**BizBoost News**

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**Understanding Your IRS Notice**

Dealing with the IRS can be stressful! There are taxpayers who receive an IRS notice and because they are so fearful, they will pay the notice without verifying the accuracy. The IRS may not have all the facts, so **do not pay anything** without checking the details. Also, do not ignore any letter sent by the IRS—doing so will only make the situation worse. Understanding your IRS notice empowers you to make the most informed decision for your situation.

The IRS sends notices and letters for the following reasons:

* You have a balance due
* You are owed a larger or smaller refund
* The IRS has a question about your tax return
* The IRS needs to verify your identity
* The IRS needs more information to process your tax return
* The IRS changed your return
* There are delays in processing your return

(Remember, the IRS will never call you on the phone to collect money or verify your identity; if someone says they are the IRS on the phone, it’s a scam! Don’t fall for it.)

First, check the **type of notice** that the IRS sent you (example: Notice CP2000 indicates that the information contained in the tax return doesn’t match what was reported to the IRS by third parties) and review which **tax year** this applies to. This information will be included in either the upper right- or left-hand corner of the notice.

Read the notice carefully. If the tax return was changed by the IRS, compare the information listed on the notice with your tax return. Review line items thoroughly and determine what numbers are different.

In 2020 and 2021, the IRS fell behind processing returns and especially those that were filed on paper. That resulted in a LOT of IRS letters going out that were just plain wrong because the paper returns had not been entered into the system yet.

If you *agree* with the notice and there is a balance owed, make certain to pay it by the due date to avoid additional fees and penalties. If you can’t afford to pay the full amount listed, pay as much as you can now. If you need to pay over time, consider applying online for an installment agreement.

If you *disagree* with the notice, be sure to follow the instructions included in the letter that indicate how to dispute their findings. Often, you will need to provide not only an explanation of why you disagree, but also the documents that support your position. The notice will also tell you the timeframe you need to respond in and how to do it (ex: mail or fax). Responding timely preserves your right to appeal an IRS decision if you don’t agree with it!

And this is where you will probably want to get expert representation anyway, especially if the IRS says you owe a lot. The only three types of tax professionals that can represent you in front of the IRS are CPAs, Enrolled Agents, and attorneys.

**Always provide any IRS correspondence to your tax preparer**. There may be information contained in the notice that impacts the following tax year, which is important for your tax preparer to be aware of. Most of all, reach out to your tax preparer for assistance if you do not fully understand the notice. Getting them involved early could save you a lot of worry, and maybe even some money if penalties can be waived.

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Tweets

Insert a link to your newsletter, web site or blog before you post these:

Our latest blog: “Understanding Your IRS Notice” is available now! Subscribe here: [link]

If you receive a letter from the IRS do not ignore it - doing so will only make the situation worse. Understanding your IRS notice empowers you to make the most informed decision for your situation. Learn how to understand your IRS notice in our latest blog article: [link]

Our latest blog article will help you understand your IRS notice and what steps to take to handle the situation. Get instant access here: [link]

Dealing with the IRS can be stressful! There are taxpayers who receive an IRS notice and because they are so fearful, they will pay the notice without verifying the accuracy. The IRS may not have all the facts, so do not pay anything without checking the details. Learn more here: [link]

If you receive an IRS notice, first, check the type of notice that the IRS has sent (example: Notice CP2000 indicates that the information contained in the tax return doesn’t match what was reported to the IRS by third parties) and review which tax year this applies to. Learn more here: [link]

DID YOU KNOW… The IRS sends notices and letters for the following reasons:

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Learn how to handle an IRS notice here: [link]

Tax Tip: Always provide any IRS correspondence to your tax preparer. There may be information contained in the notice that impacts the following tax year, which is important for your tax preparer to be aware of. Learn more in our latest blog article: [link]

Do you know the steps to follow when you receive an IRS notice? Sign up for our newsletter to learn how to handle this stressful situation: [link]