

The Pierson Firm Presents
TPF Tips
Issue 06 – JUNE, 2024

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Word Count: 1,417

Read Time: ~7 minutes

Welcome to TPF TIPS our monthly newsletter where we apply our over 30 years of experience to cut through the noise, select what is relevant, unpack the jargon and offer clear, digestible insights to topics important to our clients.

We know your time is precious and your inbox sacred so, we strive to make these emails an easy read (5-7minutes) and plan to deliver TPF TIPS on or around the 15th of each month (subliminal plug for tax preparation).

If, for some reason; you do not wish to receive the monthly newsletter, please do not unsubscribe. Rather, please reply to the email with the word UNSUBSCRIBE in the subject line. We will make sure to remove you from the newsletter list but, keep you subscribed to our other emails regarding important financial deadlines, events and other critical updates you will want to know about.

*After all, it's your money and we want you keep as much of it as you can!
So.....buckle up and let's get savvy!!!*

The theme for today is:

Summer...is it safe to go back into the water...or perhaps, safe to open the mailbox???
Putting IRS Notices in perspective.

April 15th is but a distant memory. Summer is here!
Bringing longer days, outdoor fun, celebrations, festivals relaxation and travel.

Unfortunately, it's also the time the IRS may be reaching out with feedback on your tax return.

Turn that chill that just ran down your spine into confidence as we outline the top three (3) reasons you may be hearing from the IRS and how to handle them.

Important Note:

The IRS will **never** initiate contact with you through email, text message, or social media regarding a bill or tax refund. If you receive such communication, it's most likely a scam attempt. Don't click on any links or attachments, and NEVER provide any personal information.

The U.S. Mail is the communication vehicle of choice for the IRS.
And while there is some evidence of mail scams out there, it is surprisingly low.
After all, it takes considerable time, money and effort for a mail scheme to work compared to the digital world.

When you do receive correspondence from the IRS, it is critically important you READ the entire correspondence. Page one is usually introductory and perfunctory niceties, while the critical information is reserved for subsequent pages. Again, the ENTIRE correspondence is important – niceties and all.

“We interrupt this newsletter for a brief commercial message!!!!”

As you will see, each of the most frequently sent IRS notices has a “diy” option as a response. Fortunately, *The Pierson Firm* has deep experience in all IRS correspondence and utilizing our services is usually the best course of action for recipients to take.

Here are just a few reasons why letting us handle your IRS correspondence is of benefit to you:

SPECIAL PHONE NUMBERS:

Ever try and reach the IRS on the “1-800” number provided? We know it’s challenging. Professional tax specialists like *The Pierson Firm* has special numbers with direct access to IRS representatives. We save you time and frustration.

CORRECT FORM PROCESSING:

While it sounds straight-forward, many mistakes are made filling out the correspondence back to the IRS. Having seen and responded to countless forms with success, we know the “ropes” and will ensure there are no snafus with this step.

PROPER RESPONSE:

Sometimes knowing HOW to say something is just as important as knowing WHAT to say. We are expert at preparing responses in areas of dispute, clarification, authentication and more. Allow us to do the heavy lifting in communicating with the IRS.

RECOMMENDATION:

In the case of additional money owed or disputes, *The Pierson Firm* can make recommendations based on applying our experience to your personal situation. No cookie cutter answers – our personal touch makes it right for you.

REPRESENTATION:

The IRS looks favorably on a situation when a tax professional is involved. Just seeing the name of a reputable firm seems to make things go smoother and quicker. Alleviating frustration and resolving situations quickly is what we do.

Now, let’s get back to the “program” and take a look at the letters the IRS sends most often.

Notice CP14: Balance Due

The Message:

This notice informs you taxes are owed. The tone of the letter varies from polite to not so polite, depending on the amount, the timeframe, previous communication, etc..

What to Do:

Don't panic!

Review the notice carefully.

The notice will detail the amount owed, penalties and interest (if applicable) and next steps for you to consider.

Options:

1. Pay the full amount by the due date to avoid further penalties and interest. The IRS offers convenient payment options and methods. *The Pierson Firm* offers the best recommendations on fulfilling your obligation.
2. Set up a payment plan to manage your tax obligation. Various installment plans are available to assist you.
3. Dispute the assessment. The notice will outline your options for filing a formal appeal, however WE can guide you on what the best options are given your personal situation.

Ignoring the notice, is not option!

Whenever the IRS believes money is due, they are relentless in pursuing. It rarely gets better.

Notice CP2000 (Letter 2030): Request for Verification

The Message:

The IRS has identified a discrepancy between the information you reported and what they received from third parties (employers, banks, etc.).

What to Do:

Gather all documents supporting your tax return information, such as pay stubs, W-2s, 1099s, etc..

Respond Promptly:

The notice includes instructions on how to respond. *The Pierson Firm* can provide guidance on which method (online or physical mail) and what information will best resolve the discrepancy.

Common Scenarios:

Agreement with the IRS claim.

Involves correcting the information and submitting missing or additional information for resolution. We don't recommend doing this alone.

Disagreement with the IRS claim.

If you disagree, it will be important to clearly explain why you believe your filing was accurate along with supplying any/all supporting documentation.

While certainly doable on one's own, we always recommend the advice of an experienced tax professional....like the publisher of this newsletter!

Notice CP2501 (or Letter 2531): Initial Contact for Discrepancy

The Message:

Similar to Notice CP2000, this notice alerts you of a potential discrepancy, but it's the initial contact before a formal request for verification.

The core issue at hand is there's usually a mismatch between the income you reported on your tax return and the information the IRS received from other sources like your employer, your financial institution, etc..

Although it could be other discrepancies as well.

What to Do:

Review the notice carefully and then call +1.936.756.1924.

Compare the information from your records to any information in the notice.

These notices can be tricky since they are preliminary in nature.

While the IRS offers multiple ways to respond, knowing WHAT to respond to and HOW to respond is critically important. It's always best to resolve the issue *prior* to a formal request for verification.

Did we mention we've seen LOTS of these notices? We can quickly and accurately decipher the discrepancy and provide the appropriate response to the IRS.

Getting it done right the first time is always better than just getting it done.

In summary, our **TOP TIPS** when it comes to communication from the IRS:

- 1. Keep Calm**
- 2. Review the *complete* correspondence.**
- 3. Take Action Promptly.**

We prefer you work us here at *The Pierson Firm*, but we get it if you prefer to blaze your own trail...ooh gosh sorry, we really don't get the going it alone part...we really want you to leverage our experience.!

Remember:

We are here to answer questions, help you learn, alleviate concerns, but most important; help you keep as much of your money as possible.

We would like this newsletter to evolve beyond just information – we would like it to be a conversation. Let us hear from you! Share your questions, concerns, and topics of interest and we will do our best to accommodate.

Your feedback helps us tailor content that truly resonates with your needs and goals.

Warm regards,
Gladys

About The Pierson Firm

Conroe-based *The Pierson Firm* offers a comprehensive range of tax-related services to individuals and businesses alike; and have been doing so for over 30 years. From Tax Planning, Preparation & Representation to Business Operations, Advisory and Compliance, the firm provides personalized solutions to those around the block or around the globe. Additional company information can be found by visiting www.thepiersonfirm.com.



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