

Reply Cover Sheet

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Date

August 9, 2023

To

Internal Revenue Service, Correspondence Examination

From

Michael A + Dawn M French

Provide a telephone number, including area code and best time for a tax examiner to call

Telephone number

n/a

Best time to call (hours)

n/a

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Comments

see attached

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MICHAEL A & DAWN M FRENCH
314 WEST LENNON DRIVE
EMORY TX 75440

In Reply To:
August 9, 2023 Letter 525
 Tax Year: 2020

August 9, 2023

Department of the Treasury
Internal Revenue Service
Ogden, UT 84404

To Whom It May Concern:

We received an unsigned Letter 525 dated August 9, 2023, with enclosures, proposing to alter our lawfully prepared and sworn return. We do not and did not agree to any changes to our lawfully prepared and sworn return. We timely filed Forms 1040 and 4852 with the Internal Revenue Service for Tax Year 2020 in which we accurately accounted for all amounts withheld.

There are two specific noted adjustments to income shown on Form 4549: Taxable Interest and Wages, Salaries and Tips, etc. We do not agree to these adjustments. Please see below for our specific response to each of these items.

Taxable Interest

Your explanation for the Taxable Interest adjustment states, "We adjusted your interest income to reflect the amount shown on Form 1099-INT." We do not agree with this adjustment.

The instructions for Form 1099-INT clearly state, "Report only interest payments made in the course of your **trade or business** including federal, state, and local government agencies and activities deemed nonprofit, or for which you were a nominee/*middleman*" (*emphasis added*).

Per IRC Section 7701(a)(26) we were not engaged in any **trade or business** for the 2020 tax year, therefore, any amounts reported by any Payer on any Forms 1099-INT for the tax year ended December 31, 2020, are incorrect and should be \$0.

We found one from Payer TIN 74-6393739, which we have since corrected manually and have attached to this letter. The incorrect amount on the form of \$47.69 does not match the amount on your Form 4549 of \$54. If you have other incorrect Forms 1099-INT please provide the Payer and Payer's TIN so that we may correct those as well.

As we have shown above, no amount of income from Taxable Interest applies to our return for the 2020 tax year, therefore, we dispute the amount shown on Line 1a of Form 4549 of \$54. Please correct this amount to be \$0.

MICHAEL A & DAWN M FRENCH
314 WEST LENNON DRIVE
EMORY TX 75440

In Reply To:
August 9, 2023 Letter 525
 Tax Year: 2020

Wages, Salaries and Tips, etc.

Your explanation for the Wages, Salaries and Tips, etc., adjustment states, "We adjusted your gross wages to agree with the amounts shown on Form(s) W-2." We do not agree with this adjustment.

Our timely filed Form 1040 for tax year 2020 included Forms 4852, Substitute for Form W-2, Wage and Tax Statement. Please note the instructions from the IRS website regarding Form 4852 (<https://www.irs.gov/forms-pubs/about-form-4852>):

Form 4852 serves as a substitute for Form W-2, Form W-2c, and Form 1099-R, and is completed by taxpayers or their representatives when:

- Their employer or payer does not give them a Form W-2 or Form 1099-R.
- An employer or payer has issued an incorrect Form W-2 or Form 1099-R.

The Payers have issued incorrect Forms W-2 and are thus disputed. The only appropriate form for corrections is the Form 4852, Substitute for Forms W-2, Wage and Tax Statement, which we correctly filed with our Form 1040. The amounts Payers had reported as "Wages" are incorrect as they do not qualify as "Wages" as defined in IRC Sections 3401(a) and 3121(a). Our Forms 4852, originally filed with our return for tax year 2020, are correct and are also included (again) with this reply.

As we have shown above, no amount of income from Wages, Salaries and Tips, etc., applies to our return for the 2020 tax year, therefore, we dispute the amount shown on Line 1b of Form 4549 of \$94,307. Please correct this amount to be \$0. Total adjustments on Line 2 of Form 4549 should therefore also be \$0. Taxable income per return shown on Line 3 of Form 4549 of -\$3,155 is correct.

We received two Notices CP15 dated February 27, 2023 assessing two \$5,000 penalties under Section 6702(a) of the Internal Revenue Code for civil penalty for frivolous tax returns. We request these penalties be waived as we have addressed this in our letter dated March 27, 2023, including a sworn affidavit, where we addressed every item in IRC Section 6702(a) showing explicitly how it does not apply to us. Both the letter and affidavit are included with this reply.

Additionally, please also reverse the 20 percent penalty per IRC Section 6662(a) as this also does not apply. As shown above in detail, our timely-filed Forms 1040 and 4852 for the tax year ended December 31, 2020 correctly reflect our taxable income of \$0. As we have shown, there is no error on our originally filed form 1040 for the 2020 tax year and therefore no penalty applies. We have acted in good faith relying on the specific wording of Internal Revenue Code, Title 26 U.S.C. and request that all penalties and interest be reversed.

MICHAEL A & DAWN M FRENCH
314 WEST LENNON DRIVE
EMORY TX 75440

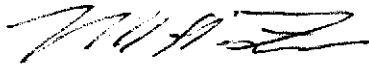
In Reply To:
August 9, 2023 Letter 525
[REDACTED] Tax Year: 2020

Under penalties of perjury, we declare to the best of our knowledge and belief, the information contained in this response and accompanying documents is true, correct, and complete.

Nothing we have done or do now by making this response or otherwise is to be construed as a waiver of any of our rights. Further, we particularly demand and insist upon every due process protection relevant to this matter under the common law, Texas law and federal law.

Thank you for your prompt attention to this matter. We have not provided a telephone number as we prefer to keep a written record of our correspondences. This letter and its attachments will become part of the formal record of our correspondences and notices we have made to you, for use in all future legal proceedings.

Sincerely,



Michael A French



Dawn M French

Enclosures: 2020 1099-INT Corrected
Forms 4852 as originally filed with Form 1040 for tax year 2020
Our reply letter dated March 27, 2023 with attached affidavit