

IRS NOTICES – “RECOGNITION & RESPONSE”

LG Brooks, EA, CTRS



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- ▶ LG Brooks, EA, CTRS
- ▶ Lawler & Witkowski, CPAs
- ▶ ASTPS Director of Education
- ▶ 2250 Wehrle Dr, Suite 3 Williamsville, NY 14221
- ▶ (716) 631-5111
- ▶ Info@landwcpas.com



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Introduction-IRS Notices (& Letters)

- ▶ The IRS utilizes a sophisticated formal notice & correspondence system to contact & inform taxpayers of various types of tax issues and specific tax matters.
- ▶ The notice or letter will generally explain the reason for the contact, and it usually provides a detailed explanation, as well as instructions, as how to properly respond to the correspondence. Additionally, **Mr. Darren Guillot, the current Commissioner, SB/SE Division-Collection** recently publicized “Newly Designed Collection Letters” as follows:



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Newly Designed Collection Letters

- ▶ **Redesigned “IRS Notices” as of (July 21, 2021):**
 - CP14: Balance Due (**EXHIBIT A**)
 - LT 11: Final Notice of Intent to Levy/Notice of Right to CDP
 - LT 16: Collection Reminder Notice
 - LT 17: Please Take Action Using Our Online Services
 - LT 19: Pay Your Outstanding Tax Returns
 - CP501: Individual Balance Due-First Notice
 - CP503: Individual Balance Due-Second Notice
 - CP504: Final Balance Due Notice-Intent to Levy
- ▶ **Newly Created “IRS Notice”:**
 - CP14IA: Installment Agreement (IA) Accounts



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Newly Designed Collection Letters

▶ **Redesigned IRS Notices include “QR Codes”:**

- In an attempt to “*continuously improve taxpayer service*”, Mr. Guillot also indicated that the “newly designed” and “newly created” Collection Letters includes “**QR Codes**” which enable taxpayers to utilize their “smartphone, tablet or other similar” device to conveniently access IRS “Online Resources” in an attempt to resolve their tax matters.

▶ **“QR Code” Comment:**

- The development of the “QR Code” pertaining to “IRS Notices” allow millions of taxpayers the ability to initiate contact with the IRS without significantly disrupting their day-to-day life- style, and (in my opinion) may possibly also accelerate the process of taxpayers contacting a “*qualified representative*” should these new resources not be appropriate or sufficient to address their tax matter.



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Introduction-IRS Notices (& Letters)

▶ Generally, **most if not all “IRS Notices” request:**

- Some type of response
 - Elevation of the response is relative to the severity of the notice language
 - Taxpayers are accustomed to receiving & responding to notices from mortgage companies, credit card companies, automobile dealers, etc.
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- However, a significant number of taxpayers choose to ignore the process of “responding” to a “IRS Notice” until it becomes a major problem.



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Ignoring the IRS Notice – “Who’s to Blame”

- ▶ Generally, all correspondence *should be* remitted to the taxpayer’s (TPs) “**last known address**” (LKA) to be deemed as “**valid**”, and;
- ▶ Should also include the TPs **proper/legal name** & some form of their **SSN** (albeit truncated at times).
- ▶ Spouses/companions should receive separate notices
- ▶ Includes explanations & reasons for sending the notice
- ▶ Provides **specific deadlines** to respond by, along with the appropriate “payment” **or** “correspondence” mailing address information

CIP-CDP Notices or IRC §7502 issue.



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Initial Analysis of an IRS Notice

- ▶ The Practitioner/Taxpayer should conduct an “**ORR**” (**Open, Read & Respond**)
- ▶ Determine the level of “complexity” of the notice
- ▶ Determine the TP’s ability or inability to comply with the IRS Notice requests/requirements (e.g.-financial hardship, mental competence, medical status, etc.)
- ▶ Accuracy of the IRS Notice (*Review for potential challenge*)
- ▶ IRS Notice or Letter requests or “**demands**” the *appearance of the taxpayer*

*CIP – TFRP Investigation (**Request**) or Summons Notice (**Demand**)*



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IRS Notice Mandates

- ▶ Enforced Collection Action Notices:
 - CP-77 (**EXHIBIT D**)
 - CP-90
 - CP-91
 - LT-11
 - LT-73
 - Letter 1058
 - Letter 1058-D
- ▶ Mandated IRS Notices via the:
 - **Taxpayer Bill of Rights** (TBOR) and/or the
 - **Restructuring & Reform Act of 1998** (RRA 98')
- ▶ Certain IRS Notices are required to be remitted to taxpayers on an “Annual” basis to inform them of the status and amount of their tax balance accounts and/or the status of their pending or approved “installment agreement”.

CIP – CP71 or CP171 series

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Responding to IRS Notices

- ▶ Clearly address the issue or issues identified via the IRS Notice (response should be **relative** to the issue)
- ▶ Response should follow the “**KIS**” rule (keep it simple)
- ▶ However, the response should be “*clear & concise*” and **include documentation or substantiation** if requested
- ▶ The practitioner should consider including a copy of the original IRS Notice or Correspondence with the formal response

*CIP – **Highlighted** copy of material/major issue(s)*

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Prerequisite IRS Contact/Response Authority

- ▶ **Form 2848, “Power of Attorney”** (POA)
- ▶ **Form 8821, “Tax Information Authorization”** (TIA)
- ▶ **Checkbox Authority:**
 - “Third Party Designee Authorization” typically applies only to the issues regarding the processing of a particular “tax return” & generally is available for “one year” from the due date of the return, (**requests for transcripts are allowed/authorized**) **
- ▶ **Oral Disclosure Authorization:**
 - Allows the IRS to discuss confidential tax information based upon the taxpayer’s “oral authorization”.
 - Appearance at **interviews** & participation in telephone conferences also allowed.

*CIP– ** IRM §21.1.3.3.1*

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Responding to IRS Notices via Telephone

- ▶ IRS usually provides a “**toll-free**” response number
- ▶ If the notice pertains to a tax “Collection” matter, the IRS Notice usually includes a “**Caller ID**” number via the top portion of the notice.

- The “Caller-ID” function typically facilitates access to the IRS’s “Voice Response Automated Call System” to request and/or resolve a “basic function” and/or “minor request” matter

CIP – If the “Caller-ID” function is utilized there may be a need to obtain the appropriate “tax authorization” as previously discussed)

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Practitioner Priority Service & ACS Notices

- ▶ Contact the IRS “Practitioner Priority Service” (PPS) by calling (866) 860-4259 or **(Call en-Q)**
- ▶ Listen to the “type taxpayer/tax matter” prompts and select the prompt that best describes your clients “IRS Notice” matter
- ▶ If the IRS Notice was issued by the “**Automated Collection System**” (ACS) Support Division of the IRS be prepared to provide the appropriate level of “disclosure authorization” as discussed above

*CIP – Although a **Form 2848** is **not required** to discuss issues or matters with ACS, it is usually recommended that the Practitioner secure a POA when dealing with ACS personnel.*

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Revenue Officer Correspondence

- ▶ In the event you determine that the case is assigned to an IRS “**Revenue Officer**” (RO), it is highly recommended that you respond directly to the RO assigned to the taxpayers’ case.
 - Correspondence from a RO **does not include** “CP or LT” Notices
 - RO’s typically submit the following types of “correspondence”:
 - Letter 1058
 - Letter 1058-D
 - Letter 1085
 - Letter 1153, etc.

CIP – However please contact ACS in the absence of the RO’s contact information.

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Revenue Agent Correspondence

- ▶ In the event a tax matter is assigned to an IRS “**Revenue Agent**” (RA) or a “**Tax Compliance Officer**” (TCO), again it is highly recommended that you respond directly to the appropriate “Examiner” assigned to the taxpayers’ case.
 - Correspondence from an RA or TCO also **does not include** “CP or LT” Notices, however:
 - *RA’s & TCO’s may submit the following types of “correspondence”:*
 - Letter 2205 – LG ... “Congratulation You’ve Been Selected for Audit”
 - Letter 531 – LG “You Have Been Deemed Deficient”
 - Letter 907, etc. LG ... “Please Extend your ASED for the Government”

CIP – Should you not have the Examiner’s contact information, contact your Stakeholder Liaison or the local “Taxpayer Advocate Office” to obtain the necessary contact information (Assigned Agent & GM info).

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Practitioner Priority Service & Notices

- ▶ IRS Individual Master File (IMF) Campus Sites:
 - **Brookhaven, NY**
 - **Memphis, TN**
 - **Philadelphia, PA**
- ▶ IRS Business Master File (BMF) Campus Sites:
 - **Cincinnati, OH**
 - **Ogden, UT**

*Certain Notices are “**issue specific**”, therefore a response to this type notice should be remitted to the appropriate IRS Campus Site, otherwise your correspondence may be treated as a “non-response” (e.g. - Letter 1058 or Letter 3219 remitted to the incorrect address).*

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Practitioner Priority Service Assistors Authority

- ▶ Provide account transcripts/records (*Area of abuse of Judgement*)
- ▶ Move/transfer payments or credits (*Limited Guidance Available*)
- ▶ Locate missing payments/credits
- ▶ Abate penalties (not “Interest”) within certain limits
- ▶ Establish/discuss “Installment Agreements”
- ▶ Classify an account as “CNC”
- ▶ Release a levy (in certain/limited situations)
- ▶ Execute “math error” adjustments
- ▶ Post a “STAUP” order (Place a temporary hold on the account)

CIP – Identify the IRS Notice issue(s) & respond to the appropriate IRS Campus/site.

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Computer Paragraph (CP) Transaction Codes

- ▶ CP-14: Initial Notice of balance due & demand for payment
 - Issuance of **CP-14** deemed as a “Legal Notice” (**EXHIBIT B**)
- ▶ CP-15B: Issued to inform TP of TFRP assessment
- ▶ CP-59: Informs TP of unfiled/delinquent personal returns
- ▶ CP-71: Informs TP of balance due tax account (personal)
- ▶ CP-71A: Issued annually to TPs classified as CNC
- ▶ CP-080: Issued regarding “unfiled” Form 941 w/credits
- ▶ CP-171: Notice issued to TP regarding “unpaid” Form 941
- ▶ CP-207: Issued to TP regarding missing Form 941 (Sch B)

CIP – Identify the IRS Notice issue(s) & respond to the appropriate IRS Campus/site.

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Information Reporting Program Notices

- ▶ **CP-2000**: Issued to inform the TP of a “discrepancy” regarding **income, payments and/or credits**
 - Please note that the author of this presentation deems the CP-2000 to be the equivalent of a “*Correspondence Audit/Exam*”, because the taxpayer is entitled to “Appeal Rights” -**AND**- in the event of further disagreement a “**Statutory Notice of Deficiency**” is issued with respect to the underlying notice.
- ▶ **CP-2501**: This is a preliminary “notice” that may be issued **prior to** the CP-2000 allowing the TP to accept the “changes” as indicated via the IRS notice (otherwise known as a “*Soft Notice*”).

*CIP – Whether you believe that this type “IRS Notice” is a notification of an Exam/Audit or not, this is one of the few “IRS Notices” that **may** lead to judicial review by the U. S. Tax Court based upon the eventual issuance of a “90-Day Notice”.*

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IRS Notices for “Review”

- ▶ **CP-01H**: Tax ID Theft Lock (Return Rejected)
- ▶ **CP-10**: Math Error Notice
- ▶ **CP-14**: **Initial Tax Assessment & Balance Due Notice**
- ▶ **CP-15A**: Civil Penalty Notice
- ▶ **CP-15B**: **Trust Fund Recovery Penalty Notice**
- ▶ **CP-18**: **Refund Withheld Unallowable Item**
- ▶ **CP-22**: Post Audit Assessment Notice
- ▶ **CP-63**: Delinquent Return Refund Hold Letter (Call (866) 897-3315)
- ▶ **CP-74**: EIC Examination Intent
- ▶ **CP-77**: **Final Notice of Intent to Levy** (**EXHIBIT D**)

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IRS Notices for “Review”

- ▶ **CP-79A**: EIC Ban (2 years)
- ▶ **CP-79B**: EIC Ban (Indefinite)
- ▶ **CP-81**: Refund Statute Within Six Months of Expiration
- ▶ **CP-90**: Federal Payment Levy Program (FPLP) Final Notice
- ▶ **CP-91**: Final Notice Before Levy on Social Security Benefits
- ▶ **CP-92**: State Income Tax Levy Program (SITLP) Final Notice
- ▶ **CP-94**: Restitution Based Assessment (Probation-Adverse Effect)
- ▶ **CP-297**: FPLP _Business (Final Notice of Intent)
- ▶ **CP-297A**: **Notice of Levy/Seizure & Right to CDP**

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IRS Notices for “Review”

- ▶ **CP-501**: Reminder/Balance Due–1st Notice (**EXHIBIT C**)
- ▶ **CP-502**: *Notice Discontinued*
- ▶ **CP-503**: Reminder/Balance Due – 2nd Notice
- ▶ **CP-504**: **Final** Balance Due Notice – 3rd Notice
- ▶ **CP-522**: PPIA **Mandatory** Two-Year Financial Review
- ▶ **CP-523**: Notice of Intent to Terminate IA (**& Notice of Levy**)
- ▶ **CP-3219A**: Notice of Deficiency (**as Issued by ACS**)

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IRS Letters for “Discussion”

- ▶ **LT-11**: Final Notice of Intent to Levy (as Issued by ACS)
- ▶ **LT-40**: Third Part Contact Notice (by IRS Service Center)
- ▶ **LT-73**: Employment Tax - **Notice of Levy** (DETL)
- ▶ **LT-1058**: *Final* Notice of *Intent* to Levy w/ CDP Rights
- ▶ **LT-1058-D**: Employment Tax-**Notice of Levy** (DETL)
- ▶ **LT-1085**: *IRC §6020(b)*–Proposed Assessment (30-day Ltr)
- ▶ **LT-1153**: Notice of **Proposed Assessment of TFRP**

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IRS Letters for “Discussion”

- ▶ **LT-2566**: **Substitute for Return** (SFR)–Proposed Assessment (30-day Letter)
- ▶ **LT-3164**: Third Party Contact **Letter**
- ▶ **LT-3172**: Notice of Federal Tax Lien (NFTL)
- ▶ **LT-3173**: Third Party Contact **List**
- ▶ **LT-3174**: New Warning of Enforcement (*Post 180 days*)
- ▶ **LT-3219**: Notice of Deficiency (*90-Day Letter*)

CIP – Being aware of the various type of notices as well as the purpose of each notice can be extremely helpful when faced with the preparation of a formal **FOIA request** (e. g. – “*Please provide all LT-3173 documents*”).

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NOTICE HANDOUT “EXHIBITS”

- ▶ EXHIBIT A: Newly designed “**CP-14**” w/ “QR Codes”
- ▶ EXHIBIT B: **CP-14** “legal notice” status
- ▶ EXHIBIT C: Newly designed “**CP-501**” w/ “QR Code”
- ▶ EXHIBIT C: “**CP-501**” w/ “Secret Lien” notification
- ▶ EXHIBIT D: Recently issued “**CP-77**” (no “QR Code”)
- ▶ EXHIBIT E: Copy of recently updated “**Form 9297**”
(Just FYI)

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Thank You!

LG Brooks, EA, CTRS
Lawler & Witkowski, CPAs
ASTPS Director of
Education
2250 Wehrle Dr, Suite 3
Williamsville, NY 14221
(716) 631-5111
Info@landwcpas.com

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