

Internal Revenue Service
Appeals Office
PO Box 1190
Ogden, UT 84402

██████████
██████████
ELLSWORTH ME 04605-██████████

Department of the Treasury

Date:
January 14, 2014

Contact Person:
████████████████████

Employee ID Number:
██████████

Contact Telephone Number:
██████████

Fax Number:
██████████

Re:

Penalty Appeals

Amount of Assessed Penalty(s):

\$26,030.72

I.R.C. Section(s):

6651(a)(1)-Failure to File

6651(a)(2)-Failure to Pay

6656-Failure to Deposit

Tax Period(s) Ended:

**03/2011 06/2011 09/2011
12/2011**

Dear Taxpayer:

This letter is in response to my recent telephone conversation with your representative, Rebecca Sward, on January 10, 2013. However, since you did not authorize Ms. Sward to receive copies of notices or other IRS correspondence, she will not get a copy of this letter.

I completed my review of your request to adjust the penalties assessed against you. Based on the information submitted, I am pleased to advise you my recommendation is to abate (remove) \$6,559.22 of the \$26,030.72 penalty stated above and your case is closed in Appeals. When this action has been completed, you will receive an adjustment notice from the IRS Service Center which originally assessed the penalty. The remaining penalty of \$19,471.15 is sustained for the following reason(s):

Financial hardship is seldom a basis for abatement of the failure to file penalty, as the return can be filed, even if you are unable to pay the taxes.

Funds withheld from employees' pay are considered trust funds. This is the income tax and employees' Social Security and Medicare contributions. You are expected to hold these funds in trust until remitted to the government. It is unacceptable to use these funds for any other purpose, as they are considered the property of the government.

However, since I was able to document your drop in income and large increase in bad debt expense, I reduced the failure to deposit penalty to 10% of the trust fund taxes that were not paid by the return due date.