

News & Views

Greetings from the IRS!

You've just picked up your mail and ... uh oh, there among the ads, bills and too numerous offerings for credit cards is that official looking letter from the Internal Revenue Service. A feeling of dread comes over you...but don't panic or toss it, and please DO open it. It might even be good news.

Usually, mail from the IRS is a notification that they need verification of documents or substantiation of an amount you have claimed on your tax return. Read the letter thoroughly.

Determine what they are looking for, and then provide the information. Some of the most commonly missed items on a return are simple things: you forgot to sign the 1040; you didn't attach W-2's and required statements.

If you're paying quarterly, maybe you claimed the wrong amount as estimated tax; or, perhaps the income you listed doesn't match the figure that was reported to the IRS on a Form 1099 by someone who paid you during the tax year.

If you have the correct information, it's a simple matter to fix. Make copies of your documents verifying the information on your return and send the copies back to the IRS along with a copy of the letter they sent to you.

If, in fact, you didn't include an amount on your return that should have been there, sign the form agreeing to the change and send them a check for the amount of tax due by the deadline date given for compliance.

Usually, penalties and interest will be added—so, the sooner you comply, the less it will cost.

If your IRS letter advises you that your return has been selected for audit, you would be wise to seek professional advice. If you used a tax professional to prepare your return, such as an enrolled agent (EA), CPA, or attorney, you should contact that person for help with the audit.

If you prepared your own return, you may wish to contact an Enrolled Agent immediately. Enrolled agents are authorized by the U.S. Treasury Department to represent taxpayers before all administrative levels of the IRS for audits, collections, and appeals.

Now you're thinking, what about that possible good news mentioned earlier? It could be that the notice is for an unexpected refund, of course.

Now, open that letter!

This article was written, for publication by its members, by the National Association of Enrolled Agents.