

Department of the Treasury
Internal Revenue Service

DAWN M FRENCH
314 WEST LENNOR DRIVE BOX 139
EMORY TX 75440-3061

We wanted to ensure that you and your spouse receive this notice, so we've sent a copy to each of you. Each copy contains the same information related to your joint account. Any amount you owe or balance due shown should be paid only once. We will issue any refund shown only once.



Department of the Treasury
Internal Revenue Service
1973 N Rulon White Blvd
MS 4450
Ogden UT 84404

MICHAEL A & DAWN M FRENCH
314 WEST LENNOR DRIVE BOX 139
EMORY TX 75440-3061

Date:
August 09, 2023
Taxpayer ID number:
[REDACTED]
PC:
0310
EGC:
5531
Tax period:
December 31, 2020
Person to contact:
Tax Examiner
Employee ID number:
1000009977
Contact telephone number:
866-883-0235
Contact hours:
7:00 AM - 3:30 PM
Contact fax number:
855-853-0251

Dear MICHAEL A & DAWN M FRENCH:

We're auditing your federal income tax return and need a response from you. We reviewed your Form 1040 for the tax period shown above and made proposed changes to your tax. As a result, we found that you owe a balance of \$32,309.12. This amount may include tax, penalties, and estimated interest due. You should pay the balance due now to avoid additional penalties and interest charges.

What you need to do

- Review the enclosed Form 4549, Report of Income Tax Examination Changes, and attached Form 886-A, Explanation of Items.
- Respond as explained below to let us know by September 08, 2023, if you agree or disagree with our proposed changes.
- Include your telephone number with area code and the hours we can reach you if we need more information. If your address has changed, please include your current address.

If you agree with our proposed changes

Sign, date and mail the enclosed Form 4549 and Form 14817, Reply Cover Sheet, to us in the envelope we provided.

- If you're due a refund, you should receive a check within eight weeks if you don't owe other taxes or debts we're required to collect.
- If you owe additional taxes, make your check or money order payable to the United States Treasury. Write your taxpayer ID number, tax period and form number on the check.
- If you can't pay the total amount due, pay as much as you can now to limit penalties and interest, and make payment arrangements to pay the rest over time. The enclosed Publication 3498-A, The Examination Process (Audits by Mail), describes payment options. You can also visit www.irs.gov/payments.

If you don't agree with our proposed changes

Return the enclosed Form 14817, Reply Cover Sheet, along with your explanation and any supporting documents.

- Form 886-A explains documentation you need to give us.
- Publication 3498-A describes the audit process and explains your appeal rights.

What will happen if we don't hear from you

If you owe additional tax and don't respond to this letter, we'll send you a Notice of Deficiency by certified mail which will state the proposed amount you owe with penalties and interest. This legal notice explains your right to file a petition with the United States Tax Court. Once we issue a Notice of Deficiency, you cannot appeal disagreements to the IRS. We will still consider new information you may provide to us, but you will need to file a timely petition with the United States Tax Court to challenge the deficiency.

What to do if you want someone to represent you

If you want us to discuss this letter with your authorized representative, enclose a completed Form 2848, Power of Attorney and Declaration of Representative, with your reply.

Find tax forms or publications by visiting www.irs.gov/forms or calling 800-TAX-FORM (800-829-3676).

If you have questions, you can call the contact person shown on the first page of this letter.

Sincerely,

Christine Davis
Operations Manager

Enclosures:

Form 4549

Form 886-A

Envelope

Publication 3498-A

Form 14817

Reply Cover Sheet

Attach this Cover Sheet to the Top of Your Reply



Date

To
Internal Revenue Service, Correspondence Examination

From

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

Telephone number

Best time to call (*hours*)

If you have a new address, complete Form 8822, Change Of Address, and include it with your reply. You can download this form at www.irs.gov or request a copy by calling 1-800-TAX-FORM (1-800-829-3676).

You can upload your reply using your computer or mobile device at www.irs.gov/examreply or by scanning the IRS Secure Upload QR Code:



Use this form as the first page of any uploaded documents.

Comments

This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, notify the sender immediately by telephone.

Form **4549**
(December 2020)

Department of the Treasury-Internal Revenue Service

Report of Income Tax Examination Changes

Name and address of taxpayer MICHAEL A & DAWN M FRENCH 314 WEST LENNOR DRIVE BOX 139 EMORY TX 75440-3061		Taxpayer identification number [REDACTED]		Return form number 1040
		Person with whom examination changes were discussed.	Name and title MICHAEL A & DAWN M FRENCH	
1. Adjustments to income	Period Ended 12/31/2020	Period Ended	Period Ended	
a. Taxable Interest	54.00			
b. Wages, Salaries and Tips, etc.	94,307.00			
c.				
d.				
e.				
f.				
g.				
h.				
i.				
j.				
k.				
l.				
m.				
n.				
o.				
p.				
2. Total adjustments	94,361.00			
3. Taxable income per return or as previously adjusted	(3,155.00)			
4. Corrected taxable income	91,206.00			
Tax method	TAX TABLE			
Filing status	Joint			
5. Tax	11,650.00			
6. Additional taxes/Alternative minimum tax				
7. Corrected tax liability	11,650.00			
8. Less				
a. Nonrefundable CTC/ODC	1,000.00			
credits				
b.				
c.				
d.				
9. Balance (line 7 less lines 8a through 8d)	10,650.00			
10. Plus				
other				
taxes				
a.				
b.				
c.				
d.				
11. Total corrected tax liability (line 9 plus lines 10a through 10d)	10,650.00			
12. Total tax shown on return or as previously adjusted	0.00			
13. Adjustments to:				
a.				
b.				
c.				
14. Deficiency-Increase in tax or (overassessment-decrease in tax) (line 11 less line 12 adjusted by lines 13a through 13c)	10,650.00			
15. Adjustments to prepayment credits - increase (decrease) See Attached	(13,419.00)			
16. Balance due or (overpayment) - (line 14 adjusted by line 15) (excluding interest and penalties)	24,069.00			

The Internal Revenue Service has agreements with state tax agencies under which information about federal tax, including increases or decreases, is exchanged with the states. If this change affects the amount of your state income tax, you should amend your state return by filing the necessary forms.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income you earned and do not pay the required tax. The IRS may order backup withholding (withholding of a percentage of your dividend and/or interest payments) if the tax remains unpaid after it has been assessed and four notices have been issued to you over a 120-day period.

Name of taxpayer MICHAEL A & DAWN M FRENCH		Taxpayer identification number 		Return form number 1040	
17. Penalties, additions to tax, and additional amounts – IRC sections		Period Ended 12/31/2020	Period Ended	Period Ended	
a. Accuracy-IRC 6662		4,813.80			
b.					
c.					
d.					
e.					
f.					
g.					
h.					
i.					
j.					
k.					
l.					
m.					
n.					
18. Total penalties, additions to tax, and additional amounts		4,813.80			
19. Summary of taxes, penalties and interest					
a. Balance due or (overpayment) taxes - (line 16, page 1)		24,069.00			
b. Penalties and additions (line 18) - computed to 08/09/2023		4,813.80			
c. Interest** (IRC § 6601) - estimated and computed to 09/08/2023		3,426.32			
d. Amount due or (refund) - (sum of lines a, b, and c)		32,309.12			

**Interest, as provided by law, will be charged on any unpaid amount until it is paid in full.

Other information

Examiner's signature TAX EXAMINER	Employee ID 1000009977	Office RIVO	Date 08/09/2023
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Consent to Assessment and Collection- I do not wish to exercise my appeal rights with the Internal Revenue Service or to contest in the United States Tax Court the findings in this report. Therefore, I give my consent to the immediate assessment and collection of any increase in tax and penalties, and accept any decrease in tax and penalties shown above, plus additional interest as provided by law. It is understood that this report is subject to acceptance by the Area Director, Area Manager, Specialty Tax Program Chief, or Director of Field Operations.

Note: If a joint return was filed, BOTH taxpayers must sign

Signature of taxpayer	Date	Signature of taxpayer	Date
By	Title		Date

Form 886-A (May 2017)	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule number or exhibit
Name of taxpayer MICHAEL A & DAWN M FRENCH	Tax Identification Number (last 4 digits) 	Year/Period ended

Adjustment(s) to Prepayment Credit(s) Subject to
Deficiency (Form 4549 series Line 13a or Form
5278 Line 20a):

2020

Total Adjustment Amount:

Adjustment(s) to Prepayment Credit(s) Not
Subject to Deficiency (Form 4549 series Line 15
or Form 5278 Line 22):

2020

Frozen refunds

(13,419.00)

Total Adjustment Amount:

(13,419.00)

Name of Taxpayer: MICHAEL A & DAWN M FRENCH

08/09/2023

Identification Number: 

Total

24.30.00

2020 - Child Tax Credit and Credit for Other Dependents -

1. Amount of credit based on qualifying children	0.00
2. Amount of credit based on qualifying other dependents	1,000.00
3. Total of line 1 and 2	1,000.00
4. Modified AGI	116,006.00
5. Limitation based on filing status (\$400,000 if married filing jointly; \$200,000 all other filing statuses)	400,000.00
6. Subtract line 5 from line 4 (if zero or less, enter -0-)	0.00
7. Multiply line 6 by .05	0.00
8. Subtract line 7 from line 3 (if zero or less, no credit is allowed)	1,000.00
9. Corrected tax before allowable credits	11,650.00
10. Credit limitation	0.00
11. Subtract line 10 from line 9	11,650.00
12. Child tax credit and credit for other dependents (smaller of lines 8 or 11)	1,000.00

- Schedule 8812 - Additional Child Tax Credit -

1. Amount from line 3 above (or amount of credit after modified AGI reduction)	1,000.00
2. Child tax credit allowed (line 12 above)	1,000.00
3. Subtract line 2 from line 1 (if zero or less, no credit is allowed)	0.00
4. Multiply the number of qualifying children by \$0	0.00
5. Enter the smaller of line 3 or line 4	0.00
6a. Earned income	
6b. Nontaxable combat pay included on line 6a	
7. If the amount on line 6a is more than \$2,500, subtract \$2,500 from line 6a (if line 6a is less than \$2,500, then line 7 equals zero)	
8. Multiply the amount on line 7 by 15%	
9. Enter the total of the withheld social security, Medicare, and Additional Medicare taxes	
10. Deductible part of self-employment tax, plus FICA tax on tips and uncollected social security, Medicare, or RRTA taxes	
11. Total of line 9 and line 10	
12. Earned income credit and excess social security and RRTA taxes withheld	
13. Subtract line 12 from line 11 (if zero or less, enter -0-)	
14. Larger of line 8 or line 13	
15. Additional child tax credit (smaller of lines 5 or 14)	

Accuracy-Related Penalties under IRC 6662

20 Percent Penalty -- Internal Revenue Code Section 6662(a)

It has been determined that the underpayment of tax shown on line 5 below is attributable to one or more of the following:

- (1) Negligence or disregard of rules or regulations;
- (2) Substantial understatement of income tax;
- (3) Substantial valuation misstatement (overstatement);
- (4) Transaction lacking economic substance.

Therefore, an addition to tax is imposed as provided by Section 6662(a) of the Internal Revenue Code.

1. Total underpayment, excluding underpayment attributable to Section 6662A and/or Section 6676 penalty issues, if any	24,069.00
2. Less: Underpayment attributable to non-penalty issues	0.00
3. Less: Underpayment attributable to 40% Section 6662 penalty issues	0.00
4. Less: Underpayment attributable to civil fraud penalty issues	0.00
5. Underpayment to which Section 6662(a) applies (Line 1 less the sum of lines 2, 3, and 4)	24,069.00
6. Applicable penalty rate	20.00%
7. Section 6662(a) accuracy-related penalty (Line 5 times line 6)	4,813.80
8. Less: Previously assessed/previously agreed Section 6662(a) penalty	0.00
9. Total section 6662(a) accuracy-related penalty (Line 7 less line 8)	4,813.80

40 Percent Penalty -- Internal Revenue Code Section 6662(h); 6662(i); 6662(j)

It has been determined that the underpayment of tax shown on line 5 below is attributable to one or more of the following:

- (1) Gross valuation misstatement (overstatement);
- (2) Non-disclosed transaction lacking economic substance;
- (3) Undisclosed foreign financial assets.

Therefore, an addition to tax is imposed as provided by Section 6662(h); 6662(i); or 6662(j) of the Internal Revenue Code.

1. Total underpayment, excluding underpayment attributable to Section 6662A and/or Section 6676 penalty issues, if any	24,069.00
2. Less: Underpayment attributable to non-penalty issues	0.00
3. Less: Underpayment attributable to 20% Section 6662 penalty issues	24,069.00
4. Less: Underpayment attributable to civil fraud penalty issues	0.00
5. Underpayment to which 40% Section 6662 penalty applies (Line 1 less the sum of lines 2, 3, and 4)	0.00
6. Applicable penalty rate	40.00%
7. 40% Section 6662 accuracy-related penalty (Line 5 times line 6)	0.00
8. Less: Previously assessed/previously agreed 40% Section 6662 penalty	0.00
9. Total 40% section 6662 accuracy-related penalty (Line 7 less line 8)	0.00

Name of Taxpayer: MICHAEL A & DAWN M FRENCH

Identification Number:



Total

08/09/2023

24.30.00

HOW TO PAY YOUR TAXES

If you agree with the adjustments and balance due on Form 4549 – Income Tax Changes, please return a signed copy including pages 1 and 2. The enclosed report does not reflect any balance currently due on your account.

You have payment options for your tax liability. Please note that interest and applicable penalties will accrue until your balance is paid in full. Paying now will decrease or stop future interest charges and prevent assessment of failure to pay penalties.

Payment options include the following:

- Pay now by including a check or money order payable to the United States Treasury with your signed copy of Form 4549.
- Download the IRS2Go Mobile App and make a payment whenever you like from your mobile device. (Processing fees may apply.)
- If you can pay the full amount within 120 days, return the signed agreement now and submit the balance due when you receive the bill.

Additional payment options are available by visiting www.irs.gov/payments:

- Apply for a payment plan. (Fees may apply.) You may also apply by completing the section below, "Payment Plan Request."
- Pay online via a checking/savings account.
- Locate retail partners for cash payments. (Processing fees apply.)
- Pay by credit card. (Processing fees apply.)

Payment Plan Request

Submit your written request or check the box below and return this flyer with your signed agreement.

☐ I would like to pay \$ _____ per month. (Make your payments as large as possible to limit penalty and interest.)

I would like my payment to be due on the ____ of the month. (Please indicate a date between the 1st and 28th of the month.)

You will be charged a fee if your request is approved. DO NOT include the fee with this flyer. We will send you a bill for the fee when we approve your request.

Please provide a telephone number where we can contact you regarding your request.

Home: () _____

Work: () _____

Name Of Taxpayer: MICHAEL A & DAWN M FRENCH

08/09/2023

Identification Number: [REDACTED]

Total

24.30.00

2020 TAX YEAR INTEREST COMPUTATION

Interest computed to 09/08/2023

Total Tax Deficiency \$24,069.00

Plus Penalties*

Failure to File - IRC 6651	\$.00
Accuracy Related Penalty - IRC 6662	\$4,813.80
Accuracy Related Penalty - IRC 6662A	\$.00
Civil Fraud - IRC 6663	\$.00
Manually Computed Penalty	\$.00

Total Penalties Subject to Interest \$4,813.80

Tax Deficiency and Penalties Subject to Interest \$28,882.80

Type	Effective Dates	Days	Rate	Interest
Compound	04/15/2021--12/31/2021	260	3%	\$550.43
Compound	01/01/2022--03/31/2022	90	3%	\$218.52
Compound	04/01/2022--06/30/2022	91	4%	\$297.17
Compound	07/01/2022--09/30/2022	92	5%	\$379.80
Compound	10/01/2022--12/31/2022	92	6%	\$462.12
Compound	01/01/2023--09/08/2023	251	7%	\$1,518.28

Total Interest \$3,426.32

Interest on penalties is computed from the due date of the return (including extensions) until the date of payment. The interest shown on this report is estimated. Interest is computed from the due date of the return (including extensions) and will continue to accrue until the date paid in full. Interest on the failure to pay penalty is computed from the date of assessment and is therefore not considered in this report.

Form 886-A (May 2017)	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule number or exhibit
Name of taxpayer MICHAEL A & DAWN M FRENCH	Tax Identification Number (last 4 digits) 	Year/Period ended 2020

Frozen Refund

Tax Period 2020	Per Return \$13,419.00	Per Exam \$0.00	Adjustment (\$13,419.00)
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A portion or all of your overpayment is being withheld pending the outcome of this examination. If at the conclusion of the examination a deficiency in tax is determined, the overpayment will be applied to the tax deficiency. If the overpayment is less than the deficiency in tax, you will be sent a separate bill for the balance due, including any applicable interest and penalties. Any remaining overpayment will be refunded to you if there are no other taxes or other outstanding legally enforceable debts owed.

Taxable Interest

Tax Period 2020	Per Return \$0.00	Per Exam \$54.00	Adjustment \$54.00
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We adjusted your interest income to reflect the amounts shown on Form 1099-INT.

Wages, Salaries and Tips, etc.

Tax Period 2020	Per Return \$0.00	Per Exam \$94,307.00	Adjustment \$94,307.00
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We have adjusted your gross wages to agree with the amounts shown on Form(s) W-2.