the Labelle-based company did and was given an extension by the IRS.

The dispute is over whether and how Alico Inc. could consolidate the tax returns of its two subsidiaries, Alico-Agri and Alico-Insurance. It also pertains to the method used to calculate real estate sales on its tax returns. Agri-Insurance or Alico-Agri were dealers in real estate during the years under examination and thereby precluded from using the installment method for real estate sales made during the years under audit.

The IRS issued two 30 day letters on these matters dated October 28, 2010 and September 9, 2010. The letters did not say anything about the interest related to the demand. Alico does not agree to the IRS position on the matter.

No amount of settlement has been discussed or established.

IRS places Lien on Chamber of Commerce

The Chamber of Commerce of Grand Lake, Colorado has been issued a tax lien for \$15,000 by the IRS for failing to remit payroll tax in 2007 and 2009. The lien also covers interest and fines.

A former executive director in the Chamber in charge of payroll taxes was charged with theft of \$17,000 while serving in the Chamber.

To help tide over this period, the Chamber received \$5,000 in donations and pledges from the community to enable it to function until 2011. This money is likely to be taxable. In the meantime, the Chamber has arranged a payment plan to pay the IRS \$600 a month to settle its tax debt.

IRS in Battle with Young Buck over Assets

The IRS is defending itself in a lawsuit brought against it by rapper Young Buck. In the lawsuit, Young Buck, whose real name is David Darnell Brown, alleges that the IRS forcibly seized \$25,000 worth of his assets in August which include some of his children's possessions as part of efforts to pay off his tax debts, causing him and his family severe stress. The lawsuit also states that the rapper's creative ability to create music has been stifled by the loss of the assets.

The IRS has denied the seizure was 'forceful' and that the children's belongings were part of what was taken. Naturally, the IRS also does not accept the rapper's contention that his 'creative juices' are suffering in the absence of his assets like a Tennessee Titans soda machine and arcade video game machines.

The IRS intended to sell off the assets at an auction scheduled for last

month but was halted when Young Buck applied for Chapter 13 bankruptcy protection. However, the bankruptcy judge did order the rapper to pay expenses amounting to \$13,788.12 due to the cancelled auction. In addition, the judge also ruled that Young Buck must confirm a plan by December 7 describing how he will repay all his creditors and he must be current with all his payments by then also, failing which the auction will commence.