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THE TAX LAWYER

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To Fight IRS Tax Bills, Go Step By Step

When you disagree with the IRS, pay attention to the order in which notices arrive. Suppose you receive a notice from the IRS saying that the IRS believes you received \$6,000 you didn't report. Usually, the notice will ask you to sign the form and mail it back if you agree. Alternatively, you can explain why the IRS is wrong if you do so promptly.

This is not a Notice of Proposed Deficiency. Still, you should answer it. An Examination Report may follow the first notice if you fail to respond. Most tax lawyers call the Examination Report and accompanying letter a "30-day letter"—it will say you have 30 days to respond in a protest. A protest is just a letter, but certain basic information is required.



(Photo credit: John Minchillo, Associated Press)

If you receive an IRS Examination Report, write a protest and mail it before the deadline. Keep a copy. Keep proof of mailing too, preferably certified mail. Explain yourself thoroughly. Normally, the IRS will transfer your case to the [IRS Appeals Division](#), a separate part of the IRS. It handles cases where the IRS auditor and the taxpayer disagree. You can employ a tax

lawyer or an accountant, or you can handle it yourself.

The vast majority of tax cases are resolved by Appeals. You'll be assigned to an IRS Appeals Office. If you fail to protest or you don't resolve your case at IRS Appeals, you'll next receive a Notice of Deficiency. An IRS Notice of Deficiency comes via certified mail. A Notice of Deficiency is also called a "90-day letter" because you have 90 days to respond. The IRS is required to prominently display on page one the deadline for your response.

Only one response to a Notice of Deficiency is permitted: filing a Tax Court petition in the U.S. Tax Court clerk's office in Washington, D.C. Although it is best to hire a tax lawyer, some taxpayers handle their Tax Court case on their own. There are special simplified procedures available to taxpayers who represent themselves in cases where less than \$50,000 in tax is in dispute. Whether you are handling the case yourself or you hire a tax lawyer, the U.S. Tax Court cannot hear your case if you miss the 90-day deadline.

Although the Tax Court building and clerks are in Washington, D.C., the Tax Court judges travel around the country to conduct trials. You can pick the city where you want your case to be heard when you file your Tax Court petition. Tax Court procedure and rules of evidence are streamlined, with no jury and with relaxed rules of evidence. Once an IRS lawyer answers your Tax Court petition (generally denying whatever your petition says), you can ask the IRS lawyer to transfer the case to IRS Appeals (if you did not previously have an appeal).

For many notices, the IRS will grant an extension of time to respond. However, if you receive a Notice of Deficiency (90-day letter), you must file in Tax Court within 90 days, and this date cannot be extended. Most other notices are less strict, but whenever you ask for an extension, confirm it in writing.

If you don't respond to a Notice of Deficiency within 90 days, and you have an assessment, all is not lost. You won't be able to go to Tax Court, but you can contest the taxes in federal district court or the U.S. Claims Court. Generally, you must pay the taxes first and file a claim for refund. If the refund request is not granted, you can sue for a refund. Sometimes you are required to pay only a portion of the liability, but you can still get into court.

Remember, there are many, many different types of tax notices, including liens, levies and summonses. Forms of response vary and procedure is important.



For alerts to future tax articles, email me at Wood@WoodLLP.com. This discussion is not legal advice.