Beginning January 1, 1999, the interest rate we pay on any overpayment of taxes, except for corporate taxes, is the same as the rate of interest we charge on the underpayment of taxes. The law requires us to determine these interest rates quarterly. From January 1, 1987 through December 31, 1998, the interest rate we paid on an overpayment of taxes was one percent less than the rate of interest we charged on your underpayment of taxes. Effective January 1, 1995, we pay a reduced rate of interest on corporate overpayments that exceed $10,000. This reduced rate is the short-term federal interest rate, plus 4%. We compound interest daily, except on late or underpaid estimated taxes for individuals or corporations.

If you have an underpayment resulting from a tax motivated transaction (for returns due before January 1, 1990), we charge a special interest rate of 120 percent of the underpayment rate.

We charge interest on penalties for filing late, paying late, over or understating valuations, and substantially understating the tax you owe.

Also, we charge interest on fraud and negligence penalties if the tax returns, including extensions, are due after December 31, 1988. For returns due after December 31, 1989, the Accuracy-Related Penalty is charged interest from the later of the return due date or each due date after the due date.

We continue to charge interest until you pay the amount you owe in full. After December 31, 1990, the law allows us to charge interest at the underpayment rate plus two percent on large corporate underpayments of more than $100,000.

### About Your Notice

You may call your local IRS telephone number if the number shown on your notice is a long-distance call for you. All days mentioned in the paragraphs below are calendar days, unless specifically stated otherwise.

### Removal of Penalties

#### Reasonable Cause

The law lets us reduce or release the penalties we explain in this notice if you have an acceptable reason. If you believe you have reasonable cause you may contact us to explain the reason(s), establishing you used ordinary business care and prudence to comply with your Federal tax obligations but were nonetheless unable to do so. We will consider the facts and circumstances presented and will let you know if we accept or reject the reasonable cause.

Removal of penalties does not apply to interest. See Penalty Relief, Notice 746 (Rev. 3-2022) Catalog Number 63146F Department of the Treasury Internal Revenue Service www.irs.gov.

### Erroneous Written Advice from IRS

We will also remove your penalty if:
- you wrote to IRS and asked for advice on a specific issue,
- you gave IRS complete and accurate information,
- IRS wrote back to you and gave you a specific course of action to take or explained what actions not to take,
- you followed our written advice in the manner we outlined, and
- you were penalized for the written advice we gave you.

To have the penalty removed because of erroneous written advice from IRS you should:
- complete Form 843, Claim for Refund and Request for Abatement,
- request that IRS remove the penalty, and
- send Form 843 to the IRS Service Center where you filed your return for the year you relied on erroneous advice from the IRS.

The three documents you must attach to your Form 843 are:
- a copy of your original request for advice from IRS,
- a copy of the erroneous written advice from IRS, and
- a notice (if any) showing the penalty we charged that you now wish to remove.

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Deposit Penalties - IRC 6656

We may charge penalties if you do not make required deposits on time, make deposits for less than the required amount or if you do not use EFTPS when required. We will not charge penalties if you did not willfully neglect to make a proper and timely deposit and you have a reasonable cause. For amounts not properly or timely deposited, the penalty rates are:
- 2% — deposits made 1 to 5 days late,
- 5% — deposits made 6 to 15 days late,
- 10% — deposits made 16 days or more late, but on or before the 10th day after the due date of the first notice we sent you asking for the tax you owe. All deposits made to an unauthorized financial institution, or payments made directly to the IRS, or paid with your tax return.
- 10% — Amounts subject to electronic deposit requirements but not deposited using EFTPS.
- 15% — Amounts still unpaid more than 10 days after the date of the first notice the IRS sent asking for the tax due or the day on which you received notice and demand for immediate payment, whichever is earlier.

Deposits made 6 to 15 days late after the date of the first notice the IRS sent asking for the tax due or the day on which you received notice and demand for immediate payment, whichever is earlier.

The law allows you to tell the IRS where to apply the tax you owe. If you did not make the required deposit, the penalties are:
- 2% — deposits made 1 to 5 days late,
- 5% — deposits made 6 to 15 days late,
- 10% — deposits made 16 days or more late, but on or before the 10th day after the due date of the first notice we sent you asking for the tax you owe.

The penalty rates are:
- 2% — deposits made 1 to 5 days late,
- 3% — deposits made 6 to 15 days late.
- 4% — deposits made 16 days or more late, but on or before the 10th day after the due date of the first notice we sent you asking for the tax you owe.

Filing and Paying Late - IRC 6651 — We charged penalties for filing late and paying late because, according to our records, you filed your return late and didn’t pay your tax when it was due.

The penalty for filing late is 5% of the total tax you owe for the tax year, less. Otherwise, you must make estimated tax payments each quarter, that is generally 25% of the total amount you expect to owe for the year.

Estimated Tax Safe Harbor for Higher Income Individuals - IRC 6654(d) — For more information on the estimated tax penalty may be reduced or removed, see the instructions for Form 2210 for your tax year or Publication 505, Tax Withholding and Estimated Tax.

Corporations — We charge a penalty for not estimating your tax correctly when the corporation owes $500 or more in tax, and the total payments made on time are less than the required amount.
For tax years beginning after December 31, 1993, the law requires corporations to pay their estimated tax in 4 quarterly payments (unless income is seasonal or the corporation used an annualized income method to estimate its tax) based on the lesser of 100% of either the tax shown on the current year tax return or the prior year tax return. Each installment must be at least 25% of the tax shown on the return.

The procedure for reasonable cause does not apply to corporate estimated tax penalties. For more information on when the estimated tax penalty may be reduced or removed, see Form 2220 and its instructions for your tax year.

**Failure to Deposit - IRC 6656(b) — Federal Tax Deposits Insufficient/Late -** We charged a penalty because it appears that you didn’t deposit the correct amounts of tax on time. We used your Record of Tax Liability to determine where to apply your deposits. We applied your deposits to your tax liability in the order we received them. We figured the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts.

If you think you should remove or reduce this penalty, see “Removal of Penalties — Reasonable Cause.” Also see Publication 15, Circular E — Employer’s Tax Guide or Publication 51, Circular A — Agricultural Employer’s Tax Guide for deposit requirements.

**Dishonored Check or Other Form of Payment - IRC 6651** — We charged a penalty when you bank didn’t honor your check or other form of payment. For checks or other forms of payment of $1,250 or more, the penalty is 2% of the amount of the check or other form of payment. On any additional checks or other forms of payment of $1,250 or more, the penalty is the amount of the check or other form of payment, or $25, whichever is less. If you think you should remove or reduce this penalty, see “Removal of Penalties — Reasonable Cause.”

**Filing Incomplete Return – IRC 6698** — We charged a penalty because, according to our records, your partnership return was incomplete and you didn’t give us the information we requested. The penalty is $210 for each partner who was a partner at any time during the tax year, for each month or part of a month the return was filed late, for up to 12 months. If you think you should remove or reduce this penalty, see “Removal of Penalties — Reasonable Cause.”

**Examining Officer’s Report - IRC 6751(a)** — According to our records, your Examining Officer gave you a report that explained the reason for this penalty.

**Late Payment Penalty Removed** — We removed the late payment penalty we previously charged you.

**Fraud - IRC 6663** — We charged you a penalty for fraud. The penalty is 75% of the tax you didn’t pay due to fraud. For returns due in 2020, the penalty rate is $210. For returns due after January 1, 2021, the penalty rate is $220.

**Failure to Deposit - IRC 6656 — Federal Tax Deposits Insufficient/Late and Incomplete Record of Federal Tax Liability** — We charged a penalty because it appears that you didn’t deposit the correct amounts of tax on time. Also, your Record of Federal Tax Liability was incomplete or illegible, or the liability amounts you reported didn’t equal the net taxes for the tax period. Therefore, we averaged the tax liability and distributed it equally throughout the tax period. We applied your deposits to the averaged liabilities in the date order we received them. We figured the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts.

If you believe we computed the penalty incorrectly, please send a complete breakdown of your tax liability on Form 990PF. The penalty is: (1) $20 a day for each day your return is incomplete, if your gross annual receipts are equal to or less than $1,094,500. The penalty may not be more than $5,040,000. If your gross annual receipts are more than $1,094,500, the penalty may not be more than $10,050,000 or 5% of your gross annual receipts, whichever is less. (2) $105 a day for each day your return is incomplete, if your gross annual receipts exceed $1,094,500, but the penalty may not be more than $54,500.

Failure to Deposit - IRC 6656(b) — Federal Tax Deposits Insufficient/Late and Incomplete Record of Federal Tax Liability removed on or before December 31, 2017, the base penalty rate is $195.

These penalty amounts are subject to annual inflation adjustments.

**S Corporation Late Filing - IRC 6699** — We charged a penalty because, according to our records, your S corporation return late. The penalty is $210 for each person who was a shareholder at any time during the tax year, for each month or part of a month that the return was filed late, for up to 12 months. If you think you should remove or reduce this penalty, see “Removal of Penalties - Reasonable Cause.”

For returns due after January 1, 2021, the penalty rate is $210.

For returns due in 2020, the penalty rate is $205.

For returns due between January 1, 2018 and December 31, 2019, the base penalty rate is $200.

For returns due in 2020, the penalty rate is $205.

For returns due between January 1, 2018 and December 31, 2019, the base penalty rate is $200.

For returns due on or before December 31, 2017, the base penalty rate is $195.

These penalty amounts are subject to annual inflation adjustments.

**Filing Incomplete Return - IRC 6698** — We charged a penalty because, according to our records, your S corporation return was incomplete and you didn’t give us the information we requested. The penalty is $210 for each person who was a shareholder at any time during the tax year, for each month or part of a month that the return was filed late, for up to 12 months. If you think you should remove or reduce this penalty, see “Removal of Penalties - Reasonable Cause.”

For returns due after January 1, 2021, the penalty rate is $210.

For returns due in 2020, the penalty rate is $205.

For returns due between January 1, 2018 and December 31, 2019, the base penalty rate is $200.

For returns due on or before December 31, 2017, the base penalty rate is $195.

These penalty amounts are subject to annual inflation adjustments.

**Examining Officer’s Report - IRC 6751(a)** — According to our records, your Examining Officer gave you a report that explained the reason for this penalty.

**Late Payment Penalty Removed** — We removed the late payment penalty we previously charged you.

**Failure to Deposit - IRC 6656 — Federal Tax Deposits Insufficient/Late and Incomplete Record of Federal Tax Liability** — We charged a penalty because it appears that you didn’t deposit the correct amounts of tax on time.

Also, your Record of Federal Tax Liability was incomplete or illegible, or the liability amounts you reported didn’t equal the net taxes for the tax period. Therefore, we averaged your tax liability and distributed it equally throughout the tax period. We applied your deposits to the averaged liabilities in the date order we received them. We figured the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts.

For returns due after January 1, 2021, the penalty rate is $210.

For returns due in 2020, the penalty rate is $205.

For returns due between January 1, 2018 and December 31, 2019, the base penalty rate is $200.

For returns due on or before December 31, 2017, the base penalty rate is $195.

These penalty amounts are subject to annual inflation adjustments.

**Filing Incomplete Return - IRC 6698** — We charged a penalty because, according to our records, your partnership return was incomplete and you didn’t give us the information we requested. The penalty is $210 for each person who was a partner at any time during the tax year, for each month or part of a month the return was filed late, for up to 12 months. If you think you should remove or reduce this penalty, see “Removal of Penalties - Reasonable Cause.”

For returns due after January 1, 2021, the penalty rate is $210.

For returns due in 2020, the penalty rate is $205.

For returns due between January 1, 2018 and December 31, 2019, the base penalty rate is $200.

For returns due on or before December 31, 2017, the base penalty rate is $195.

These penalty amounts are subject to annual inflation adjustments.

**Examining Officer’s Report - IRC 6751(a)** — According to our records, your Examining Officer gave you a report that explained the reason for this penalty.

**Late Payment Penalty Removed** — We removed the late payment penalty we previously charged you.

**Failure to Deposit - IRC 6656 — Federal Tax Deposits Insufficient/Late and Incomplete Record of Federal Tax Liability** — We charged a penalty because it appears that you didn’t deposit the correct amounts of tax on time.

Also, your Record of Federal Tax Liability was incomplete or illegible, or the liability amounts you reported didn’t equal the net taxes for the tax period. Therefore, we averaged your tax liability and distributed it equally throughout the tax period. We applied your deposits to the averaged liabilities in the date order we received them. We figured the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts.

If you believe we computed the penalty incorrectly, please send a complete breakdown of your tax liability on Form 990PF. The penalty is: (1) $20 a day for each day your return is incomplete, if your gross annual receipts are equal to or less than $1,094,500. The penalty may not be more than $5,040,000. If your gross annual receipts are more than $1,094,500, the penalty may not be more than $10,050,000 or 5% of your gross annual receipts, whichever is less. (2) $105 a day for each day your return is incomplete, if your gross annual receipts exceed $1,094,500, but the penalty may not be more than $54,500.

Failure to Deposit - IRC 6656(b) — Federal Tax Deposits Insufficient/Late and Incomplete Record of Federal Tax Liability removed on or before December 31, 2017, the base penalty rate is $195.

These penalty amounts are subject to annual inflation adjustments.

**S Corporation Late Filing - IRC 6699** — We charged a penalty because, according to our records, you filed your S Corporation return late. The penalty is $210 for each person who was a shareholder at any time during the tax year, for each month or part of a month that the return was filed late, for up to 12 months. If you think you should remove or reduce this penalty, see “Removal of Penalties - Reasonable Cause.”

For returns due after January 1, 2021, the penalty rate is $210.

For returns due in 2020, the penalty rate is $205.

For returns due between January 1, 2018 and December 31, 2019, the base penalty rate is $200.

For returns due on or before December 31, 2017, the base penalty rate is $195.

These penalty amounts are subject to annual inflation adjustments.
Accuracy-Related Penalty - IRC 6662 — For returns due after 12/31/89, we charge a 20% penalty on the amount of additional tax attributable to Negligence, Substantial Understatement, Substantial Valuation Error, Substantial Transaction understatement, Substantial Ignorance, Substantial Omission, Substantial Undervaluation of Depreciation Liabilities, or Substantial Estate or Gift Tax Valuation Understatement. The penalty is increased to 40% for a Gross Valuation Mismatch.

For returns due before 1/1/90, the applicable percentage rate varies with the specific penalty and the amount of the increased tax.

Accuracy-Related Penalty on Understatements with Respect to Reportable Transactions - IRC 6662(A) — For tax years ending after October 22, 2004, we charged a penalty for one or more reportable transaction understatements. Generally, the penalty is 20% of the reportable transaction understatement. The penalty is increased to 30% if the disclosure requirement in IRC section 6662(g)(1)(A) or (B) is not met.

Accuracy-Related Penalty on Underpayments Attributable to Undisclosed Foreign Financial Asset Understatements - IRC 6662(j) — For tax years beginning after March 18, 2010, we charged a penalty for an undisclosed Foreign Financial Asset. The penalty is 40% of the portion of any underpayment attributable to any undisclosed foreign financial asset understatement.

Accuracy-Related Penalty on Underpayments Attributable to Non-economic Substance Transactions - IRC 6662(b)(6) - We charged you a penalty due to a disallowance of claimed tax benefits by reason of a transaction lacking economic substance or failing to meet the requirements of any similar rule of law. The penalty is 20 percent of the portion of the underpayment attributable to one or more non-economic substance transactions. The reasonable cause exception does not apply to any portion of an underpayment that is attributable to one or more non-economic substance transactions. (For transactions entered into on or after March 31, 2010).

Accuracy-Related Penalty on Underpayments Attributable to Non-disclosed Non-economic Substance Transactions - IRC 6662(i) - We charged you a penalty due to a disallowance of claimed tax benefits by reason of a transaction lacking economic substance or failing to meet the requirements of any similar rule of law. The penalty is 40 percent of the portion of the underpayment attributable to one or more non-disclosed non-economic substance transactions. The reasonable cause exception does not apply to any portion of an underpayment that is attributable to one or more non-disclosed non-economic substance transactions. (For transactions entered into on or after March 31, 2010). See the Revenue Agent Report for a detailed explanation of these penalties.

Failure to Deposit - IRC 6656 — Taxes Paid Directly to IRS and Missing Information — We charged a penalty because your Form 941 Schedule B, Form 945-A, or your Form 943-A was incomplete and we couldn’t determine if you made your deposits on time or in the correct amounts.

If you think we computed the penalty incorrectly, please complete Form 941 Schedule B, Form 945-A or Form 943-A. For additional details see Information on Failure to Deposit Penalty.

Failure to Deposit - IRC 6656 — Insufficient Late, Taxes Paid Directly to IRS and Incorrect Record of Federal Tax Liability — We charged a penalty because, according to our records:

– you didn’t pay on time.
– you didn’t make your deposit(s) electronically as the law requires.
– you did not make your deposit(s) electronically as the law requires, and your Record of Federal Tax Liability was incomplete or illegible, or the liability amounts you reported didn’t equal the net taxes for the tax period.

We applied your deposits and payments to the averaged liabilities in the date order we received your deposits. We figured the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts.

If you believe we computed the penalty incorrectly, please send us a complete breakdown of your tax liability as of Form 941 Schedule B, Form 945-A or Form 943-A. For additional details see Information on Failure to Deposit Penalty.

Failure to Deposit - IRC 6656 — Insufficient Late, Taxes Paid Directly to IRS and Incorrect Record of Federal Tax Liability — We charged a penalty because, according to our records:

– you didn’t pay in the amount of tax you may pay with your return. See the list below.

Failure to DepositPenalty – Ten Percent Penalty for IRC 444 Election - IRC 7519(f) — We charged a penalty because we didn’t receive the full amount of the “required payment” for your Form 941 Schedule B, Form 945-A or Form 943-A. For additional details see Information on Failure to Deposit Penalty.

Failure to Deposit - IRC 6656 — Deposits Insufficient/ Late, Taxes Paid Directly to IRS and Incorrect Record of Federal Tax Liability — We charged a penalty because, according to our records:

– you didn’t deposit your tax using the one-day deposit rule for liabilities $100,000 or more during a deposit period.
– you didn’t pay on time or in the correct amounts.

Also, the Record of Federal Tax Liability on your return was incomplete and we couldn’t determine if you made your deposits on time or in the correct amounts. Therefore, we averaged the liability you reported and distributed it equally. We applied your deposits in the date order we received them. We charged a penalty because your Form 941 Schedule B, Form 945-A or your Form 943-A was incomplete and we couldn’t determine if you made your deposits on time or in the correct amounts.

If you think we should remove or reduce this penalty, see "Removal of Penalties — Reasonable Cause." Also see Publication 15, Circular E — Employer’s Tax Guide, or Publication 51, Circular A — Agricultural Employer’s Tax Guide.

Failure to Deposit - IRC 6656 — Deposits Insufficient/ Late, Taxes Paid Directly to IRS and Incorrect Record of Federal Tax Liability — We charged a penalty because, according to our records:

– you made one or more of your deposits to an unauthorized financial institution, paid your tax directly to the IRS, and paid the tax with your return, or you did not make your deposit(s) electronically as the law requires.
– you didn’t pay on time.
– you didn’t make your deposit(s) electronically as the law requires.
– you didn’t make your deposit(s) electronically as the law requires, and your Record of Federal Tax Liability was incomplete or illegible, or the liability amounts you reported didn’t equal the net taxes for the tax period.

We applied your deposits and payments to the averaged liabilities in the date order we received your deposits. We figured the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts.

If you believe we computed the penalty incorrectly, please complete Form 941 Schedule B, Form 945-A or Form 943-A. For additional details see Information on Failure to Deposit Penalty.

Failure to Deposit - IRC 6656 — Insufficient required Payment of any tax not deposited, deposited late, or not deposited in the correct amounts.

You may pay taxes of $2,000 or less with your tax return.

If you think we should remove or reduce this penalty, see "Removal of Penalties — Reasonable Cause." Also see Publication 15, Circular E — Employer’s Tax Guide, or Publication 51, Circular A — Agricultural Employer’s Tax Guide.

Failure to Deposit - IRC 6656 — Insufficient Late, Taxes Paid Directly to IRS and Incorrect Record of Federal Tax Liability — We charged a penalty because, according to our records:

– you didn’t make your deposit(s) electronically as the law requires, and your Record of Federal Tax Liability was incomplete or illegible, or the liability amounts you reported didn’t equal the net taxes for the tax period.

We averaged your total tax liability, distributed it equally, and applied your deposits and payments to the averaged liabilities in the date order we received them. We charged a penalty because your Form 941 Schedule B, Form 945-A or your Form 943-A was incomplete and we couldn’t determine if you made your deposits on time or in the correct amounts.

If you believe we computed the penalty incorrectly, please complete the enclosed Form 941 Schedule B, Form 945-A or Form 943-A. For additional details see Information on Failure to Deposit Penalty.

Failure to Deposit - IRC 6656 — Required Payment of any tax not deposited, deposited late, or not deposited in the correct amounts.

You may pay tax of less than $2,500 with your tax return.

If you think we should remove or reduce this penalty, see "Removal of Penalties — Reasonable Cause." Also see Publication 15, Circular E — Employer’s Tax Guide, or Publication 51, Circular A — Agricultural Employer’s Tax Guide.

Failure to Deposit - IRC 6656 — Deposits Insufficient/ Late, Taxes Paid Directly to IRS and Incorrect Record of Federal Tax Liability — We charged a penalty because, according to our records:

– you didn’t deposit your tax using the one-day deposit rule for liabilities $100,000 or more during a deposit period.
– you didn’t pay on time or in the correct amounts.

Also, the Record of Federal Tax Liability on your return was incomplete and we couldn’t determine if you made your deposits on time or in the correct amounts. Therefore, we averaged the liability you reported and distributed it equally.

Since your average amount of monthly liability was $100,000 or more, we applied your deposits in the date order we received them. We charged a penalty because your Form 941 Schedule B, Form 945-A or your Form 943-A was incomplete and we couldn’t determine if you made your deposits on time or in the correct amounts.

If you think we should remove or reduce this penalty, see "Removal of Penalties — Reasonable Cause." Also see Publication 15, Circular E — Employer’s Tax Guide, or Publication 51, Circular A — Agricultural Employer’s Tax Guide.
For deposits due after December 31, 1989, see Failure to Deposit - IRC 6656 — Deposits Insufficient/Late and Incorrect Record of Federal Tax.

Failure to Deposit - IRC 6656 — Deposits Insufficient/Late and Incorrect Record of Federal Tax Liability — We charged a penalty because, according to our records, you didn't deposit your tax using the one-day deposit rule for liabilities $100,000 or more during a deposit period.

Also, your Form 941 Schedule B, Form 945-A or Form 943-A was incomplete and we couldn't determine if you made your deposits on time or in the correct amounts. Therefore, we averaged the liability you reported and distributed it equally.

Since your average amount of liability was $100,000 or more, we placed the liability on the first day of the applicable semi-weekly period (eighth-monthly period for tax years ending on or before December 31, 1992). We applied your deposits in the date order we received them. We figured the penalty on any tax not deposited, deposited late, or not deposited in the correct amounts.

For deposits due after December 31, 1989, see Failure to Deposit - IRC 6656—Deposits Insufficient/Late and Incorrect Record of Federal Tax.

Interest - IRC 6601

Interest — We are required by law to charge interest when you do not pay the amount you owe on time. Generally, we charge interest from the due date of your return (regardless of extensions) until you pay the amount you owe in full, including all interest and any penalty charges. Interest rates are variable and may change quarterly.

Corporate interest — If you are a C corporation, and you underpaid your tax by more than $100,000 for any taxable period, we charge additional interest of 2% if the full amount shown as due on a notice isn’t paid within 30 days of the notice date. If you don’t pay within 30 days, interest at the higher rate begins on the 31st day after the notice date. Once the additional 2% rate begins to apply, we charge the additional interest on all underpayments for that type of tax and that tax period until you pay your balance in full.

Additional Interest Charges — If the amount you owe is $100,000 or more, please make sure that we receive your payment within 10 business days from the date of your notice. If the amount you owe is less than $100,000, please make sure that we receive your payment within 21 calendar days from the date of your notice. If we don’t receive full payment within these time frames, the law requires us to charge interest until you pay the full amount you owe.

Partnership Interest — If the partnership fails to pay within the applicable grace period after the first notice, interest on the balance due will continue to run at the standard underpayment rate under IRC 6621(a)(2) (B) for the first 10 calendar days after the notice and demand date. After that if it is still not paid, interest on the balance due will be calculated with an extra 2% rate until it is paid in full.

Section 6621(a)(2)(B) adds 3 percentage points to the Federal short-term rate determined under section 6621(b) for purposes of establishing the interest rate on underpayments of tax.

Interest Paid

Beginning with tax year 1991, you can no longer deduct interest you paid to the United States Treasury as an itemized deduction on your Form 1040, Schedule A.

Interest Reduced

If we reduce interest that you previously reported as a deduction on your tax return, you must report this reduction of interest as income on your tax return for the year we reduce it.

Interest Removed-Erroneous Refund

The law requires us to remove interest up to the date we request you to repay the erroneous refund when:
- you didn’t cause the erroneous refund in any way, and
- the refund doesn’t exceed $50,000.
- The IRS may remove or reduce interest on other erroneous refunds based on the facts and circumstances involved in each case.

Annual Interest Netting — Effective January 1, 1987 through December 31, 1998, the interest rate we paid on any overpayment of taxes was 1% less than the interest rate we charged on the underpayment of taxes. As of January 1, 1999, the overpayment and underpayment rates of interest for claiming a refund charge are the same, except for corporate overpayments. If we refund an overpayment with interest and we have to increase the tax at a later date, we give special consideration to the interest on that account.

On the tax increase made after the refund, we will charge the lower refund rate of interest (up to the amount of the refund) for the same time period that we paid interest on the overpayment.

Request for Net Interest Rate of Zero - IRC 6621(d) General Rule — If you owe interest to the IRS on an underpayment for the same period of time that the IRS owes interest on an overpayment, you may be entitled to receive a net interest rate of zero (the same rate of interest applies to your underpayment as your overpayment).

To receive the net interest rate of zero for interest you owed (or paid) the IRS, or interest that we owed (or paid) you before October 1, 1998, you must file a Form 843, Claim for Refund and Request for Abatement. For more information on the filing requirements for the Form 843, see Revenue Procedure 99-43, 1999-47 I.R.B. 579. Revenue Procedure 99-43 and Form 843 are available at www.irs.gov.

To qualify for the net interest rate of zero, the period of limitation for claiming a refund of interest on an overpayment and the period of limitation for claiming additional interest on an overpayment must have been open on July 22, 1998. Generally, the period of limitation for claiming a refund of interest on an overpayment is 3 years from the time you filed your tax return, or 2 years from the time you paid the interest, whichever is later. The period of limitation to request additional interest on an overpayment is 6 years from the date of the refund.

You must file Form 843 on or before the closing date of the later statute of limitation period. Mail Form 843 to:

U.S. Mail:
Internal Revenue Service
Net Rate Interest Netting Claim
P.O. Box 9987
Mail Stop 6800
Ogden, UT 84409

Other than U.S. mail:
Internal Revenue Service
Net Rate Interest Netting Claim
1150 West 1200 South
Mail Stop 8800
Ogden, UT 84201

If your request for interest netting involves solely interest that you owed the IRS or that the IRS owed you on or after October 1, 1998, send Form 843 to the Internal Revenue Service Center where you filed your most recent federal income tax return. For more information on these Form 843 filing requirements, see Revenue Procedure 2000-26, 2000-24 I.R.B. 1. Revenue Procedure 2000-26 is available at www.irs.gov.

Status of Your Account

Balance Less than $1 — If the amount you owe is less than $1, you do not have to pay it.

Refund Less than $1 — If your refund is less than $1, we will send it to you only if you ask for it.

Refund — We will refund your overpayment (plus interest when applicable), if you owe no other taxes or have no other debts the law requires us to collect.

This notice is not the result of an examination of your return. We notify a taxpayer when we select his/her return for examination.

Action Required on Balance Due Accounts

Payment — Please make your check or money order payable to the United States Treasury. Write on your payment your social security number or employer identification number, the tax period and tax form. Mail your payment with the bottom part of your notice in the enclosed envelope or to the address on the front of your notice.

Notice about Partial Payments — Generally, we apply your payment first to tax, then to penalty, and finally to the interest you owe.

Additional Tax Concerns

Backup Withholding

If you received interest, dividends or patronage dividend income, but you didn’t report the income on your tax return and you didn’t pay the tax due on your tax return, you could be subject to a special income tax withholding called Backup Withholding. The IRS may request each payer of that income to begin withholding at a rate of 24% if, after we send you four notices over 210 days, a balance remains due on your account.

Federal/State Exchange Program

The Internal Revenue Service has agreements with state and certain local tax agencies to exchange information about federal tax, including increases or decreases. If this change affects the amount of your state or local income taxes, you should file the required state or local form to report the change.