

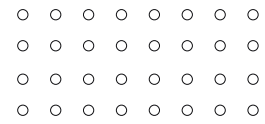


THE IRS NOTICE DECODER

What That Letter Means, What Deadline Matters, and What to Do Next

By Jason D. Carr, Esq., LL.M.

RECEIVING THE IRS NOTICE



Getting a letter from the IRS tends to trigger one of two bad reactions: panic or avoidance. Neither helps.

Most notices are not the end of the world. Many are fixable. Some are routine. Some are automated. Some are only asking for clarification. But a few are early warnings that the matter is becoming more expensive, more formal, and harder to control. The point of this guide is to help you tell the difference.

If you do nothing else after reading this, do these three things:

1. Confirm exactly which notice you received.
2. Confirm the response deadline.
3. Do not assume the notice is wrong, and do not assume the IRS is right.

A notice is the start of a process. The faster you identify where you are in that process, the better your options usually are.

WHAT AN IRS NOTICE IS, AND WHAT IT IS NOT



An IRS notice is a communication about a specific issue on your account or return. It may relate to underreported income, unpaid tax, missing information, identity verification, penalties, collection action, or a proposed change to your return. The IRS says its letters and notices generally explain the issue and include instructions about what the taxpayer needs to do.

That does not mean every notice requires the same response.

Some notices are informational. Some ask for documents. Some propose changes. Some demand payment. Some warn that the IRS may file a lien or levy assets. Your first job is not to argue. Your first job is to classify the notice correctly.



THE 4 BUCKETS OF IRS NOTICES



Bucket 1 Mismatch notices

These usually mean the IRS believes something reported by a third party does not match your tax return. A CP2000 is the classic example.



Bucket 2 Balance due notices

These say the IRS believes you owe tax, penalties, or interest.



Bucket 3 Collection escalation notices

These are the notices that move the matter from “you owe money” to “the IRS is preparing to enforce collection.”



Bucket 4 Identity verification or account integrity notices

These usually focus on fraud prevention, return processing, or confirming that a return was actually filed by you.

CP2000, WHAT IT USUALLY MEANS

The IRS says the CP2000 series is issued when information from employers, banks, brokers, or other third parties does not match what was reported on the tax return. The IRS also says CP2000 is not a bill and that the taxpayer should review the notice and reply by the listed date.

That matters because many taxpayers treat a CP2000 like a final assessment. It is not. It is a proposed adjustment.

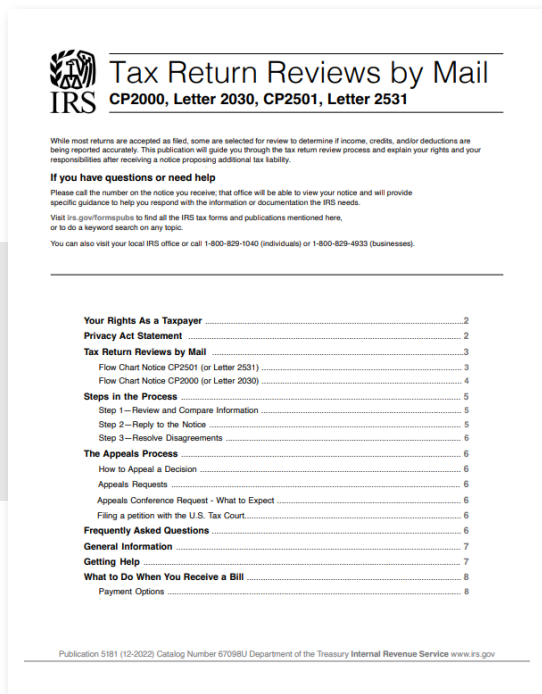
What to do:

- Compare the IRS numbers to your filed return
- Pull the missing W-2, 1099, brokerage statement, or K-1
- Decide whether you agree, partially agree, or disagree
- Respond by the deadline with supporting documents

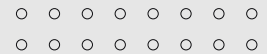
What NOT to do:

- File an amended return reflexively
- Ignore the notice because “the IRS must be wrong”
- Assume the issue is limited to one tax year if the same reporting problem existed elsewhere

Not a bill




LT11/LETTER 1058 WHY THIS ONE IS DIFFERENT



The IRS says LT11 or Letter 1058 means it has not received payment for overdue taxes and intends to seize property or rights to property. The IRS also states that if the taxpayer does not respond, it can levy wages or bank accounts and may file a Notice of Federal Tax Lien.

This is the notice people should take seriously immediately.

The Appeals division states that the taxpayer generally has 30 days from receipt of LT11 or L-1058 to request a Collection Due Process hearing using Form 12153. That window can preserve rights and often creates leverage that disappears once the deadline passes.



Department of the Treasury
Internal Revenue Service
Philadelphia, PA 19255-0010

Notice	LT11
Notice date	March 2, 2020
Taxpayer ID number	Nnn-nn-nnnn
Case reference number	nnnn
To contact us	Phone 800-xxx-xxxx

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TAXPAYER NAME
ADDRESS
CITY, STATE ZIP

Notice of Intent to Levy and Notice of Your Right to a Hearing
Intent to seize your property or rights to property
Amount due immediately: \$4,823.12

We haven't received a payment despite sending you several notices about your overdue taxes. The IRS may seize (levy) your property or your rights to property on or after April 1, 2020.


Property includes:

- Wages and other income
- Bank accounts
- Business assets
- Personal assets (including your car and home)
- Alaska Permanent Fund Dividend and state tax refund
- Social Security benefits

Billing Summary

Amount you owed	\$4,309.00
Additional penalty charges	399.96
Additional interest charges	114.16
Amount due immediately	\$4,823.12

Continued on back...



Payment

INTERNAL REVENUE SERVICE
PHILADELPHIA, PA 19255-0010
s018999546711s

0000 0000000 0000000000 0000000 0000

Taxpayer name
Address
City, State Zip

Notice	LT11
Notice date	March 2, 2020
Taxpayer ID number	Nnn-nn-nnnn
Case reference number	nnnn

- Make your check or money order payable to the United States Treasury.
- Write your Social Security number (nnn-nn-nnnn) on your payment and any correspondence.

• Amount due immediately \$4,823.12

Levy rights may be approaching

YOUR IMMEDIATE RESPONSE FRAMEWORK

When you receive any IRS notice, use this framework:



Step 1 Identify the notice number

These usually mean the IRS believes something reported by a third party does not match your tax return. CP2000 is the classic example.



Step 2 Check the date and deadline

Do not work from memory. Write the deadline on the notice itself and in your calendar.



Step 3 Gather the source documents

That means the return, transcripts if available, W-2s, 1099s, prior notices, and payment records.



Step 4 Identity verification or account integrity notices

A reporting problem and a collection problem call for different responses.



Step 5 Respond in a way that preserves options

That may mean sending documentation, disputing the proposed change, requesting time, or moving quickly into payment or appeal strategy.



THE 5 WORST MISTAKES TAXPAYERS MAKE

1. Ignoring the first notice because it does not look urgent
2. Calling the IRS before understanding the file
3. Sending incomplete backup and assuming that is enough
4. Admitting facts casually on a collections call
5. Waiting until levy action is imminent before getting representation



Your Rights as a Taxpayer

Publication 1

This publication explains your rights as a taxpayer and the processes for examination, appeal, collection, and refunds. Also available in Spanish.

The Taxpayer Bill of Rights

1. The Right to Be Informed
Taxpayers have the right to know what they need to do to comply with the tax laws. They are entitled to clear explanations of the laws and IRS procedures in all tax forms, instructions, publications, notices, and correspondence. They have the right to be informed of IRS decisions about their tax accounts and to receive clear explanations of the outcomes.

2. The Right to Quality Service
Taxpayers have the right to receive prompt, courteous, and professional assistance in their dealings with the IRS, to be spoken to in a way they can easily understand, to receive clear and easily understandable communications from the IRS, and to speak to a supervisor about inadequate service.

3. The Right to Pay No More than the Correct Amount of Tax
Taxpayers have the right to pay only the amount of tax legally due, including interest and penalties, and to have the IRS apply all tax payments properly.

4. The Right to Challenge the IRS's Position and Be Heard
Taxpayers have the right to raise objections and provide additional documentation in response to formal IRS actions or proposed actions, to expect that the IRS will consider their timely objections and documentation promptly and fairly, and to receive a response if the IRS does not agree with their position.

5. The Right to Appeal an IRS Decision in an Independent Forum
Taxpayers are entitled to a fair and impartial administrative appeal of most IRS decisions, including many penalties, and have the right to receive a written response regarding the Office of Appeals' decision. Taxpayers generally have the right to take their cases to court.

6. The Right to Finality
Taxpayers have the right to know the maximum amount of time they have to challenge the IRS's position as well as the maximum amount of time the IRS has to audit a particular tax year or collect a tax debt. Taxpayers have the right to know when the IRS has finished an audit.

7. The Right to Privacy
Taxpayers have the right to expect that any IRS inquiry, examination, or enforcement action will comply with the law and be no more intrusive than necessary, and will respect all due process rights, including search and seizure protections, and will provide, where applicable, a collection due process hearing.

8. The Right to Confidentiality
Taxpayers have the right to expect that any information they provide to the IRS will not be disclosed unless authorized by the taxpayer or by law. Taxpayers have the right to expect appropriate action will be taken against employees, return preparers, and others who wrongfully use or disclose taxpayer return information.

9. The Right to Retain Representation
Taxpayers have the right to retain an authorized representative of their choice to represent them in their dealings with the IRS. Taxpayers have the right to seek assistance from a Low Income Taxpayer Clinic if they cannot afford representation.

10. The Right to a Fair and Just Tax System
Taxpayers have the right to expect the tax system to consider facts and circumstances that might affect their underlying liabilities, ability to pay, or ability to provide information timely. Taxpayers have the right to receive assistance from the Taxpayer Advocate Service if they are experiencing financial difficulty or if the IRS has not resolved their tax issues properly and timely through its normal channels.

The IRS Mission Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Publication 1 (Rev. 9-2017) Catalog Number 64731W Department of the Treasury Internal Revenue Service www.irs.gov

Examinations, Appeals, Collections, and Refunds

Examinations (Audits)
We accept most taxpayers' returns as filed. If we inquire about your return or select it for examination, it does not suggest that you are dishonest. The inquiry or examination may or may not result in more tax. We may close your case without change, or you may receive a refund.

The process of selecting a return for examination usually begins in one of two ways. First, we use computer programs to identify returns that may have incorrect amounts. These programs may be based on information returns, such as Forms 1099 and W-2, on studies of past examinations, or on certain issues identified by compliance projects. Second, we use information from outside sources that indicates that a return may have incorrect amounts. These sources may include newspapers, public records, and individuals. If we determine that the information is accurate and reliable, we may use it to select a return for examination.

Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund, explains the rules and procedures that we follow in examinations. The following sections give an overview of how we conduct examinations.

By Mail
We handle many examinations and inquiries by mail. We will send you a letter with either a request for more information or a reason why we believe a change to your return may be needed. You can respond by mail or you can request a personal interview with an examiner. If you mail us the requested information or provide an explanation, we may or may not agree with you, and we will explain the reasons for any changes. Please do not hesitate to write to us about anything you do not understand.

By Interview
If we notify you that we will conduct your examination through a personal interview, or you request such an interview, you have the right to ask that the examination take place at a reasonable time and place that is convenient for both you and the IRS. If our examiner proposes any changes to your return, he or she will explain the reasons for the changes. If you do not agree with these changes, you can meet with the examiner's supervisor.

Repeat Examinations
If we examined your return for the same items in either of the 2 previous years and proposed no change to your tax liability, please contact us as soon as possible so we can see if we should discontinue the examination.

Appeals
If you do not agree with the examiner's proposed changes, you can appeal them to

the Appeals Office of the IRS. Most differences can be settled without expensive and time-consuming court trials. Your appeal rights are explained in detail in both Publication 5, Your Appeal Rights and How To Prepare a Protest If You Don't Agree, and Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund.

If you do not wish to use the Appeals Office or disagree with its findings, you may be able to take your case to the U.S. Tax Court, U.S. Court of Federal Claims, or the U.S. District Court where you live. If you take your case to court, the IRS will have the burden of proving certain facts if you kept adequate records to show your tax liability, cooperated with the IRS, and meet certain other conditions. If the court agrees with you on most issues in your case and finds that our position was largely unjustified, you may be able to recover some of your administrative and litigation costs. You will not be eligible to recover these costs unless you tried to resolve your case administratively, including going through the appeals system, and you gave us the information necessary to resolve the case.

Collections
Publication 594, The IRS Collection Process, explains your rights and responsibilities regarding payment of federal taxes. It describes:

- What to do when you owe taxes. It describes what to do if you get a tax bill and what to do if you think your bill is wrong. It also covers making installment payments, delaying collection action, and submitting an offer in compromise.
- IRS collection actions. It covers liens, releasing a lien, levies, releasing a levy, seizures and sales, and release of property.
- IRS certification to the State Department of a seriously delinquent tax debt, which will generally result in denial of a passport application and may lead to revocation of a passport.

Your collection appeal rights are explained in detail in Publication 1660, Collection Appeal Rights.

Innocent Spouse Relief
Generally, both you and your spouse are each responsible for paying the full amount of tax, interest, and penalties due on your joint return. However, if you qualify for innocent spouse relief, you may be relieved of part or all of the joint liability. To request relief, you must file Form 8879, Request for Innocent Spouse Relief. For more information on innocent spouse relief, see Publication 971, Innocent Spouse Relief, and Form 8879.

Potential Third Party Contacts
Generally, the IRS will deal directly with you or your duly authorized representative.

Refunds
You may file a claim for refund if you think you paid too much tax. You must generally file the claim within 3 years from the date you filed your original return or 2 years from the date you paid the tax, whichever is later. The law generally provides for interest on your refund if it is not paid within 45 days of the date you filed your return or claim for refund. Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund, has more information on refunds.

If you were due a refund but you did not file a return, you generally must file your return within 3 years from the date the return was due (including extensions) to get that refund.

Taxpayer Advocate Service
TAS is an independent organization within the IRS that can help protect your taxpayer rights. We can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for our assistance, which is always free, we will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 1-877-777-4778.

Tax Information
The IRS provides the following sources for forms, publications, and additional information:

- **Tax Questions:** 1-800-829-1040 (1-800-829-4059 for TTY/DD)
- **Forms and Publications:** 1-800-829-3676 (1-800-829-4059 for TTY/DD)
- **Internet:** www.irs.gov
- **Small Business Ombudsman:** A small business entity can participate in the regulatory process and comment on enforcement actions of the IRS by calling 1-888-REG-FAIR.
- **Treasury Inspector General for Tax Administration:** You can confidentially report misconduct, waste, fraud, or abuse by an IRS employee by calling 1-800-368-4484 (1-800-877-8339 for TTY/DD). You can remain anonymous.

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YOUR RIGHTS MATTER

Publication 1 says taxpayers have the right to be informed, to challenge the IRS's position and be heard, to appeal an IRS decision in an independent forum, and to finality about deadlines and collection windows. In plain English, that means you do not have to accept the IRS's first position without review, and you do not want to forfeit deadlines by inaction.



WHEN YOU SHOULD GET HELP

You should strongly consider professional help if:

- ▣ The notice involves multiple years
- ▣ The amount at issue is large relative to your cash flow
- ▣ The notice is LT11 or Letter 1058
- ▣ The IRS position is based on incomplete or wrong third-party reporting
- ▣ You have unfiled returns, business payroll problems, or prior unresolved notices
- ▣ You feel unclear about what you would even say in a response



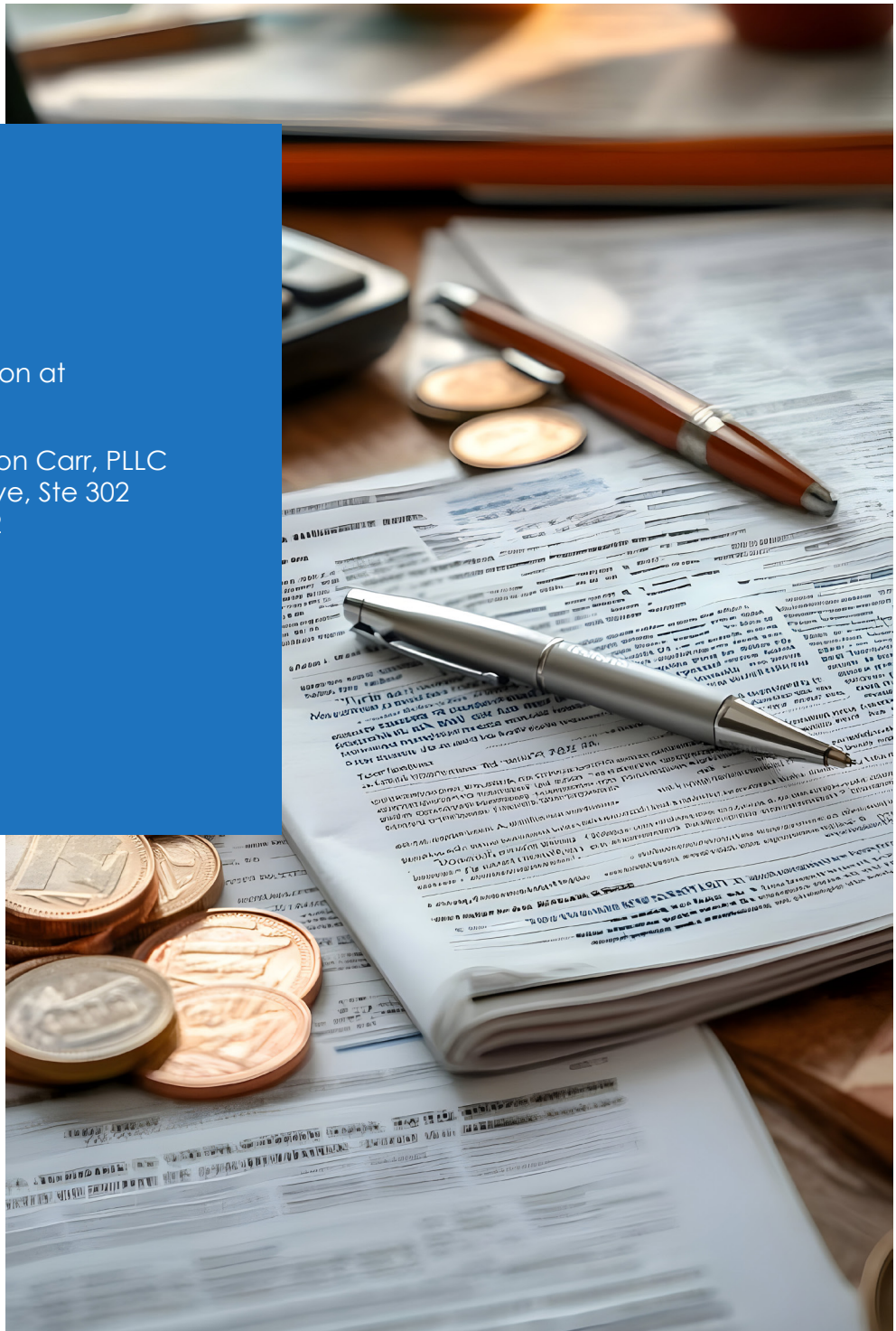
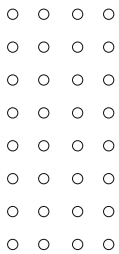
NEXT STEPS

If you received an IRS notice and want to know what it means before you respond, we help taxpayers and business owners assess the notice, protect deadlines, and decide on the right next move.

Schedule a consultation at
carrtaxlaw.com

The Law Office of Jason Carr, PLLC
2701 Sunset Ridge Drive, Ste 302
Rockwall, Texas 75032

214.800.2366



DISCLAIMER

This guide is for general educational information only. It does not create an attorney-client relationship and should not be relied on as legal or tax advice for your specific situation.

