

One of my favorite times of day is when the mail comes. Sometimes there are the cute things people send, my favorite catalogues, bills and sometimes even letters. Some of the letters are great and then there are the ones with the return address from the IRS. Yes, I get mail for clients from them. I still get nervous until I see who it's for. Think about it. If I get nervous and I know the difference and the road to take, can you imagine the fear in other people who don't do this for a living????

Well, let's talk about the easy first: Dear Taxpayer, we have changed your account. Piece of cake. Usually it's because someone didn't report ALL income to the IRS. Do your research and if you agree with the changes or disagree, let them know. Write the letter yourself? NO!!! Call the IRS to make it all better and explain? ABSOLUTELY NOT!! If taxpayers try to take care of something, it never goes well. Find a pro, pay the little bit of money to file a Power of Attorney and find out what the heck the IRS is talking about. *Usually* something like this only takes me about half to an hour to rectify. No biggie.

Here is the biggie: "Dear Taxpayer, your federal return for the period(s) shown above has been selected for examination". Yep, can make a grown man cry and a Tax Pro cuss, and I have found stay awake at night. When this letter arrives the VERY FIRST THING THAT YOU DO IS BREATHE. IT SHOULD BE ALRIGHT. After that, the very next thing is resist the urge to vomit and overreact. If you self prepared your return, call a Tax Pro who is licensed to represent you. Get a warm fuzzy. If after meeting a person you don't have the warm fuzzy, go find another. This person is holding your checkbook in their hands. Be mindful of time constraints in contacting the IRS Agent back.

If you went someplace to get your taxes prepared, call them. If they are not licensed-meaning an Enrolled Agent, CPA or attorney, call someone who is.

In the letter it states what they are looking at. Look at the return, see what it is that they want to see, get all the documents together. Kind of look to see if things add up. I don't mind diving in, but I want to see how deep the water is, plus you get an idea if you took some liberties...

The person you hire will contact the Agent listed and get the ball rolling. The IRS will not call you or talk to you from that point. Yes, letters will still come, but the POA (Power of Attorney) will do all of the speaking. They will evaluate the situation and let you know what is going to get tossed out right away, and what they can fight for and keep, trying to keep your penalties and payments lower.

If someone prepared your return and you just signed it, the problem goes back to "you signed it, you are responsible for all of the numbers being correct". After it is all done and said, and the person put bogus information on your return, the penalties might not be so severe. You might also be able to go after that preparer for the penalties and interest plus the cost of the audit.

Remember, no matter how scary it is, the person you hire to take care of it should treat this like their own and fight for you, as long as the proof is there, and sometimes they can fight if there is no proof.

If you have questions or need answers on anything tax, give me a yell at kristhetaxlady@gmail.com. I will help you the best that I can.

Next week: some house cleaning and random miscellaneous stuff.