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## IRS' demands don't ease for Ely couple

By: Dave DeWitte

**Q:** What happened to the couple from Ely who were stuck with a quarter-million-dollar alternative minimum tax bill after their incentive stock option shares of McLeodUSA lost their value before they sold them?

**A:** The latest jolt to Ron and June Speltz of Ely came when they received an IRS letter rejecting their "offer in compromise" on the remaining \$124,000 of their original \$206,000 federal income tax bill. The parents of four received the rejection letter by certified mail Aug. 11, as they were getting ready to begin a relaxing weekend. Instead, they spent the weekend wondering what the future held for them.

Ron Speltz, who still works at McLeodUSA, said he expected the IRS to accept the offer to pay an additional \$1,000 because the couple have no more liquid assets to give the IRS and because they are entitled under a newly enacted law to be repaid most of the money they have paid or will pay the IRS for the alternative minimum tax.

The refund mechanism was set up last year in legislation to provide relief to taxpayers who were stung by the alternative minimum tax on worthless incentive stock options they received during the dotcom bust of 2000 and 2001.

The Speltzes should know — they attended the signing ceremony for the bill at the invitation of the White House.

"The original (tax) bill was \$224,869, and we've borrowed and paid them everything we could come up with and liquidated anything and everything we had," Ron said.

Their payments have totaled \$160,000, or 71 percent of their 2000 tax liability. The relief legislation provided for about 70 percent of the alternative minimum tax to be credited back to the taxpayers over five years. But interest and penalties are accruing at a rate of about 19 percent per year, defeating their efforts to pay off the full amount.

The Coalition for Tax Fairness has been helping the Speltzes with their tax case and in lobbying efforts to change the tax.

Coalition spokesman Tim Carlson said the group is grateful for the passage of the bill to provide relief for taxpayers who fell under the alternative minimum tax because of incentive stock option shares that lost value.

Carlson said the group is now working for "phase 2" of the relief, which would provide for the IRS to suspend collection

efforts and for the penalties and interest to be dropped.

“They (Congress) have passed legislation saying these payments need to be returned,” Carlson said. “The IRS is literally ignoring it.”

Carlson and Ron Speltz said they are exhausted after seven years of lobbying to have the unfair tax removed.

“You cannot believe the stress this has placed on our family,” Speltz said. He

said his 8-year-old daughter, Angela, who’s been hearing about the IRS problem all of her life, discovered the certified IRS letter and expressed excitement that it might be the end of their IRS nightmare.

The letter instead said the family has too many assets to qualify for a settlement under a “doubt to collectibility” argument.

“Lo and behold,” Ron said. “It was a rejection letter.”

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