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## **Appealing an IRS Decision**

What happens if you disagree with an Internal Revenue Service determination about your taxes?

There are options available to you if you'd like to plead your case. In a recent year, more than 100,000 taxpayers addressed tax disputes through the IRS's appeals process. The Tennessee Society of CPAs explains when you might consider an appeal and how it works.

### **When First Steps Fail**

Let's say you're [undergoing an IRS audit](#). You've had lengthy discussions with the IRS auditor, but you two still can't agree on the amount you owe. Your first step should be to ask to speak to the auditor's manager to find out if you can come to a successful resolution with him or her. If that attempt fails, the appeals process is another option.

### **Get Started**

An appeal is designed to be a free and relatively straightforward alternative to help you avoid having to take your case to court. In addition to an audit, a taxpayer may turn to the appeals process because of a disagreement over an IRS assessment, penalty, interest charge, offers in compromise or liens or levies. Typically, if there is a dispute, you will receive a letter from the IRS explaining your right to appeal, but you can also initiate a request for an appeal.

## **Put It in Writing**

If the entire amount of additional tax and penalty proposed for each tax period is \$25,000 or less, then you may qualify for a small case request. If the amount you want to appeal is greater than \$25,000, you will have to file a formal written protest in order to have an appeal. The written protest should cover the decisions with which you don't agree and your reasons and the facts supporting your opinion, including any legal or regulatory support.

## **Talk It Out**

The next step usually involves having a conference, either by phone or mail or in person, with an objective IRS appeals officer to discuss your case. The conferences are informal. You aren't required to have any type of representation, but a representative who is recognized by the IRS – such as your CPA or an attorney – can participate if you'd like to have an expert involved. Before the conference begins, you should have all the paperwork you need to support your appeal.

However, this is not the time to introduce new documentation. If you do, you may be sent back to the IRS auditor for further consideration. If you're not satisfied with the results of the appeals process, you will generally still be able to take your case to court, although be aware that it will likely be an expensive and time-consuming option.

## **What's the Timeframe?**

Normally, you should receive a response to your request for an appeal within 90 days. Once you've had your appeals conference, it may take anywhere from 90 days to a year for your case to be resolved.

## **Should You Consider an Offer in Compromise?**

Sometimes a taxpayer may not necessarily disagree with the IRS's conclusions about his or her tax situation but may simply be unable to pay. In that case, an offer in compromise may be the best answer. The IRS will consider your case based on your income, expenses, assets and overall ability to pay and determine a payment amount that may be less than your total outstanding tax bill. You must be up to date on your tax return filings and not involved in a bankruptcy proceeding. Any refunds you are due within the calendar year in which your offer is accepted will be applied to the offer that the IRS accepts. You can pay off the amount you owe either in one lump sum or in monthly payments.

## **Your CPA Can Help**

No matter what tax issues you're facing, your local CPA can offer the advice you need. Turn to him or her for answers to all your financial questions.

## **About Money Management**

Money Management is a column on personal finance that is a joint effort of the AICPA and the Tennessee Society of CPAs, as part of the profession's nationwide 360 Degrees of Financial Literacy program. Members of TSCPA are CPAs residing and practicing primarily in Tennessee

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