

IRS Notices

Lately, we have seen a steady increase of Internal Revenue Service (IRS) Notices appearing. This has to do with many factors including a lack of IRS agents, slow processing times for returns, new tax credits (many changed or added due to COVID), as well as other unforeseen circumstances.

The lack of IRS agents has caused many paper filed returns to be unprocessed. Back in the beginning of year 2022, we saw a plethora of IRS Notices requesting a copy of a payroll form for tax year 2020 that the IRS stated they had never received. Later an article was released that the IRS actually had rooms full of unprocessed mail in which most of the returns requested by the notices were actually discovered.

There also seems to be IRS Notices that are computer-generated being mailed to taxpayers. As it is almost impossible to get the IRS on the phone right now, you can send a letter in response to a notice you receive; however, many times, the IRS responses include a computer-generated message rather than an actual individual reviewing your case.

Unfortunately, we are seeing some consistency with the notices. A couple of suggestions we have to attempt to avoid receiving an IRS notice:

- provide your tax accountant with **all of the important tax documents** that you receive for the corresponding tax year
- electronically file your return(s) if at all possible
- file your returns timely and make payments on time (if applicable)

By following the list above, it will help decrease your chances of receiving IRS correspondence. Also know if you have tax credits on your return, such as Earned Income Credit, Child Tax Credit, Premium Tax Credit or Recovery Rebate Credit (to name a few), the IRS seems to be looking into these credits more thoroughly than in past years.

We have also seen an increase in notices from the Nebraska Department of Revenue in connection with the Nebraska Property Tax Credit (PTC). These notices revolve around individuals claiming the Nebraska PTC on properties that have either been purchased or sold with real estate tax adjustments on the closing statement. By contacting the state of NE and providing them with detail of the transactions, they can process the NE PTC and provide the client with the credit they are owed.

Please be sure to consult your tax advisor if you receive a notice.

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