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THE TAX LAWYER

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Got A Tax Notice? Here's What To Do

Every year the IRS sends millions of letters and notices to taxpayers. The increasingly web-savvy IRS has released [IRS Summertime Tax Tip 2011-22](#). It's worth a review, providing the agency's own tips on dealing with its own correspondence! I've summarized and supplemented it here.



Image via bernews.com

1. **Don't Panic.** Many letters and notices are simple and painless, merely saying what the IRS did, received, or has on file. For more about IRS bills and Notices, see [IRS Publication 594, The IRS Collection Process](#).
2. **Read Carefully.** Each letter or notice may request payment, notify you of a change or request additional information. If you receive a correction notice, compare it with your return.
3. **Need More Time?** Often, the IRS can grant an extension of time to respond but you must *ask*. If you ask, confirm it in writing. In some cases, no extension is possible, such as the 90-day deadline to file in Tax Court after a [Notice of Deficiency](#) can't be extended. For more, see [Ten Things To Know About Fighting An IRS Bill](#).
4. **No Reply Needed?** If you agree with the IRS, no reply is usually necessary—unless a payment is due. Sometimes the

notice will say you will be billed. Sometimes you can expedite billing (to reduce interest charges) if you sign and return the notice indicating your agreement. But be careful and make sure you **want** to agree rather than to dispute it.

5. **Don't Agree?** If you don't agree with the IRS, **write** to explain why. Include documents and information along with the tear-off part (or copy) of the notice. Mail it to the IRS address on the notice. Allow 30 days or longer for a response. Keep a copy of everything you send. See more about disputes [here](#).
6. **Call or Write.** While writing can be better, you may need to call the number on the notice. Have a copy of your return and correspondence handy. Whatever you do over the phone or in person, document it. You can ask IRS representatives to write you confirming what they said, but don't assume they will. The IRS is a huge agency. If you've called and obtained a 30-day extension, send a short letter confirming that's what the IRS agreed, including the name (and/or badge number) of the person you spoke to on the phone.
7. **Getting Help.** Pick your battles. If a tax bill is small, rather than risking bigger problems, pay the bill and move on. Of course, what is small to one person is major to someone else. But at least consider whether you're truly better off contesting it. For more tips, see [Ten Ways To Audit-Proof Your Tax Return](#).

Also consider professional help. A tax lawyer or accountant may do a better job than you can. Especially if the tax point is big or involves bet-the-company stakes, get some help.

For more, see:

[IRS Publication 17, Tax Guide 2010 \(Information about penalties and interest\)](#)

[IRS Video: Received a Letter from the IRS?](#)

[Ten Things To Know About Fighting An IRS Bill](#)

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