

TaxBrief

Keeping you informed

What to Do if the IRS Contacts You

Opening your mailbox to find a letter from the IRS can feel stressful. The IRS sends millions of notices yearly; however, many are sent for routine matters that can be resolved easily. Understanding what the notice means and responding appropriately means less worry all around. This newsletter explains what you should do if you receive an IRS letter, the most common types of notices, and how to protect yourself from scams or fraud.

How the IRS contacts you

The IRS typically initiates contact with taxpayers by mail. You'll receive an official letter or notice through the U.S. Postal Service, generally not by email, text or phone. If someone contacts you claiming to be the IRS and demands payment by telephone or threatens immediate arrest, it's a scam. Hang up and report it right away.

The notice you receive will:

- Identify the reason for the contact
- Give instructions on what to do next
- Provide a deadline for a response, if required

Avoiding scams

Remember, the IRS **does not**:

- Initiate contact via phone, text or email to demand immediate payment
- Ask for payment by gift card, cryptocurrency or wire transfer
- Threaten arrest, deportation or license revocation over unpaid taxes

If you're unsure if a notice is valid, visit irs.gov, call the IRS directly at 800-829-1040, or contact me. I will review the letter with you, explain what it means, and help you take the next steps.

Common reasons you may get a notice

According to the IRS, you may receive a notice for reasons including:

- The IRS believes you owe tax
- There is a question about your tax return
- The IRS made changes or corrections to your return
- The IRS needs additional information
- Your refund has been delayed
- The IRS needs to verify your identity

Each notice will include an alphanumeric code, like CP2000 or LT11, that identifies the type of issue. You can look up notice codes on the [IRS website](https://www.irs.gov) to understand the specific

First steps when you get a notice

- **Don't panic:** Many IRS letters address simple issues that can be resolved easily.
- **Read the notice carefully:** Understand what the IRS is asking for. Some notices require action, while others are simply informational.
- **Compare it to your tax return:** Review the IRS information against your records to see if you agree.
- **Check deadlines:** Many notices provide a window (typically 30 or 60 days) to respond. Missing that deadline can limit your options and may result in penalties or enforced collection.
- **Keep a copy:** File the original notice and your response with your tax records.

If you agree with the IRS

If the notice shows you owe tax and you agree, you can:

- **Pay in full:** This is the fastest way to resolve the issue. You can pay online at irs.gov/payments,

by check or money order.

- **Set up a payment plan:** If you can't pay in full, you may apply for an installment agreement. The IRS offers several options based on the balance owed and your ability to pay.
- **No payment due:** In some cases, you may agree with the changes the IRS has made, but do not owe any tax. Review the changes and sign if you agree. Keep a copy with your records for that tax year.

If you disagree with the IRS

If you believe the IRS is incorrect:

- Respond with a clear written explanation and copies (not originals) of any documents that support your position
- Mail your response to the address provided in the notice, or follow the instructions to respond online, if available
- Be sure to respond by the deadline to keep all your resolution options open, including the right to appeal

I can help review it with you and, if necessary, respond on your behalf to resolve the issue promptly.

Identity verification notices

If you receive a letter such as Letter 5071C asking you to verify your identity, the IRS either suspects identity theft or wants to confirm your information before processing your return. These letters are part of the IRS's efforts to protect you and prevent refund fraud.

What to do:

- Follow the instructions on the letter to verify your identity, either by calling the provided number or going online to the IRS's secure identity verification page.
- Do not ignore identity verification notices; failing to respond may delay or prevent your refund.

Penalties and interest

If you owe tax, the IRS may charge:

- **Interest** accruing from the original due date until the balance is paid

- **Late payment penalties**, usually 0.5% of the unpaid tax per month, up to a maximum of 25%
- **Late filing penalties**, which are typically 5% of the tax due per month, up to 25%

The sooner you respond and resolve the balance, the less you'll owe in penalties and interest.

How to pay the balance

The IRS offers several payment method options:

- **IRS Direct Pay:** An easy, secure way to pay from your bank account
- **Credit or debit card:** Through an IRS-authorized processor (fees apply)
- **Electronic funds withdrawal:** Available when e-filing a return, including amended returns
- **Payment plans:** Apply online for short- or long-term installment agreements

If you're experiencing financial hardship, the IRS may approve an offer in compromise or place your account in currently not collectible status, which temporarily suspends collection actions.

Stay calm, stay informed

Most IRS notices are informational only or can be easily resolved if addressed promptly. By understanding what the IRS is asking and acting on time, you can avoid stress, penalties and potential enforcement measures.

- Open and read every IRS letter as soon as you receive it
- Compare the notice details to your records and tax return
- Respond by the deadline if action is required
- Pay any agreed-upon tax owed promptly to minimize interest and penalties
- Keep copies of all notices and your correspondence with the IRS

We're here to help! If you receive a notice from the IRS, reach out to your tax professional to make sense of your notice today.