

# Penalty Appeals

## Orientation to the Penalty Appeals Process

- ★ Appeals Process
- ★ Right to Retain Representation
- ★ Payment Options

### MISSION

The mission of the Internal Revenue Service Independent Office of Appeals (Appeals) is to resolve federal tax controversies without litigation on a basis which:

- ★ Is fair and impartial to both the government and the taxpayer;
- ★ Promotes a consistent application and interpretation of, and voluntary compliance with, the federal tax laws; and
- ★ Enhances public confidence in the integrity and efficiency of the IRS.

Appeals is separate from, and independent of, other functions within the IRS. We make decisions based on our own independent review of the facts and the law.

### INTRODUCTION

This publication summarizes the Appeals process for penalty appeal cases. It also discusses several topics related to your appeal, including: your right to retain representation before Appeals, your ability to request further review of our decision if you do not agree, and your options for paying any amounts due. It concludes with some useful resources for you to consider, including our website and contact information for the Taxpayer Advocate Service (TAS).

### HOW THE APPEALS PROCESS WORKS

#### Here is what Appeals will do:

- ★ Independently review the IRS's position, the information or documentation you provided, and your position as outlined in your protest.
- ★ Contact you to confirm receipt of your case and offer you the opportunity to provide more information about your case or schedule a conference to discuss your case before we make a determination.
- ★ Note: We may refer any new information or documentation you provide to the IRS's Compliance function for their review.

#### Here is what you should do:

- ★ Be fully prepared to discuss and support the facts of your case, as well as your reasons for requesting penalty relief.
- ★ Respond to us by requested or agreed-upon deadlines.

#### Here is how we consider and resolve cases:

- ★ We will apply the law to the facts of your case and consider any potential hazards of litigation.
- ★ We will consider applicable policy statements, case law, revenue procedures, and revenue rulings.
- ★ We will make the decision on how to resolve your case. We will explain the basis for our decision to you.

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## YOUR RIGHT TO RETAIN REPRESENTATION

- ★ You can contact Appeals directly and represent yourself.
- ★ If you want to be represented by someone else, they must be an attorney, a certified public accountant, or an enrolled agent authorized to practice before Appeals. If you choose to be represented, please provide us with a completed copy of Form 2848, Power of Attorney and Declaration of Representative, for each person who is a party to the appeal.
- ★ If you cannot afford representation, please review IRS Publication 4134, Low Income Taxpayer Clinic List, to learn about free or low-cost assistance available to low-income taxpayers. In addition, low income taxpayer clinics provide education about taxpayer rights and responsibilities for taxpayers who speak English as a second language.

## TIME FRAME FOR THE APPEALS PROCESS

- ★ We generally work cases on a first-in, first-out basis.
- ★ If desired, you may contact us to discuss approximately how long it will take to resolve your case if no unusual circumstances develop.

## THE CLOSING PROCESS AND YOUR OPTIONS

- ★ If you agree with our determination, no further action will be required of you in most cases.
- ★ If you do not agree with our determination, you may request further review of the penalties by filing a formal suit with either the United States District Court having jurisdiction or the United States Court of Federal Claims.  
**Note:** Most penalties must be paid in full *before* filing suit.

## YOUR PAYMENT OPTIONS

- ★ At any time, you can make a payment that will stop interest and/or penalties from continuing to accrue. Penalties (up to the maximum allowed by law) and interest will continue to accrue on any unpaid balance due until the date of payment.

## YOUR PAYMENT OPTIONS (CONT.)

- ★ When our determination has been made, the IRS will issue you a notice showing the amount you owe, including interest, if applicable. You should make arrangements to pay this amount in full as soon as possible. If you are not able to make full payment immediately, your options include:
  - ★ Making a partial payment (interest will continue to accrue),
  - ★ Entering into an installment agreement (interest will continue to accrue), and
  - ★ Making an offer in compromise.
- ★ If you wish to make any of the above payment arrangements, please contact the IRS by calling 800-829-1040 for individuals and 800-829-4933 for businesses. An IRS Customer Service Representative will assist you.
- ★ You can read IRS Publication 594, The IRS Collection Process, for more information about payment options.
- ★ You can also visit <http://www.irs.gov/paymentplan> for more information on installment agreements and online payment agreements.

## OTHER USEFUL RESOURCES

- ★ Visit [www.irs.gov/appeals](http://www.irs.gov/appeals) for more information about Appeals. At our site, you can also view videos and podcasts of the Appeals process.
- ★ Call the Taxpayer Advocate Service (TAS) at 877-777-4778 [or TTY/TTD 800-829-4059]. TAS is an **independent** organization within the IRS that helps taxpayers and protects taxpayers' rights. TAS can offer you help if your tax problem is causing a financial difficulty, you've tried and been unable to resolve your issue with the IRS, or you believe an IRS system, process, or procedure just isn't working as it should. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. To learn more about TAS, visit <https://taxpayeradvocate.irs.gov/>.
- ★ Call 800-TAX-FORM to order forms and publications.