



Case One: IRS Audit Letter

My purpose for telling you about the following case is twofold. First, it demonstrates how the IRS frequently over estimates the taxes due once they find an error on someone's tax return. Second, it demonstrates how letting me help you respond to an IRS letter pays for itself.

My client received a letter from the IRS because they did not report social security benefits on their tax return. One spouse received social security benefits while the other one worked. When a formula is applied to this combination of income, part of the social security benefits can be taxable. My clients did not know that and didn't think to tell me about the social security received when I prepared their tax return. According to the IRS letter, my clients owed an additional \$1,265. I prepared an amended return and it saved my clients—they actually owed only \$832. And, because I prepared the original return, my charge to amend the return was \$65. All in all, this saved them \$368!

The author, Kaye Alvarez, is an enrolled agent, federally authorized to represent taxpayers before the IRS for income taxes, audits, collections, and appeals.

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