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If You Receive a Letter from the IRS after Filing Tax

What should you do if you receive a letter from the IRS after you have submitted your tax return? Nobody likes to receive a letter from the IRS unless it includes a refund check. So here's how to respond to an IRS letter in your mailbox.

The most logical thing to do would be to see what the letter is about. Most times, the IRS would mail you a letter saying they found some discrepancy between your tax return and that of some other related party like your bank or brokerage firm. This could have happened because you omitted submitting a 1099 to report some interest you received from the bank or some other such reason.

If that is the case, simply respond to correct the situation by doing the necessary like mailing a check to cover for any underpayment.

The other important thing to remember to do is to respond within the time limit set by the IRS, which is usually 60 days. Failing to respond within the deadline is tantamount to ignoring the letter and doing so could lead to penalties, liens and seizure of property.

In all your dealings with the IRS, whether by mail or even by phone, you should keep complete records. Make sure you make a copy of all your correspondences with the IRS when responding to any letter from them. If you have a conversation over the phone, you should take down the ID and name of the IRS personnel concerned.

You should also check through the IRS calculations and do not assume they are correct. It is all too easy for IRS workers to make human errors such as posting a wrong tax year and thereby getting the figures wrong. If you detect such mistakes, you may challenge the IRS letter and back up your case with proper records.

Another wise thing to do would be to engage professional help. If you hired a tax preparer, you should direct all letters from the IRS to him or her. Not only will your tax preparer know how to respond to the letter, but if there are any changes, it would affect next year's return so your tax preparer must be kept in the loop of such things.

Finally, don't forget your state tax returns. All changes to your federal income tax could change the figures on your state taxes, too. So once you have responded to the IRS letter, you may need to amend your state tax return.