

**Internal Revenue Service
Small Business and Self-Employed**

Department of the Treasury

Taxpayer Identification Number:

Date:

**Form:
1040**

Tax Period(s) Ended:

Person to Contact:

Contact Telephone Number:

Contact Fax Number:

Employee Identification Number:

Last Date to Respond to this Letter:

Dear

We have enclosed an examination report showing proposed changes to your tax for the period(s) shown above. Please read the report, and tell us whether you agree or disagree with the changes **by the date shown above**. (This report may not reflect the result of later examinations of partnerships, "S" Corporations, trusts, etc., in which you may have an interest. Changes to those accounts could also affect your tax.)

What to Do if You Agree with the Proposed Changes

If you agree with the changes proposed on the examination report, please take the following steps so that we may close your case:

1. Sign and date the enclosed agreement form. If you filed a joint return, both taxpayers must sign the form.
2. Make your check or money order payable to the **United States Treasury**. Enclose payment for tax, interest and any penalties due. You can call the person identified above to determine the total amount due as of the date you intend to make payment.
3. Return the signed agreement form and payment to us at the address referenced in the *Where to Send Your Response* section of this letter. If you pay the full amount due now, you will limit the amount of interest and penalties charged to your account.

What to Do if You Are Unable to Pay

If you agree with our findings, but can only pay part of the bill, please call the person identified above to discuss different payment options.

We may ask you to complete a collection information statement so that we can determine your payment options, such as paying in installments. You can also write to us or visit your nearest IRS office to explain your circumstances.

If you do not enclose payment for the additional tax, interest, and any penalties, we will bill you for the unpaid amounts. If you are a "C" Corporation, Section 6621(c) of the Internal Revenue Code provides that an interest rate 2% higher than the standard rate of interest will be charged on deficiencies of \$100,000 or more.

What to Do if You Do Not Agree with the Proposed Changes

If after reviewing the proposed changes on the examination report you do not agree, you may request a meeting or telephone conference with the supervisor of the person identified in the heading of this letter. If you still do

not agree after the meeting or telephone conference, you can request a conference with our Appeals Office. If the total proposed change to your tax and penalties is:

- \$25,000 or less for *each* referenced tax period, send us a letter requesting consideration by Appeals. Indicate the issues you don't agree with and the reasons why you don't agree. If you don't want to write a separate letter, you can complete the enclosed Form , *Statement of Disputed Issues*, and return it to us.
- More than \$25,000 for *any* referenced tax period; you must submit a formal protest.

What to Expect from the Appeals Office

If you request a conference with our Appeals Office, an Appeals Officer may call you to set up an appointment to take a fresh look at your case. The Appeals Office is an independent office and most disputes considered by the Appeals Office are resolved informally and promptly. By requesting a conference with our Appeals Office, you may avoid court costs (such as the Tax Court filing fees), resolve the matter sooner, and/or prevent interest and any penalties from increasing on your account.

If you decide to bypass the Appeals Office and petition the Tax Court directly, your case may be sent to an Appeals Office first to try to resolve the issue(s). Certain procedures and rights in court (for example, the burden of proof and potential recovery of legal costs) depend on you fully participating in the administrative consideration of your case, including consideration by the IRS Appeals Office.

If you do not reach an agreement with our Appeals Office or if you do not respond to this letter, we will send you another letter that will tell you how to obtain Tax Court Review of your case.

Where to Send Your Response

You must mail your signed agreement form, completed Statement of Disputed Issues, or a formal protest to us by the response date shown in the heading of this letter. If you decide to request a conference with the examiner's supervisor, please make the request by the response date indicated.

Mail Responses To: **Internal Revenue Service**

Who to Contact if You Have Questions

Please contact the person whose name and telephone number appear in the top right hand corner of this letter. The enclosed Publication 3498, *The Examination Process*, includes information on your "Rights as a Taxpayer", the "IRS Collection Process" and details the requirements for filing a formal protest.

Thank you for your cooperation.

Sincerely yours,

Group Manager

Enclosures:
Examination Report
Agreement Forms
Form
Publication 3498
Envelope