



WHAT YOU NEED TO KNOW NOW...

HOW WE HANDLE OUR CLIENTS' IRS CORRESPONDENCE

Every year the Internal Revenue Service sends millions of letters or notices to individual taxpayers for Forms 1040, 1040A, or 1040EZ, and to businesses that file returns and forms relating to payroll (940 and 941), Partnerships (1065), and Corporations (1120 and 1120S). Estates, Trusts and Nonprofit organizations file different returns, which also may be subject to an IRS inquiry.

Did you know that there are *over 200 different letters and notices* that the IRS can send? While some of these notifications can be dealt with simply, others may require a more comprehensive approach. We take the burden off our clients' minds by handling all IRS correspondence in a thorough, expert manner. Here are the steps we follow:



1. We instruct our clients to notify us immediately when they receive any correspondence from the IRS. We do not delay reading the letter. Most IRS letters and notices require a response by a certain date.
2. We read the letter in its entirety. Each letter or notice explains the reason for the correspondence and provides specific instructions on what needs to be done to satisfy the inquiry.

If you receive a IRS letter or notice, don't panic!

Notify us immediately so that we can take the proper steps to assist you.

3. We determine the type of letter by looking in the upper right hand corner to find the Letter or Notice Number, which identifies the message content. While the specific contents of the Letter or Notice may vary, every notice with the same Number has the same basic purpose. This is an important number, and any correspondence with the IRS should always state the Notice or Letter Number that was received.

4. There are many reasons the IRS sends Notices or Letters to our clients. The Notice or Letter may request additional payment of taxes due to income which was reported to the IRS but not claimed by the clients, or notify our clients of a change to their account or request additional information. The Notice or Letter received normally covers a very specific issue about the client's account or tax return. Our clients rarely receive correspondence about mathematical errors, because we use sophisticated software and have a comprehensive review process for all prepared returns.
5. If we have prepared the tax return in question, we retrieve a copy of the filed return and all the information associated with the issue the IRS is addressing. This includes any additional work papers which we prepared to complete the return. We compare the information on the return with the information the IRS is reporting.

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IRS CORRESPONDENCE, CONTINUED...

6. If we agree with the correction to our client's account, we notify the client in writing. Usually no reply is necessary to the IRS for these types of inquiries.
7. If additional tax is owed, we notify the client in writing with a detailed explanation of why the tax is owed. We prepare the materials for mailing for our clients. Our clients are instructed to make their payment payable to the U.S. Treasury, with their Social Security Number and the Tax Year on the check. This information is critical so that the IRS credits the payment to the correct tax year and specific issue involved. Our procedures ensure that we respond to the IRS within the proper time frame. If the IRS assesses penalties, we write a request for penalty abatement based on a reasonable cause. The IRS may accept, reject, or modify the penalty amount. Interest is statutory and cannot be abated unless the interest is added to the penalty only. Then this interest may be abated or reduced based on the facts and circumstances of the case.

8. If we do not agree with the correction or adjustment the IRS proposed, we prepare a detailed and comprehensive response with documentation and an explanation for why we have taken this particular position on our client's behalf.

Remember! The IRS will never contact you by email, only via letter or correspondence sent by U.S. mail.

9. The correspondence and/or payments are mailed to the IRS address shown on the Notice or Letter. Copies of our correspondence are also sent to our clients. We always send the correspondence using Certified/Return Receipt mail. The green Return Receipt card is returned to our office as proof of delivery. Our procedure is to keep this card in our client's file even after the issue has been satisfactorily resolved. The IRS typically provides a written response within 30 - 90 days.
10. All correspondence between the IRS or any state and our clients is permanently maintained in our clients' files.

We take great pride in assisting our clients with any federal or state tax issues that may occur. We strive to provide our clients with exemplary comprehensive tax services so that they can make informed personal and business financial decisions.

***Thank You
for
Your Business***

As always, please do not hesitate to contact us with any questions or concerns you may have about any issues covered in the newsletters or any other issues important to you. Your business continues to be appreciated.

Please call us with your tax and financial questions. Steinberg Enterprises provides confidential, convenient services based on over 25 years of practical financial management and tax experience.

We are committed to improving our clients' financial well being.

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