

April 2019 TaxInsight



Did You Get a Letter From the IRS?

Once you've filed your return and received your refund, you're done, right? Each year the IRS sends millions of letters and notices to taxpayers for a variety of reasons, such as:

- There's a balance due
- The refund is incorrect
- The IRS has a question about the return
- The IRS needs to verify your identity
- The IRS needs additional information
- The IRS changed your return
- There's a delay in the processing of the return

Some of the more common types of letters include:

- CP2000, a notice of proposed adjustment for underpayment or overpayment.
- CP2501, an initial contact letter stating the information on your return doesn't match what the IRS has on file.
- Letter 2205-A, a notification that the IRS has selected your return for examination (audit).
- Letter 2625C, a notification asking an employer/payer to clarify income from Form W-2, *Wage and Tax Statement*, and the Form 1099 series.
- Letter 3219, *Notice of Deficiency*, informing you that you owe additional tax, interest and penalties and explaining your right to petition the Tax Court. The IRS issues this notice if it did not receive a response to proposed adjustments to your return, or if a return was requested, the IRS did not receive the return and prepared a return on your behalf, resulting in a balance due.

If you receive a letter, don't panic. Keep a copy and give me a call. I'll work with you to determine the next steps. If there's a due date for a response, we can work together and agree or disagree with the change. If you disagree with a letter, we can write the IRS to explain your side of the story. The IRS will generally respond after 30 days. And, remember, the IRS will not initiate contact by phone. If you receive a call out of the blue, be suspicious. I'll work with you to determine whether a call is legitimate.

Important Tax Dates and Information

Following is a list of extended due dates for those taxpayers who are unable to finish their tax return by April 15 (April 16 for those living in Maine or Massachusetts):

- September 15 for S corporation and partnership returns originally due March 15
- September 30 for trust and calendar-year estate returns
- October 15 for individual returns, gift tax returns, and calendar-year C corporation returns

Taxpayers need to realize this isn't an extension of time to pay their taxes. To avoid or reduce penalties and interest, you should pay some or all of your taxes by April 15. If you need to file an extension, I can help.

Tax Notes

Even though most investment income is taxed, it may be taxed at a lower capital gains tax rate. While the ordinary income tax rates range from 10% to 37%, capital gains rates range from 0% to 20%. See me to discuss how your investment income is taxed.

Did You Know?

April 18 is National Haiku Poetry Day. Haiku is a traditional form of Japanese poetry consisting of three lines. The first and last lines have five syllables, and the middle line has seven.

Tax season is through.

Let's all take some time to read Haiku poetry.

Quote Corner

"You must do the things you think you cannot do."

~ Eleanor Roosevelt