



Math Error Notices



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*We've changed
your return ...
now you try to
figure out how!*



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Math Error Notice Concerns



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- Taxpayer Advocate 2014 Report
 - The IRS does not clearly explain math error adjustments, making it difficult for taxpayers to understand and exercise their rights

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Math Error Authority History

- First granted in 1926
- If a mathematical error is apparent on the face of the return, Commissioner may
 - make an assessment and
 - collect the tax due

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TRA 1976 Expansion of MEA

- An error in adding or subtracting on the return;
- An incorrect use of a table related to the return;
- Inconsistent entries on the same return;



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1976 Expansion of MEA (cont.)

- Omitted information required to substantiate a return entry; and
- An entry that claims a deduction or credit amount in excess of the statutory limit



Today—16 MEA Categories

(§ 6213(g))

- An error in addition, subtraction, etc.
 - Including reporting of withholding
- An inconsistent entry, omission of information, FTHB credit
- Incorrect SSN related dependency, EITC, child credits, child care credit and AOC



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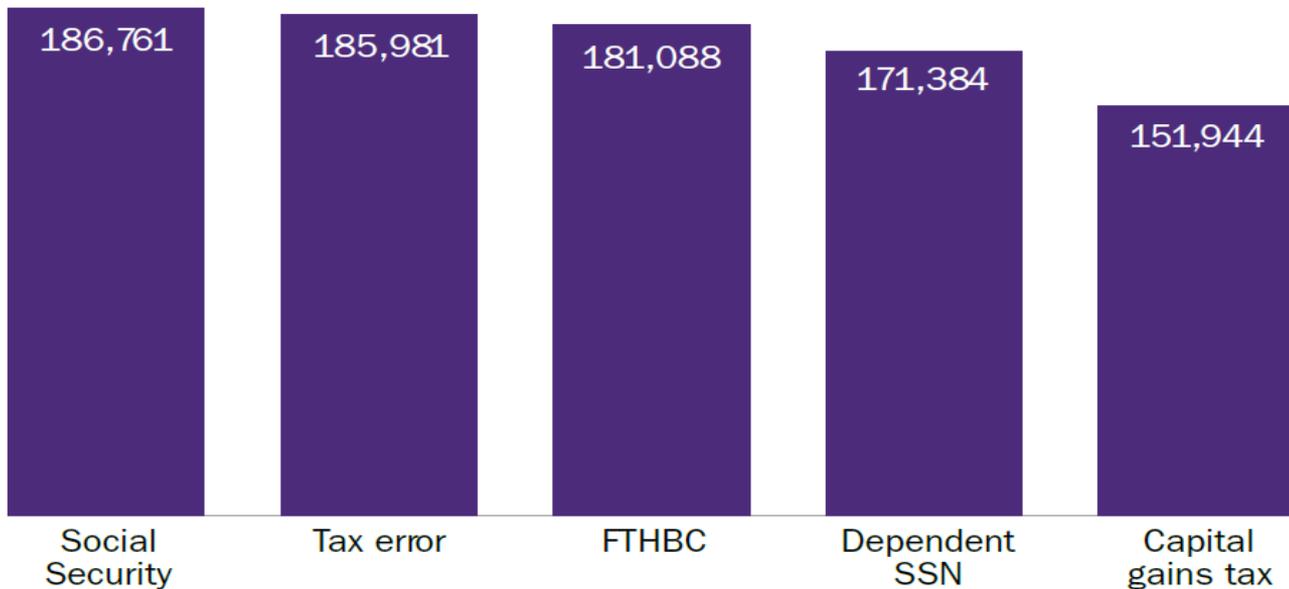
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From the TAS ARC

Most common math errors, January-November 2014



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Responding to Math Error Notices

- Issued under § 6213(b), an exception to § 6213(a)
- Permit the IRS to assess summarily
 - tax
 - interest and
 - penalties

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Summary Assessment Notices

- IRS is not required to send a notice of deficiency to the taxpayer
- Taxpayer has no right to file a petition with the Tax Court based on the notice.

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Summary Assessment Notices

- The taxpayer must be given an explanation of the asserted error
- The taxpayer is given 60 days during which (s)he may request IRS to abate its assessment
- And...

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The Taxpayer **MUST** Respond!



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- Upon request within the 60 days, IRS is required to abate the assessment
- IRS may not to proceed to collect on the assessment until the taxpayer has agreed to the assessment or has allowed his or her time for objecting to expire



Practice Pointer!



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- Teach your clients to call you first when they receive letters or notices from IRS.
- When clients receive letters from IRS they assume the letter is correct ... they assume you made an error.



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Advocating for your client begins when you respond to a notice from IRS on behalf of your client

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But First – a Reminder!

- 
- To protect the confidentiality of taxpayers, the IRS has outlined a process to determine who can communicate with them on behalf of taxpayers and to grant powers of attorney to qualified representatives.
 - Check first for authorization before you proceed...

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These are “processing issues”

- Within the initial 60 days, you may use “third-party designee” authorization.
- Once IRS assesses tax, you will need a Power of Attorney.

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Key Concept

- The right to petition the U.S. Tax Court is lost unless the taxpayer does what?
- And why is this important?

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What if the response period has passed?

- Scenario 1: Taxpayer was denied all or part of their refund based on additional tax adjustment.
- Approach: File a claim for refund (1040X) adjusting the return back to the as-filed presentation.



What if the response period has passed?

- Scenario 2: Additional tax was assessed and IRS is attempting to collect it.
- Approach: Mitigate the collection action; file for an audit reconsideration (**will need PoA!**)



What if the response period has passed?

- Scenario 3: Change resulted in a reduction to overpayment applied, and subsequent year estimate is affected.
- Approach: Remedy estimated payment issue then refer back to Scenarios 1 & 2



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