

PREPARED FOR

Alex Sample (fictional taxpayer)

TAX YEARS

2021, 2022, 2023 (unfiled)

REFERENCE

SAMPLE-0000

CLIENT SITUATION

Alex has not filed federal income tax returns for 2021, 2022 and 2023. Two IRS letters have arrived asking about the missing returns. Alex is unsure what is owed, has not replied to either letter, and has not yet gathered records. The amount owed is not yet known.

KEY FINDINGS

- **Missing returns identified.** No filed return for 2021, 2022 or 2023 appears in the letters provided.
- **Collection activity risk.** Both letters give a response date. If the date passes without a reply, the IRS may take further steps. Sample rating: Requires further review.
- **Compliance issues.** The IRS may prepare returns from its own wage and income data, which may leave out deductions and credits. Estimated tax payments may also be missing for the open years.

POTENTIAL RISKS

- **Additional notices.** More letters may follow, with shorter response times.
- **Collection activity.** Unanswered notices may lead to collection steps against income or accounts.
- **Increased penalties.** Failure-to-file and failure-to-pay penalties and interest may continue to grow while returns remain unfiled.

OPTIONS CONSIDERED

- **File the missing returns.** Often the first step, since other options usually depend on current filings.
- **Payment plan.** May be considered once the balance is known and filings are current.
- **Other potential options.** Depending on the records, a penalty relief request or another IRS program may be reviewed. Each depends on the facts and on IRS rules.

RECOMMENDED NEXT STEP

Complete a filing review and obtain current IRS records, including account transcripts and wage and income transcripts for 2021 to 2023. The written review of those records helps confirm which returns are missing and what the balance may be.

NEXT STEPS

1. Gather both IRS letters and any W-2, 1099 and income records for 2021 to 2023.
2. Sign the IRS authorization so records can be requested on your behalf.
3. Review the written findings together on a scheduled call.
4. Decide on a next service. Tax preparation is a separate service, quoted separately.

Questions? Call (256) 690-0213 or email assessments@carosgroup.com