



THE IRS IS EXAMINING MY RETURN... WHAT SHOULD I DO?

If the IRS is examining your tax return, you are probably going to have a few questions. Continue reading for information related to common concerns.

Why was I selected for examination?

Your return may be selected on the basis of a computer scoring program which assigns a numeric score to individual tax returns based on information in the return, such as credits and deductions claimed.

Your return may also be selected on the basis of information received from third-party documentation, such as Forms 1099 and W-2, that does not match the information reported on your return.

It is also possible that your return was simply selected at random.

What is the examination process?

An examination usually begins when you are notified that your return has been selected. The IRS will tell you which records you will need.

Any proposed changes to your return will be explained. It is important that you understand the reasons for any proposed changes, so do not hesitate to ask a tax professional about anything that is unclear to you.

If you agree with the proposed changes, you can sign an agreement form and pay any additional tax you may owe, as well as interest.

What if I do not agree with the proposed changes?

If you do not agree with the proposed changes and no agreement can be reached with the examiner or his/her supervisor, your case will be processed, and you can request a conference with an Appeals Office.

Although most cases are settled at this level, you may be eligible to take your case to court if no agreement is reached.

What if I need more time to respond?

If you need additional time to gather information or prepare a response, you should contact the IRS to request it. There is a good chance that they will be willing to give you some extra time.

Helpful tips for dealing with an IRS Examination of your tax return:

Read any notice or letter that you receive from the IRS very carefully and follow any instructions about what you need to do. **DO NOT IGNORE IT!** Most notices require prompt response.

Begin collecting and organizing any necessary documentation right away. If you can support a claim or deduction with documentary proof, you will have a much better chance of avoiding conflict during the examination.

If you choose to dispute changes proposed by the IRS, it would be wise to seek advice from a tax professional. Many resources are available to provide assistance to qualifying taxpayers.

WE CAN HELP!

If you need help resolving a problem with IRS, you can contact our Low Income Taxpayer Clinic [LITC] for free assistance. Eligibility is based on income and family size.

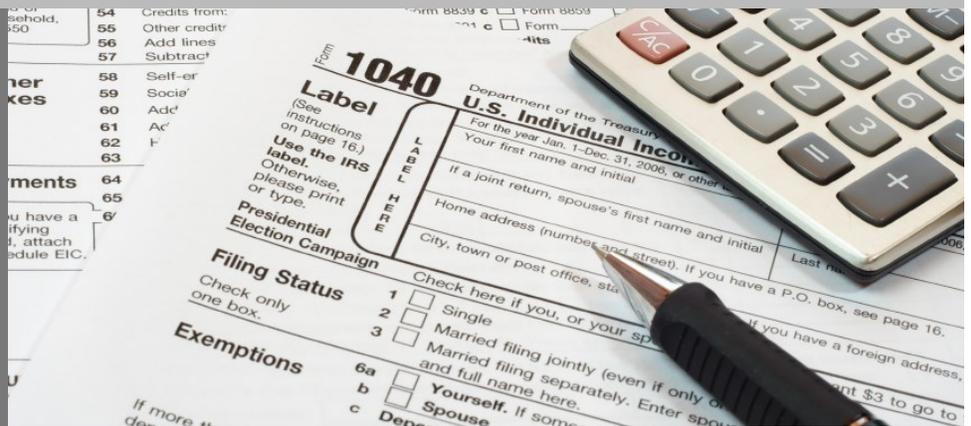
WHAT WE DO

Our LITC assists with the following IRS controversy issues:

- Earned Income Tax Credit
- Claiming Dependents
- Examination/Audits
- Collection issues including Lien and Levy
- Deficiency notices
- Assistance in Identity Theft cases
- Innocent and Injured Spouse
- Settling tax debts or securing installment agreements

WHAT WE DON'T DO

- We are NOT a tax preparation service
- We do NOT provide tax advice when there is no current or probable issue with the IRS
- We do NOT charge clients for our services



What if changes to my return create a tax debt that I cannot pay?

If the examination results in a tax debt that you cannot afford to pay in full, there may be alternative resolutions available.

Installment Agreement Request. You can request a monthly installment plan if you cannot pay the full amount you owe. To be valid, your request must be approved by the IRS. However, if you owe \$10,000 or less in tax and you meet certain other criteria, the IRS must accept your request.

Offer in Compromise (OIC). In certain circumstances, the IRS will allow you to pay less than the full amount you owe. Typically, an OIC is accepted if there is doubt about the validity of the debt or whether you can afford to pay it.

Currently not Collectible (CNC). If you are unable to pay your tax debt, you can seek to be put in a CNC status. Once this is done, the IRS must stop all collection activities, including levies and garnishments. However, the IRS can still take from your tax refunds, and your tax debt will still exist and continue growing due to interest.

Make an Appeal. If your offer is rejected, you have 30 days to request reconsideration from the Appeals Office of the IRS, which is separate from and independent of the IRS office taking the action you disagree with.

Indiana Legal Services, Inc.
214 S. College Ave.
Bloomington, IN 47404

Direct: (812)339-7668
Toll Free: 800-822-4774

tax.clinic@ilsa.net
fax: (812)339-2081

www.indianalegalservices.org/LITC



Member organization



Find us on:

