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IDRS
CORRESPONDEX

Internal
Revenue
Service

Title: Penalty Waiver or Abatement Disallowed/Appeals Procedure Explained
(for use with AMS/RCA applications only!)

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Letters Considered in Revision:

Taxpayer Identification Number: _____

A Tax Period: _____

B Tax Periods: _____

C _____

D _____

E Form: _____

E Kind of Penalty(s): _____

E _____

E WE ARE SORRY THAT WE COULD NOT GRANT YOUR REQUEST

E

E In this letter, we will explain why we could not grant your request to

E remove the penalty charges to your account.

E

Dear

WHY WE ARE CONTACTING YOU

F This is in response to the inquiry _____, from

F _____ . We have no record that you authorized _____

F _____ that we have replied

F directly to you. If you wish to authorize a third party to represent

F you, please complete Form 2848, Power of Attorney and Declaration of

F Representative. If you wish an appointee to inspect and/or receive

F confidential tax information, please complete Form 8821, Tax

F Information Authorization. For more information about these forms,

F visit our website at www.irs.gov or call the telephone number listed

F at the end of this letter.

F

G Thank you for your inquiry _____ asking us to remove _____

G _____ .

H We have carefully reviewed your case. However, the information
H provided did not establish reasonable cause. Thus, we are unable to
H remove your _____

H _____
I You asked us to remove the penalties charged on the tax periods ended
I _____

I _____
J We have carefully reviewed your case. The information you provided
J enabled us to remove your _____ penalty. However, it did not
J enable us to remove your penalty for _____

J _____
J _____
WHY WE COULD NOT REMOVE YOUR PENALTY CHARGES

K Your claim for removal of the penalty for failure to _____ on
K time cannot be considered because the _____ you described did not
K occur until after _____

K _____
L We are sorry to learn of _____
L However, _____

L _____
M We are sorry to hear _____
M _____

N We are sorry to learn that you _____. You claim that this
N prevented you from meeting your tax obligations in a timely manner.
N However, _____

N _____
O _____ the taxpayer's tax obligations were not met in a
O timely manner because the taxpayer is elderly and is no longer able to
O attend to personal business. However, _____

O _____
P _____ the taxpayer's taxes were not taken care of in a
P timely manner because the taxpayer is impaired and is no longer able
P to attend to their personal business. However, _____

P _____
Q _____ you were unable to meet your tax obligations on
Q time because _____

Q _____
R We are sorry that you encountered a problem. However, _____
R _____

S _____ you were unable to meet your tax obligations
S because _____ was absent. However, it is your
S responsibility to act in a timely manner unless you are prevented from
S doing so by circumstances beyond your control. In any case, the
S absence of _____ does not explain why you were unable to take
S care of your taxes in a timely manner. _____

S _____
T _____ an absence prevented you from meeting your tax
T obligations on time. In order for us to remove your penalty, you must
T show that the absence was both unforeseen and unavoidable. However, _____

T _____
U _____
U _____

U _____
V _____ you requested an extension of time to file the tax
V return referenced at the top of the first page of this letter.
V However, _____

V _____

W We understand you believe an error by IRS prevented you from meeting
W your tax obligations on time. In particular, you claim _____
W _____ . We have carefully
W reviewed your claim. However, _____

X _____ a change in the tax law caused you to fail to meet
X your tax obligations on time. However, _____

Y _____ your taxes were not timely because of an excessive
Y delay in the mail. This could be a basis for removing your penalty if
Y it was due to circumstances beyond your control. However, _____

Z _____ your taxes were not timely because of an excessive
Z delay in the mail. This could be a basis for removing your penalties
Z if it was due to circumstances beyond your control. However, _____

0 _____ you were unable to obtain the records you needed
0 to meet your tax obligations on time. IRS generally holds that each
0 person is responsible for maintaining copies of necessary records. _____

1 _____ you were unable to obtain the records you needed
1 to meet your tax obligations on time. IRS generally holds that each
1 person is responsible for maintaining copies of necessary records. The
1 fact that _____ is unfortunate, but
1 it does not enable us to remove your penalty(s). _____

2 _____ your failure to meet your tax obligations on time
2 was due to reliance on _____. However, you are the one who is
2 responsible for filing a return or paying the tax. _____

3 _____ you did not pay your tax on time because your
3 payment was erroneously refunded. Since you received an unanticipated
3 refund, it was your responsibility either to return it without cashing
3 the check or to question IRS about the reason for the refund.

4 _____ you were not required to meet your tax obligations
4 in a timely manner because you were in bankruptcy. Unfortunately, we
4 have no record of your bankruptcy during this period. In the absence
4 of documentation that you were operating under bankruptcy protection
4 at the time your taxes were due, we have no basis for removing your
4 penalty.

5 _____ you were unable to meet your tax obligations on
5 time because of a divorce. We understand that a divorce can be a
5 difficult situation to deal with. However, _____

6 You explained that you did not meet your tax obligations on time
6 because you were not fully aware of the requirements. Specifically,
6 you stated that _____. However,
6 being unaware of the requirements for filing a return or for paying
6 tax is not a basis for penalty removal. Each taxpayer is responsible
6 for learning the applicable filing requirements or for seeking
6 qualified advice. You may also obtain expert advice from IRS. There is
6 no fee for this assistance.

7 You explained that you did not pay your taxes on time because you did
7 not become aware of the income until you received a late report of it

7 (1099, K-1, W-2, etc.). However, _____

7 _____.

8 _____ you were unable to obtain the forms you needed to
8 take care of your taxes. In general, we do not consider a lack of
8 forms an acceptable reason for not filing or paying timely because IRS
8 makes the forms available at a number of locations. If you are unable
8 to obtain a form, you can estimate your tax and request an extension
8 of time to file (no form is required). It is reasonable to expect you
8 to obtain any needed forms within this extended period.

8

9 You were penalized for late filing because a return is not considered
9 timely unless it is signed. The fact that _____.

9

a _____ your move was disruptive and caused you not to
a meet your tax obligations on time. However, reasonable cause is based
a on circumstances that were beyond your control. A relocation or move
a is not an unusual or unexpected event and should not prevent you from
a meeting your tax obligations.

a

b _____ you were unable to pay your federal taxes on time.
b Unfortunately, a lack of funds is never considered an acceptable
b reason for failing to file a return or pay your taxes. The tax is
b computed on income you have already received, and it is your
b responsibility to pay the tax in a timely manner.

b

c _____ your inability to meet your tax obligations on
c time was related to difficulties created by IRS. However, the fact
c that _____ did not prevent you
c from timely filing or paying. We apologize for any inconvenience you
c had, but it is your responsibility to timely file and pay your taxes.

c

d _____ your failure to meet your tax obligations on time
d was directly related to your unique situation and involved no
d disregard of your responsibility. In particular, this was the first
d time _____. However, your situation,
d although unique, was not due to circumstances beyond your control and
d it is not a basis for penalty removal.

d

e _____ your failure to meet your tax obligations in a
e timely manner was related to a transition in your life. However,
e _____ should not prevent you from taking care of your
e taxes on time. Since you were able to work and carry out normal daily
e activities, it is reasonable to expect you to handle your tax matters
e in a timely manner.

e

f We appreciate the fact that _____
f and that there was no willful intent on your part. However, a penalty
f can be removed only because timely action was prevented by
f circumstances beyond the taxpayer's control. We appreciate the action
f you took, but it is not a basis for removing your penalty(s).

f

g You claim that you did not meet your tax obligations because you found
g the requirements to be too complex. However, if you do not understand
g the filing requirements, you are responsible for obtaining qualified
g advice. IRS employees provide such advice free of charge.

g

h _____ you have a good history of meeting your tax

h obligations. However, a review of your account history shows that we
h have charged similar penalties in the past.

h
i _____

j We are sorry, but we are unable to waive the penalty for underpayment
j of estimated tax based on the explanation you gave. We can only waive
j the penalty if you failed to pay because:

- j 1) a casualty, disaster, or other unusual circumstance occurred, and
j the imposition of the penalty would be against equity and good
j conscience,
j OR
j 2) you retired during the tax year after reaching age 62
j OR
j 3) you became disabled during a tax year that estimated payments were
j due or during the previous tax year,
j AND
j 4) the underpayment was due to reasonable cause and not to willful
j neglect.

k You asked us to remove the interest as well as the penalty(s) on your
k account. However, the law does not permit us to remove interest for
k reasonable cause. We charge interest on any unpaid tax, regardless of
k whether you had reasonable cause.

k
l YOUR CURRENT BALANCE

l Your total balance due _____. This amount includes penalty
l and interest figured _____. Please note that we will
l continue to charge interest until the amount you owe is paid in full.

l We've provided a general explanation of the possible penalties
l and/or interest included in the current balance due on your
l account. If you would like a specific explanation of how the
l amounts were computed on your account, please contact us at the
l toll-free number shown in this letter and we will send you a
l detailed computation.

l ** Filing and/or Paying Late -- IRC Section 6651 **

l We charge a 5% penalty for filing late, and a 1/2% penalty for
l paying late, when a return is filed late and the tax is not paid
l by the date it was due. When both penalties apply for the same
l month, the penalty for filing late is reduced by the amount of
l the penalty for paying late for that month.

l The penalty for filing late is based on the tax ultimately due,
l which was not paid by the original return due date without regard
l to extensions.

l The penalty for paying late is based on the net unpaid tax at
l the beginning of each penalty month following the payment due
l date for that tax.

l The penalties are charged for each month or part of a month the
l return or payment is late; however, neither penalty can be more

1 than 25% in total.

1
1 Income tax returns are subject to a minimum penalty if filed
1 late and received more than 60 days after the due date. The
1 minimum penalty is \$135 (\$100 for returns due before 1/1/2009) or
1 100% of the tax paid late, whichever is less.

1
1 The penalty for paying late applies when tax is paid late, even
1 if the return was filed on time. The due date for payment of
1 tax shown on a return generally is the return due date without
1 regard to extensions. Increases in tax must be paid within 21
1 days of notice and demand for payment (10 business days if the
1 amount in the notice is \$100,000 or more).

1
1 If we issue a Notice of Intent to Levy and the balance due isn't
1 paid within 10 days from the date of the notice, the penalty for
1 paying late increases to 1% per month.

1
1 For individuals who filed on time, the penalty decreases to 1/4%
1 per month while an approved installment agreement with the IRS
1 is in effect for payment of that tax.

1
1 ** Interest -- IRC Section 6601 **

1
1 We charge interest when tax is not paid on time. We figure
1 interest from the due date of the return (regardless of
1 extensions) to the date we receive full payment or the date
1 of the notice.

m Your balance due is a total of several tax periods. Specifically, your
m balances due by tax period ended are as follows: _____

n WHAT TO DO IF YOU DISAGREE

n If you have additional information and want your case to receive
n further consideration by the Office of Appeals, please provide a
n detailed written statement of the dispute issues, along with
n supporting documentation, to the Service Center Appeals Coordinator
n within 60 days from the date of this letter. It should include:

- n 1. Your name and address;
- n 2. Your social security number;
- n 3. A statement that you want to appeal the findings;
- n 4. A statement of facts supporting your position on the issues
n you are appealing;
- n 5. If possible, a statement outlining the law or other authority
n on which you rely;
- n 6. A copy of your original request, if available; and
- n 7. A copy of this letter.

n The statement of facts, in 4 above, should be detailed and complete,
n including specific dates, names, amounts, and locations. You must
n declare the statement true under penalties of perjury. You may do this
n by adding to your statement the following signed declaration:

n "Under penalties of perjury, I declare that the facts presented
n in my written protest, which are set out in the accompanying

n statement of facts, schedules, and other statements are, to the
n best of my knowledge and belief, true, correct, and complete."

n If your authorized representative sends us the protest for you, he or
n she may substitute a declaration stating that he or she prepared the
n statement and accompanying documents and whether he or she knows that
n the statement and accompanying documents are true and correct.

n Please address your response to:

n Internal Revenue Service
n Service Center Penalty Appeals Coordinator
n Attn: _____
n _____

n Even though you are requesting consideration by the Appeals Office,
n the Service Center Appeals coordinator will review your additional
n information first, to determine whether the penalty should be removed
n or reduced. If your appeal can't be resolved immediately with the
n additional information, the coordinator will send your written
n statement to the Appeals Office serving your district.

n REPRESENTATION

n An attorney, certified public accountant, or person enrolled to
n practice before the Internal Revenue Service may represent you. To
n have someone represent you, attach a Form 2848, Power of Attorney and
n Declaration of Representative, (or similar written authorization) to
n your written statement.

n Forms, instructions, and Treasury Department Circular No. 230,
n Regulations Governing the Practice of Attorneys, Certified Public
n Accountants, Enrolled Agents, Enrolled Actuaries, and Appraisers
n before the Internal Revenue Service are available from any Internal
n Revenue Service office. They are also available by calling
n 1-800-829-3676 and from our website at www.irs.gov.

n OTHER INFORMATION ABOUT APPEALING

n If taxes are overdue on your account, you will continue to receive
n bills even if you appeal the penalty. If you decide to appeal, you may
n pay the penalty to avoid further interest charges on the penalty
n amount. If you appeal the penalty and the Appeals Officer determines
n that you are not required to pay it, we will adjust your account and
n send you a refund.

n If you don't appeal, you may file a claim for refund after you pay the
n penalty. If you want to take your case to court immediately, you
n should request in writing that your claim for refund be immediately
n rejected. Then you will be issued a notice of disallowance. You have
n two years from the date of the notice of disallowance to bring suit in
n the United States District Court having jurisdiction or in the United
n States Claims Court.

n HOW TO CONTACT US

n If you have any questions, please call _____

o
p HOW TO CONTACT US

p If you have any questions, please call us toll free at 1-800-829-_____.

p If you prefer, you may write to us at the address shown at the top of
p the first page of this letter.

Whenever you write, please include this letter and, in the spaces
below, give us your telephone number with the hours we can reach you.
Also, you may want to keep a copy of this letter for your records.

Telephone Number () _____ Hours _____

Sincerely yours,

Enclosures:
Copy of this letter
Envelope

q _____

Letter 0853C (Rev. 02-2012)

SAMPLE