

June 6, 2012

Tax Questions Victims May Have

Some victims have voiced questions or concerns about the federal tax consequences of the financial losses they suffered from their universal lease investment, particularly relating to funds that were taken from an IRA account or similar instrument to purchase a universal lease.

The Internal Revenue Service has furnished some guidance and Revenue Rulings which may be of assistance to victim taxpayers.

If, after reviewing the material provided by IRS, victims who have questions regarding IRA and other retirement plan assets lost due to theft or fraud may submit their tax questions to the Employee Plans Division of the IRS, which has a customer assistance line (877-829-5500). (Note although the people who answer this phone line may have to refer questions to the Employee Plans Division at IRS Headquarters, those questions will be assigned to someone who will be better able to answer these questions.)

There also is an email portal for retirement questions, which is retirementplanquestions@IRS.gov. This email portal goes to the same people as the assistance line. If email is used, the sender should provide a phone number as the question is usually answered by phone call, rather than email

Of course, victims who have questions concerning the treatment of losses due to the universal lease scheme may also consult a tax advisor.

The materials provided by IRS include:

1. Frequently Asked Questions (FAQs) concerning deducting IRA amounts lost due to theft or fraud;
2. Revenue Ruling 2009-9 concerning money lost due to a *Ponzi* scheme;
3. Revenue Ruling 2009-20 concerning an optional safe harbor treatment for taxpayers who experienced a loss in an investment arrangement that was later determined to be criminally fraudulent; and
4. Revenue Ruling 2011-58 modifying Revenue Ruling 2009-20 as to what constitutes a "Qualified Loss," a "Lead Figure," and "Discovery Year."