

August 2, 2016

## About Your IRS Notice or Letter

The IRS normally sends correspondence in the mail and they mail millions of letters to taxpayers every year. This is a follow up to last week's newsletter with some points to keep in mind if you, or your client, get a letter or notice.

- **Don't ignore it.** Most notices can be responded to quickly and easily.
- **Follow instructions.** Read the notice carefully. It will tell you if you need to take any action. Follow the instructions. The letter will have contact information if you have questions.
- **Focus on the issue.** IRS notices usually deal with a specific issue about the tax return or tax account. The notice or letter will explain the reason for the contact and give instructions on how to handle the issue.
- **Correction Notice.** If the IRS corrected your tax return, you should

review the information provided and compare it to your tax return.

*If you agree, you don't need to reply unless a payment is due.*

*If you don't agree, it is important that you respond. Follow the instructions on the notice for the best way to respond to the IRS. You may be able to call and resolve the issue, but if it is a client matter, we will need signed permission (Form 8821 or 2848). If you choose to write, be sure to include information and documents you want the IRS to consider. Include the SSN/EIN. Allow at least 30 days for a response.*

The IRS may send a letter asking you to clarify or verify your premium tax credit information. Follow the instructions on the

letter as to what is needed.

You don't need to visit the IRS. Most issues can be handled without visiting the IRS.

Keep the notice with your tax records.

Watch out for scams. The IRS will contact you about unpaid taxes by mail first—not by phone. Do not fall for phone and phishing email scams. The IRS will not initiate contact with taxpayers by email, text or social media.

To follow up on the First Time Penalty Abate discussed last week, we will want to try other courses of action, such as reasonable cause before using the First Time Abate.

If your client receives a notice or letter, please feel free to have one of our Tax Professionals in the office take a look at it and determine the best course of action.



## Inside this issue:

- About Your IRS Notice or Letter
- Premium Tax Credit (ACA)

## Avoid Too Much or Too Little Advance Premium Tax Credit

If your client purchased 2016 health coverage through MNSure, they may have chosen to have advance payments of the premium tax credit paid to the insurance company to lower the monthly premiums. If so, it is important to let the Marketplace know about significant life events, known as

changes in circumstances. These changes, such as those to income or family size, may affect the credit. Reporting the changes will help avoid getting too much or too little advance payment of the credit. Changes that should be reported include:

- increase or decrease in income
- marriage or divorce
- birth/ adoption of child
- starting a job with health insurance
- gaining or losing eligibility for other health care coverage
- change of residence