

Handling IRS Correction Notices TDI Zoom Conference

1. IRS mails out over 100 million letters, notices annually
 - a. Notices fall into one of six general categories
 1. Correction notices – “You made a mistake”
 - A. 12.9 million
 2. Non-filer notices – “You didn’t file”
 - A. Half a million
 3. Under-reporter notices – “You didn’t report all income”
 - A. 2.5 million
 4. Audit notices – “Your return has been selected for examination”
 - A. Half a million
 5. Collection notices – “You owe \$\$\$”
 6. General correspondence
 - b. Must recognize the nature of the notice to deal with it properly
 - c. Focus here: correction notices
2. What is a “Math Error” notice?
 - a. Exception to the Deficiency Procedures
 1. IRC 6213(b) – “mathematical or clerical error”
 2. Assessment will be made upon correction of the error
 3. NOD not required

b. IRC § 6213(g) – “mathematical or clerical error” defined

1. An error in addition, subtraction, multiplication, or division
2. Incorrect use of any table provided by the IRS
3. An item which is inconsistent with another entry of the same item
4. An omission of information which is required to be supplied on the return to substantiate an entry on the return,
5. An entry of a deduction or credit which exceeds a statutory limit
6. An omission of a correct TIN for any reason
7. A claim of credit for SE taxes if the tax was not paid
8. Omission of any required EITC info
9. Erroneous claims of a child dependent by non-custodial parent
10. Omission of info required for the First Time Home Buyers Credit
11. Omission of info required for the Child Tax Credit
12. Omission of info required for the American Opportunity Tax Credit
13. Omission of info required relative to home energy audits
14. Omission of info required for nonbusiness energy property credits
15. Omission of info required for the New Clean Vehicles Tax Credit
16. Omission of info required for the Previously-owned Clean Vehicle Credit
17. Omission of info required for the Commercial Clean Vehicle Tax Credit

3. How to handle correction notices

a. Most common correction notices

1. CP2000 and CP2501 – Explain “Why you are getting this notice”

A. Provide “Summary of proposed changes”

B. Gives a “Response form”

2. CP22 – Explains “We changed your account”

A. Little or no details provided on why

3. CP3219A – automated Notice of Deficiency

A. Final administrative determination on liability

B. Requires Tax Court challenge

b. Responding to correction notices

1. CP2000 and CP2501

A. File a protest letter by the date indicated

B. Explain why you disagree with proposed changes

C. Ask for an appeals conference

2. CP22 – Math error notice

A. Respond in writing within 60 days – IRC § 6213(b)(2)

B. Explain that you disagree with adjustments

C. Demand “abatement” of tax and a Notice of Deficiency

i. Abatement is mandatory – IRC § 62113(b)(2)(A)

ii. Notice of Deficiency provides right of appeal

3. Notice of Deficiency

A. Provides 90 days to petition the Tax Court – IRC § 6213(a)

i. No extension of time is available

ii. Phone call/letter to IRS is not a response

iii. Petition must be filed with U.S. Tax Court only

4. How to respond to Non-filer and Under-reporter notices

a. Response depends on whether notice is correct or not

1. If correct, follow up with action IRS requests

2. If not correct

A. Respond in writing immediately

B. Provide copy of tax return and affidavit

C. Provide affidavit and documents to prove you reported all income

5. The Tax Court Petition

a. Time for filing is statutory; cannot be extended

b. The emergency Petition

1. “Fill-in-the-blank” form – USTC Form 2

https://ustaxcourt.gov/resources/forms/Petition_Simplified_Form_2.pdf

A. TC Petition can be e-filed

2. Simple letter – “I disagree and I want a trial”

A. Send via US Priority mail w/tracking

6. Distinguishing “Collection” Notices

a. Preliminary collection letters: CP14, CP501 and CP503

1. CP14 is first “tax due” letter
2. Others are friendly “reminders” – You owe taxes, must pay now
3. Correction notices are not collection notices

b. Secondary collection letter – CP504

1. Harsher language: “Urgent-We intend to levy on certain assets”
2. Threatens levy on “state tax refund”
3. Says IRS will “begin to search for other assets”
4. Not a Final Notice

c. Final Notices of collection action: CP90, CP91, LT11, Letter 1058 Letter 3172, LT16, Letter 3174

1. CP90, LT11, Letter 1058: “Final Notice, Notice of Intent to Levy”
2. CP91: “Final Notice Before Levy on Social Security Benefits”
3. Letter 3172: “Notice of Filing Federal Tax Lien”
4. LT16, Letter 3174 – Levy notice that does not carry appeal
Collection Due Process (CDP) appeal rights

A. CAP Appeal rights apply – See Pubs 594 and 1660