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GUIDE

What to Do When You Get an IRS Notice

6 min read · IRS

An IRS letter in the mail is not, by itself, an emergency. Most notices are routine, computer-generated, and resolvable without drama — if you handle them correctly and on time. Here's how.

Step 1: Don't panic, and don't ignore it

Two mistakes cost people the most money here: panicking and overpaying something you didn't actually owe, or ignoring the letter until it becomes a bigger problem. Every IRS notice has a response deadline — usually 30 days. Missing it can convert a minor issue into a lien, levy, or an assessment you can no longer dispute.

Step 2: Identify what kind of notice it is

Look at the notice number in the top or bottom right corner (format: CP-#### or LTR-####). The most common ones we see:

- **CP2000** — The IRS's records don't match what you reported. A proposed change, not a bill — you can agree, partially agree, or dispute.
- **CP14** — You have a balance due. Routine notice, not a collection action yet.
- **CP501 / CP503 / CP504** — Escalating balance-due reminders. CP504 specifically means the IRS can begin levy action if unresolved.
- **CP12** — The IRS corrected a math error, usually resulting in a different refund or balance.
- **Letter 566 / CP75** — Your return has been selected for audit, often related to a specific credit (EITC, dependents).

Step 3: Verify it's real

The IRS contacts you by mail first — never by phone, text, or email for an initial notice, and never demands payment via gift card, wire transfer, or cryptocurrency. If a notice pressures immediate payment through an unusual method, it's a scam. Verify by calling the number on IRS.gov, not the number printed on a suspicious letter.

Step 4: Compare it to your actual return

Pull the return the notice references. For a CP2000, check whether the income they're flagging is actually reported somewhere else, or genuinely missing. A large share of CP2000 notices are at least partially wrong or based on a document the IRS received twice.

Step 5: Respond by the deadline — in writing

Even a notice that says "call this number" is safer handled in writing where possible, since it creates a paper trail. Include:

- A copy of the notice
- Your response (agree, disagree, or partial agreement) with a brief explanation
- Any supporting documents (corrected 1099, receipts, prior correspondence)

Send it certified mail with a return receipt, or via the method the notice specifies if it allows online response.

Step 6: Know when to get help

Handle it yourself if it's a straightforward math correction you agree with. Bring in your EA if:

- It's an audit notice
- The dollar amount is significant
- You disagree with the IRS's position and need to make a documented case
- You've received multiple escalating notices (CP501 → CP503 → CP504) without resolving the underlying balance
- Anything involves a Notice of Intent to Levy or a Federal Tax Lien

What we do when a client brings us a notice

We verify the notice is legitimate, cross-check it against your filed return and our records, draft the response, and — if it requires it — represent you directly with the IRS under a Power of Attorney (Form 2848), so you're not the one on the phone.

> *If you've received a notice and aren't sure what it means, send us a copy before responding to anything or paying anything. That first read is quick, and it's much easier to fix a misunderstanding*

before a check has cleared.
