



Department of Treasury  
**Internal Revenue Service**  
 PO BOX 9012  
 HOLTSVILLE, NY 11742-9012

AUR Control:  
 Notice: CP2000  
 Notice Date: August 10, 2009  
 Social Security Number:  
 - -  
 Form: 1040  
 Tax Year: 2007  
 To call for assistance:  
 1-800- - Toll Free  
 between 7:00 AM - 8:00 PM  
 To FAX information:  
 1-631- - Toll Free  
 Contact:  
 Office of

RIVERHEAD NY

**You Must Return the Response Form by** September 09, 2009

**1 | Why are you getting this notice?**

The income and payment information (e.g., wages, miscellaneous income, interest, income tax withheld, earned income credit, etc.) that we have on file does not match entries on your 2007 Form 1040. If this information is correct, you will owe \$16, 981.

The proposed changes to your tax are listed below.

Summary of Proposed Changes	
2007 Tax Increase	\$ 13,192
Payment Increase	\$ 0
Penalties - may not include all applicable penalties	\$ 2,638
Interest if paid by September 09, 2009	\$ 1,151
<b>Proposed Balance Due</b>	<b>\$ 16,981</b>

**2 | What steps should you take?**

Following these steps can help you understand this notice.

1. Review your 2007 tax return.
2. Compare your return to the information in the *Explanation Section* -- page 5.
3. Decide if the information in the *Explanation Section* is correct.
4. Check the answers to *Frequently Asked Questions* -- page 2.
5. Complete and return the *Response Form* in the enclosed envelope -- page 3.
6. Complete and return the *Installment Agreement Request* (enclosed) if you need to set up a payment plan.
7. Review your rights in *The Examination Process Booklet* (enclosed).

**3 | What happens if you don't respond by September 09, 2009?**

We will send you a final notice, followed by a bill. During this time, interest will increase and certain penalties may apply.

## Frequently Asked Questions

### **Why did it take IRS so long to contact me?**

Tax years generally end on December 31, but we may not receive complete information from employers, banks, businesses, and other payers until much later.

### **Will I need to file amended returns (federal/state/focal) if I agree with some or all of the proposed changes?**

- 1 You do not need to file an amended federal tax return to include the proposed changes shown on this notice. We will correct this tax year when we receive your response. If you choose to file an amended tax return, write "CP2000" along the top of the 1040X, attach it behind the Response Form page and send to the address shown on this notice.
- 2 If the changes on this notice apply to your state tax return, file an amended state/local tax return as soon as possible. We send information about changes based on this notice to your state and local tax agencies.
- 3 File amended returns for any prior or subsequent tax years in which the same error occurred. You'll limit the penalty and interest you owe.

### **What should I do if I am currently In bankruptcy?**

If you filed for bankruptcy, please complete and return the response page, including any applicable supporting documentation if you checked Option 2 or Option 3. Please be sure to also include a copy of your bankruptcy petition.

### **What steps do I take if I do not agree?**

We need you to tell us why you do not agree and send us information to support your statement. Please refer to *The Examination Process Booklet* (enclosed) for tips about what information you should send with your response.

### **What if I need more time to collect my supporting documentation?**

If you cannot respond by **September 09, 2009**, please call us at **1-800-** - to request an extension. *Remember: If the tax increase is correct, then we will add interest and penalties to your bill during the extension.*

### **Why do I have to pay interest and penalties?**

We are required by law to charge interest and penalties, if applicable, on all tax owed that is not paid in full by its due date (usually April 15). By law, interest will continue to increase until you have fully paid the tax owed and certain penalties may apply.

### **How can I prevent an error in the future?**

1. Include all income you've received during the year on your tax return.
2. Wait to file your return until you receive all income statements to be sure your return is complete. If you do not receive an income statement in time to meet the April 15th deadline, estimate the amount of income using pay stubs, bank statements, etc.
3. Check the records (for example, W-2s, 1098s, 1099s, etc.) you receive from your employer, mortgage company, bank, or other source of income to be sure the information they're reporting is correct. (Some states pay taxable unemployment benefits, so report that as income as well.)
4. If you receive any additional information after you filed your return, you should amend your return with the corrected information as soon as possible to avoid any interest or penalties.
5. Keep accurate and complete records. Normally, keeping your records for three years is sufficient.

### **What if I have more questions?**

If we haven't answered your question here, you can find other Frequently Asked Questions on our website, [www.irs.gov](http://www.irs.gov), or you can call 1-800- - , topic 652, for pre-recorded responses.

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08/10/2009

**Response Form #1 • Payment Enclosed**

Use this form to respond ONLY if you are enclosing a FULL or PARTIAL payment. If you are NOT sending a payment please complete Response Form #2 located on the next page.

1. Review the Explanation Section to decide whether you agree or do not agree with IRS's proposed changes.
2. Complete and return the Response Form by Spetember 09, 2009.
3. If you need additional time, call us at 1-800- - .

**STEP A | Check only one of the three options. Then go to Step B.**

*If you agree with the changes IRS is proposing, return this form with your FULL or PARTIAL payment along with tile completed Installment Agreement Request for the remaining balance (if applicable)..*

**OPTION 1 | I Agree with All Changes**

I agree with the changes to my **2007** tax return.  
 I understand that I owe **\$16,981** in additional tax, penalties, and interest.  
 I understand that the law requires IRS to charge interest on taxes that are not paid in full by **April 15, 2008**. In addition, I understand that the IRS will charge interest until I have paid the lax in full. Certain penalties may also apply.  
 I understand that I can challenge these changes in the U.S. Tax Court only if IRS determines after the date I sign this form that I owe additional taxes for **2007**.  
 I understand that I can file for a refund at a later date.  
**I understand that both myself and my spouse must sign below.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse's Signature

\_\_\_\_\_  
Date

*If you do not agree with the changes IRS is proposing, return this form. When you return this form, include a signed statement that explains what you do not agree with. Also include copies of any documents, such as a corrected W-2, 1099, or missing forms, that support your statement.*

**OPTION 2 | I Do Not Agree with Some of the Changes**

I've enclosed documentation to support the entries on my original return.

**OPTION 3 | I Do Not Agree with Any of the Changes**

I've enclosed documentation to support the entries on my original return.

**STEP B | Check the applicable payment options. Then go to Step C.**

**Tip!** Pay as much as you can now to keep penalty and interest charges low.  
 Make your check or money order payable to "United States Treasury." Write "Tax Year 2007 CP2000," this Social Security Number - - - and your phone number on your check or money order.

**OPTION 1 | I'm paying the full amount of \$16,981**

**OPTION 2 | I'm making a payment of \$\_\_\_\_\_ because either:**

- I'm paying the amount I agree with or
- I'm making a partial payment at this time and would like to request a payment plan for the balance.  
 Complete the Installment Agreement Request (Form 9465) and mail it along with this form.

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STEP C   Contact Information			
1. Please verify your address and note any corrections in the space below. <i>(Print clearly.)</i>			
Make any address corrections here.			
RIVERHEAD NY			
2. Please list your phone numbers and the best time to call below.			
Home	Best Time to Call		
Work	Best Time to Call		
3. If you would like to authorize someone, in addition to you <b>and your Spouse</b> , to contact IRS concerning this notice, please include the person's contact information and sign below.			
Name	Phone		
Address			
I authorize the person listed above to discuss information with and provide information to IRS about this notice.			
_____	_____	_____	_____
<i>Signature</i>	<i>Date</i>	<b>Spouse's Signature</b>	<b>Date</b>
<i>The authority granted in Step C is limited as indicated by the statement above the signature line. The contact may not sign returns, enter into agreements, or otherwise represent you before the IRS. If you want to have a designee with expanded authority, see IRS Publication 947, Practice Before the IRS and Power of Attorney.</i>			

**Before Mailing | Please make sure you have**

- Completed Steps A, B, and C (both sides of this form).
- Included this form and your payment (if applicable) in the envelope provided.
- Included the *Installment Agreement Request* (if applicable) in the envelope provided.
- Made a copy for your records of the *Response Form* and the *Installment Agreement Request* if you used it.
- Checked that the IRS address shows through the envelope window.

Please Fold Here. Do not detach. Please be sure our address shows through the envelope window.

AUR Control Number:

Notice Number: CP2000

Notice Date: 05/26/2009

INTERNAL REVENUE SERVICE  
 PO BOX 145577  
 CINCINNATI, OH 45250-5577

**Response Form #2 • No Payment Enclosed**

Use this form to respond ONLY if you are NOT enclosing a payment. If you are sending a payment please complete Response Form #1 located on the previous page.

1. Review the Explanation Section to decide whether you agree or do not agree with IRS's proposed changes.
2. Complete and return the Response Form by Spetember 09, 2009.
3. If you need additional time, call us at 1-800- - .

**STEP A | Check only one of the three options. Then go to Step B.**

*If you agree with the changes IRS is proposing, return this form with your FULL or PARTIAL payment along with tile completed Installment Agreement Request for the remaining balance (if applicable)..*

**OPTION 1 | I Agree with All Changes**

I agree with the changes to my **2007** tax return.  
 I understand that I owe **\$16,981** in additional tax, penalties, and interest.  
 I understand that the law requires IRS to charge interest on taxes that are not paid in full by **April 15, 2008**. In addition, I understand that the IRS will charge interest until I have paid the lax in full. Certain penalties may also apply.  
 I understand that I can challenge these changes in the U.S. Tax Court only if IRS determines after the date I sign this form that I owe additional taxes for **2007**.  
 I understand that I can file for a refund at a later date.  
**I understand that both myself and my spouse must sign below.**

\_\_\_\_\_  
 Signature                                      Date                                      Spouse's Signature                                      Date

*If you do not agree with the changes IRS is proposing, return this form. When you return this form, include a signed statement that explains what you do not agree with. Also include copies of any documents, such as a corrected W-2, 1099, or missing forms, that support your statement.*

**OPTION 2 | I Do Not Agree with Some of the Changes**

I've enclosed documentation to support the entries on my original return.

**OPTION 3 | I Do Not Agree with Any of the Changes**

I've enclosed documentation to support the entries on my original return.

**STEP B | Check the appropriate option below, and proceed to Step C.**

**Tip!** Pay as much as you can now to keep penalty and interest charges low.  
 Make your check or money order payable to "United States Treasury." Write "Tax Year 2007 CP2000," this Social Security Number - - - and your phone number on your check or money order.

**OPTION 1 | I agree with ALL of the changes but am unable to pay the amount I owe. I'd like to request a payment plan for the full amount.**

**OPTION 2 | I agree with SOME of the changes but am unable to pay the amount I owe. I'd like to request a payment plan for \$\_\_\_\_\_**  
 Complete the Installment Agreement Request (Form 9465) and mail it along with this form.

**OPTION 3 | I do NOT agree with ANY of the changes and am not making a payment at this time.**

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08/10/2009

STEP C   Contact Information			
1. Please verify your address and note any corrections in the space below. <i>(Print clearly.)</i>			
Make any address corrections here.			
RIVERHEAD NY			
2. Please list your phone numbers and the best time to call below.			
Home	Best Time to Call		
Work	Best Time to Call		
3. If you would like to authorize someone, in addition to you <b>and your Spouse</b> , to contact IRS concerning this notice, please include the person's contact information and sign below.			
Name	Phone		
Address			
I authorize the person listed above to discuss information with and provide information to IRS about this notice.			
_____	_____	_____	_____
<i>Signature</i>	<i>Date</i>	<b>Spouse's Signature</b>	<b>Date</b>
<i>The authority granted in Step C is limited as indicated by the statement above the signature line. The contact may not sign returns, enter into agreements, or otherwise represent you before the IRS. If you want to have a designee with expanded authority, see IRS Publication 947, Practice Before the IRS and Power of Attorney.</i>			

**Before Mailing | Please make sure you have**

- Completed Steps A, B, and C (both sides of this form).
- Included this form and your payment (if applicable) in the envelope provided.
- Included the *Installment Agreement Request* (if applicable) in the envelope provided.
- Made a copy for your records of the *Response Form* and the *Installment Agreement Request* if you used it.
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## Explanation Section

### How to Review This Section

1. Compare your records with the records we received under **Information Reported to IRS**.
2. Review the **Reasons for the Changes** to see why we changed your return.
3. Proceed to **Changes to Your Return** to see how your new tax was calculated.
4. Once you have fully reviewed the **Explanation Section**, please complete and return the **Response Form** in the envelope provided.

### 1 Information Reported to IRS differs from the amounts shown on your return.

This section tells you specifically what income information IRS has received about you from others (including your employers, banks, mortgage holders, etc.). The information listed below does not match the information you listed on your tax return. Use this table to compare the data IRS has received from others to the information you listed on your tax return to understand where the discrepancy, or difference, occurred. To assist you in reviewing your income amounts, the table may include both reported and unreported amounts from the same payer.

If this information is correct, your tax increase is **\$13,192 plus all applicable penalties, interest and payment adjustments such as federal tax withholding, excess social security tax withheld, etc.** If you pay in full by **September 09, 2009**, you'll owe **\$16,981**.

SOCIAL SECURITY/RETIREMENT Account Information	Amount Reported to IRS by Others	Amount Included on Your Return	Difference
#001 SSN: - - Form 1099-SSA ACCT:  SOCIAL SECURITY ADMINISTRATION	\$ 7,890	-	-
#002 SSN: - - Form 1099-SSA ACCT:  SOCIAL SECURITY ADMINISTRATION	\$ 7,761	-	-
<b>*SOCIAL SECURITY/RETI Total</b>	<b>\$ 15,651</b>	-	-

TAXABLE WAGES Account Information	Amount Reported to IRS by Others	Amount Included on Your Return	Difference
#003 SSN: - - Form W-2 ACCT:	\$ 2,108	\$ 0	\$ 2,108
<b>TAXABLE WAGES Total</b>	<b>\$ 2,108</b>	<b>\$ 0</b>	<b>\$ 2,108</b>

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08/10/2009

RETIREMENT INCOME GROSS Account Information	Amount Reported to IRS by Others	Amount Included on Your Return	Difference
#004 SSN: - - Form 1099-R ACCT: DISTRIBUTION CODE:	\$ 6,805	\$ 0	\$ 6,805
<b>RETIREMENT INCOME GROSS Total</b>	<b>\$ 6,805</b>	<b>\$ 0</b>	<b>\$ 6,805</b>

RETIREMENT INCOME TAXABLE Account Information	Amount Reported to IRS by Others	Amount Included on Your Return	Difference
#005 SSN: - - Form 1099-R ACCT: DISTRIBUTION CODE:	\$ 21	\$ 0	\$ 21
#006 SSN: - - Form 1099-R ACCT: DISTRIBUTION CODE:	\$ 50,286	\$ 0	\$ 50,286
<b>RETIREMENT INCOME TAXABLE Total</b>	<b>\$ 50,307</b>	<b>\$ 0</b>	<b>\$ 50,307</b>

\* This notice includes other proposed changes, not reflected in the information shown above, that are included in the net balance due amount shown on page 1 of this notice. For detailed information on these items, please refer to the Changes to Your Return Section located at the end of this notice.

## 2 Reasons for the Changes

This section provides explanations to help you understand the proposed changes to your tax return.

The paragraphs that follow provide explanations for:

- the items listed in Section 1. *Information Reported to IRS*
- the changes to your tax computation listed in Section 3. *Changes to Your Return*
- the penalty and interest charges listed in Section 3. *Changes to Your Return*
- *Payment Instructions*
- *Additional Information* that will help you understand this notice and what action you need to take to resolve the tax discrepancy

Within each subsection below, the paragraphs are organized by topic to help you review them.

### These paragraphs explain the items listed in section 1. Information Reported to IRS.

#### Income

##### IRA, Pension or Retirement

###### RETIREMENT DISTRIBUTIONS

We need more information for the distribution shown on this notice. We need to know if the income is a pension or an annuity, an IRA or lump sum rollover, or an employee savings plan. If the income is from a pension/annuity or an Employee Savings Plan and you are recovering your contributions using the General Rule or the Simplified General Rule, please send us a signed statement with the date of your first pension payment, the amount you receive monthly, and the total amount you contribute. If the income is an IRA or lump sum and was rolled over, please send us a signed statement with the amount of the rollover, the date of the distribution and the date of the rollover. If the income is an employee savings plan, please send us a copy of the document showing the total distribution amount you received for 2007, and the nontaxable amount of the distribution.

##### Social Security or Railroad Retirement

###### SOCIAL SECURITY OR TIER 1 RAILROAD RETIREMENT BENEFITS

Our notice includes Social Security or Railroad Retirement benefits. These benefits are partially taxable if your modified adjusted gross income, plus 50% of the gross benefits, exceeds the following:

- \* \$25,000 if filing Single, Head of Household, Qualifying Widow(er), or Married Filing Separately and you did not live with your spouse at any time during the year.
- \* \$32,000 if Married Filing Jointly; or
- \* \$0 if Married Filing Separately and you lived with your spouse at any time during the year.

If the underreported items that cause the adjusted gross income to increase are found to be reported, the taxable Social Security/Tier 1 Railroad Retirement Benefits will be adjusted accordingly.

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**Other Income**

**General**

**MISIDENTIFIED INCOME**  
 If any of the income shown on this notice is not yours, send us the name, address, and social security number of the person who received -the income. Please notify -the payers to correct their records -to show the name and social security number of the person who actually received the income, so that future reports to us are accurate.

**FORM W-2 OR 1099 NOT RECEIVED**  
 The law requires you to report your income correctly. If your payers did not send you a yearly income statement (Form W-2, Form 1099, etc.), you must use the information you have (pay stubs, monthly income statements, deposit slips, etc.) to estimate the total amount of income you received during the year.

**Deductions**

**Itemized Deductions - Schedule A**

**SCHEDULE A GENERAL SALES TAX DEDUCTION**  
 Based on our proposed changes to your income, you may be entitled to claim additional state and local taxes. If you are entitled to an additional state and local sales tax deduction, please provide us with a signed statement showing the amount of the additional deduction that you are entitled to claim.

**Other Deductions**

**YOUR STANDARD DEDUCTION IS NOW LARGER THAN YOUR ITEMIZED DEDUCTIONS**  
 The Standard Deduction amount is now larger than your total Itemized Deductions on Schedule A, line 29. Therefore, the proposed TAXABLE INCOME amount in the Explanation Section of this notice was refigured using the Standard Deduction rather than your Itemized Deductions.

**Penalty & Interest Charges**

**Penalties**

**ACCURACY PENALTY FOR SUBSTANTIAL TAX UNDERSTATEMENT - IRC SECTION 6662(d)**  
 If we increase your tax, and the increase exceeds 10% of the corrected tax and is also equal to or greater than \$5,000, the law requires an accuracy-related penalty due to substantial understatement of tax. The penalty is 20% of your tax increase. The penalty may be reduced or not charged if you:

- \* Provide the substantial authority (such as, Internal Revenue Code, Regulations, Revenue Rulings; Revenue Procedures, etc. ) you used to decide how to treat your income or deduction, or
- \* Tell us where on your return you clearly show the facts supporting your treatment of the income or deduction, or
- \* Submit a signed statement that clearly outlines the facts supporting your treatment of the understated income.

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**Penalty & Interest Charges****Interest Charges****INTEREST PERIOD - IRC SECTION 6601**

We are required by law to charge interest on unpaid tax from the due date of the tax return to the date the tax is paid in full. The law requires that interest continue to be charged on the unpaid balance, including penalties, until paid in full.

**For More Information about Your Penalty & Interest Charges****DETAILED PENALTY/INTEREST COMPUTATION**

If you require a detailed penalty or interest computation for this notice, please call the toll-free telephone number listed on page 1.

**Additional Information****FORMS OR SCHEDULES AVAILABILITY**

If you need forms or schedules to respond to this notice you may get them by:

- \* Visiting local offices and some public libraries
- \* Calling 1-800-TAX-FORM (1-800-829-3676) or
- \* Visiting the IRS Web site at [www.irs.gov](http://www.irs.gov)

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08/10/2009

### 3 Changes to your Return

*Note: We only show the items that have been affected by the information we received in the following chart. All other items are correct as shown on your return. Unless noted, fine numbers always refer to the line number on your tax return.*

Changes to Your Income and Deductions	Shown on Return	Reported to IRS, or as Corrected	Difference
TAXABLE WAGES	\$ 19,886	\$ 21,994	\$ 2,108
RETIREMENT INCOME GROSS	\$ 60,709	\$ 67,514	\$ 6,805
RETIREMENT INCOME TAXABLE	\$ 15,833	\$ 66,140	\$ 50,307
SOCIAL SECURITY/RETIREMENT	\$ 6,672	\$ 13,303	\$ 6,631
<b>Income Net Difference</b>			\$ 65,851
MEDICAL DEDUCTION	\$ 5,439	\$ 500	\$ -4,939
<b>*Deductions Net Difference</b>			\$ -4,939
<b>Total Change to Taxable Income</b>			\$ 69,107

Changes to Your Tax: Computation	Shown on Return	As Corrected By IRS	Difference
Taxable Income, line 43	\$ 22,881	\$ 91,988	\$ 69,107
Tax, line 44	\$ 2,649	\$ 15,841	\$ 13,192
Self-Employment Tax, line 58	\$ 155	\$ 155	\$ 0
Total Tax, line 63	\$ 2,804	\$ 15,996	\$ 13,192
<b>Net Tax Increase</b>			\$ 13,192
Income Tax Withheld, line 64	\$ 13,629	\$ 13,629	\$ 0

Summary of Proposed Changes	
Amount of Tax Increase	\$ 13,192
Accuracy-Related Penalty, IRC Section 6662(a)	\$ 2,638
Interest, IRC Section 6601, From 04/15/2008 To 09/09/2009	\$ 1,151
<b>Total Amount You Owe</b>	<b>\$ 16,981</b>

\*Decreases to Deductions result in an increase to Taxable Income.