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WHAT TO DO WHEN YOU RECEIVE AN IRS NOTICE

By Victor Sy, CPA

The Internal Revenue Service sends millions of notices to taxpayers every year. Here are 10 tips to deal with such notices.

But first, you have to open the envelope from the IRS, even if you don't really want to. If you don't, you may miss a deadline to respond. I have new clients bring correspondence from the IRS - *unopened*. I have seen 30-day letters that have expired. In worse cases, 90 day letters (Notice of Deficiency) have expired. This means that you have lost by default. It's reminiscent of having a case before a judge. The IRS shows up, you don't. You lose. Ouch!

1. IRS notices are **not all that bad**. Of course, some will be notices to pay taxes. But some may be mere requests for additional data. Whatever it is, you have to open it to know what it is. This way, you can react to resolve the issue.
2. If you receive a **correction notice**, understand the nature of the correction and compare it with your tax return.
3. If you **agree** with the correction, send a payment for any tax due.
4. If you do **not agree** with the correction, respond. Write an explanation as to why you disagree. Attach documents to prove your point.
5. If you are **unable to figure it out**, go to your tax preparer for review and response.
6. **Promptly mail** information to the IRS (use address shown in the lower left part of the notice). Include the bottom tear-off portion of the notice.
7. It's vital that you keep **copies** of all documents that you send.
8. However, if you have questions, **call** the telephone number in the upper right corner of the notice. Have a copy of your tax return and the correspondence available when you call. Here, you will learn that patience is a virtue. ☺
9. If it cannot be resolved by telephone, **visit an IRS office** where you can explain your position face to face. If you are afraid to do so, turn to your tax professional for help. You should have asked your tax pro for help in the first place.
10. It's critical that you keep a **written memo** by creating a word document on your computer or merely taking notes when you called, who you spoke with, and what was discussed.

Good luck.