

What If The IRS Makes An Error?

Each tax professional has a horror story to tell about the IRS making mistakes that equate to thousands of dollars. In 1986 alone, almost \$2.5 billion in penalties were assessed by the IRS, while \$890 million were dropped. These amounts were gathered by David R. Burton, the United States Chamber of Commerce manager for tax policy.

Unfortunately, this is not the only considerable error constantly experienced from the IRS. The initial notices which inform taxpayers that they've filed late or somehow underpaid the proper amount are typically wrong about 15 to 20 percent of the time. This means that the IRS is unjustifiably demanding millions of people to settle their incorrect tax debt. So if you know that the IRS typically commits mistakes, what do you do when you get a notice informing you of an IRS problem?

"The first rule in replying to an [IRS notice](#) is not to assume that they are correct", says a tax manager from New York, Jo Carole Klepack. Regardless of the origin or cause for a mistake, regardless if right or incorrect, all IRS notices has a phone number that any taxpayer can call if they have any concerns. Unfortunately, says Robert Israeloff of Israeloff, Trattner, & Company, "We found that accomplished very little because when you call, you speak with a clerk who isn't familiar with the case."

Writing a letter is the best option as various IRS issues are resolved via the mail. Make sure that you only send copies of your legal documents. Also use certified mail or a proper courier service so you can verify that the package was received by the IRS. Before your problem is resolved, you will probably get more computer-generated notices.

However, if the mistake is a rather big one which involves a significant amount of money, it will most probably benefit you to get [professional tax advice](#) and even visit an actual IRS office. Addressing an IRS agent personally is much better than simply waiting for your letter to be read among a pile of thousands of pieces of paper.

Most people believe that their tax records will be further assessed if they visit an IRS office. This is incorrect. As a matter of fact, you might be able to freeze the proceedings faster by bringing the mistake to their attention. Any enforcement effort can be frozen at once.

But there are a few rare and lucky taxpayers who really benefit from the mistakes that the IRS makes. For instance, taxpayers may get tax refunds that are bigger than what they are entitled to. Unfortunately, these may only lead to [IRS issues](#) later, so it's recommended not to cash these checks. Whenever dealing with the IRS, the best tip to keep in mind is that you must be patient when trying to fix an IRS problem.