



**#WHALEALERT:
COURT SAGA TIMELINE**

INTRODUCTION

Alexander Strashny and Laura Strashny filed a timely Federal crypto tax return for 2017, but did not pay the crypto tax shown as due.

Find out how avoidable mistakes cost these two crypto whales over 1 million dollars in tax debt and penalties.

APR
15
2018

FILED TIMELY TAX RETURN

The Strashny's filed a timely Federal income tax return for 2017 but did not pay the tax shown as due.

JUN
4
2018

IRS ASSESSED MONIES DUE & FAILURE TO PAY

The IRS sent the Strashny's a bill for over 1 million dollars.

JUL
24
2018

FORM 9465 REQUEST W/FORM 433-A SENT TO IRS

The Strashny's sent the IRS via certified mail a Form 9465, Installment Agreement Request, proposing to pay their 2017 tax liability in installments over a six-year period. They attached a completed Form 433-A, which is a financial statement of their sources of income and assets.

DEC
17
2018

IRS SENT NOTICE CP90 (INTENT TO SEIZE ASSETS)

As of December 2018 The Strashny's outstanding liability for 2017 (including interest and penalties) exceeded \$1.1 million. On December 17, 2018, in an effort to collect this unpaid liability, the IRS sent The Strashny's a Notice CP90, Intent to Seize Your Assets and Notice of Your Right to a Hearing. The Strashny's appealed the rejection of their installment agreement by filing a request for a Collection Due Process Hearing.

FAILURE TO CHECK INABILITY TO PAY

The Strashny's did not check the box indicating that they could not pay the balance, and they did not dispute their underlying liability for 2017. After reviewing The Strashny's administrative file a Settlement Officer confirmed that their 2017 liability had been properly assessed and that all other requirements of applicable law and administrative procedure had been met.

APR
17
2019

SUBSTANTIAL CRYPTO INCOME IDENTIFIED

The Settlement Officer sent The Strashny's a letter scheduling a conference for May 29, 2019. She reviewed their Form 433-A, which showed that they owned substantial investment assets, consisting chiefly of cryptocurrency.

OVER \$7 MILLION IN CRYPTO

Before the scheduled conference the Settlement Officer received from The Strashny's representative a copy of their 2018 tax return, which reported wages exceeding \$200,000, and investment statements showing cryptocurrency assets valued over \$7 million.

SETTLEMENT OFFICER CONCLUSION: THE STRASHNY'S INELIGIBLE FOR INSTALLMENT PAYMENTS

The Settlement Officer concluded that The Strashny's were ineligible for an Installment Agreement after determining that they could fully satisfy their tax liability by liquidating a portion of (or borrowing against) their cryptocurrency assets therefore did not abuse her discretion in denying The Strashny's request for an Installment Agreement.

SETTLEMENT OFFICER CONCLUSION: THE STRASHNY'S MADE NO CASE FOR NEEDING AN INSTALLMENT PLAN

The Strashny's made no showing of economic hardship or other special circumstances: They reported annual wages exceeding \$200,000 and were withdrawing an additional \$19,000 per month (or \$228,000 annually) from their cryptocurrency account.

SETTLEMENT OFFICER CONCLUSION:NO EVIDENCE SUPPLIED

The Strashny's supplied no evidence that they were unable to withdraw from that account sufficient additional sums to pay their tax liability in full.

MAY
29
2019

DURING CONFERENCE CRYPTO WITHDRAWAL NOTED

During the conference the Settlement Officer noted that The Strashny's were currently withdrawing \$19,000 per month from their cryptocurrency account, and she asked why they could not liquidate or borrow against those assets in order to discharge their tax liability in full.

THE STRASHNY'S COULD NOT QUALIFY FOR INSTALLMENTS, BUT THEY DELAY PAYMENT ANYWAY

The Strashny's representative said he would discuss that point with them and get back to her. The Settlement Officer emphasized that The Strashny's could not qualify for an Installment Agreement if they had the current ability to pay their tax liability in full and simply chose not to do so.

STRASHNY'S REPRESENTATIVE CLAIMS LEVY NOTICE FROM IS UNWARRANTED

The Strashny's representative contended that the IRS should not have issued the notice of intent to levy while their Form 9465 request was pending. The Settlement Officer replied that no levy action would be taken until she had addressed their request for an Installment Agreement. Once that request was formally rejected, however, the Settlement Officer indicated that levy action would be appropriate 30 days after the rejection.

JUN
03
2019

REPRESENTATIVE SUPPLIED NO EVIDENCE TO IRS

The Settlement Officer had a second call with The Strashny's representative on June 3, 2019. The The Strashny's representative supplied no evidence that petitioners were unable to draw on their cryptocurrency account to pay their liability.

LEGAL REP INSISTS ON SIX YEAR PLAN

The Strashny's rep insisted that they could still qualify for an Installment Agreement by agreeing to pay their liability in full over a six-year period. The Settlement Officer replied that this six-year rule applies only where a taxpayer lacks the ability to pay the entire liability currently. The representative subsequently spoke with the Settlement Officer's manager, who confirmed her analysis.

JUN
25
2019

IRS REJECTS PROPOSAL BY STRASHNY'S REPRESENTATIVE

The IRS issued a notice of determination sustaining the proposed levy, rejecting The Strashny's request for an Installment Agreement, and stating that "levy action is permitted 30 days after the rejection." The Strashny's timely petitioned this Court for review.

ALEXANDER STRASHNY AND LAURA STRASHNY CLAIM IRS FAILED TO COMPLY BUT CITE NOTHING IN RECORD

The Strashny's contend that the IRS failed to comply with an IRM provision stating that a taxpayer's request for an Installment Agreement should be recorded within 24 hours of receipt, but The Strashny's cite nothing in the record to show that the IRS failed to meet this 24-hour timeframe.

FEB
13
2020

CROSS-MOTIONS FOR SUMMARY FILED

On February 13, 2020, the parties filed cross-motions for summary judgment.

JUNE
11
2020

TAX COURT RULES AGAINST THE STRASHNY'S

The judge filed his decision regarding (Strashny v. Commissioner of Internal Revenue).

Judge concludes that the Settlement Officer did not abuse her discretion in rejecting the Installment Agreement, remand for a supplemental hearing would serve no useful purpose. Finding no abuse of discretion in this or any other respect, we will grant summary judgment for respondent and deny petitioners' cross-motion.



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