

# 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”:**

- CP141A: 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.
- 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 CP17 Issues*



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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 521.1.3.3.1



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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
  - *ROs 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 ... “Congratulations You’ve Been Selected for Audit”
      - Letter 531 – LG ... “You Have Been Deemed Deficient”
      - Letter 907, etc. LG ... “Please Extend your ASER for the Government”

CIP – Should you not have the Examiner’s contact information, contact your Stakeholder Liaison or the local “Revenue Advocate Office” to obtain the necessary contact information (last used August 6, 2014).

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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)

CP - Identify the IRS Notice issued(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)

CP - Identify the IRS Notice issued(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*”).

CP – 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–1<sup>st</sup> Notice (**EXHIBIT C**)
- › **CP-502:** *Notice Discontinued*
- › **CP-503:** Reminder/Balance Due – 2<sup>nd</sup> Notice
- › **CP-504:** **Final** Balance Due Notice – 3<sup>rd</sup> 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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