



Department of the Treasury
Internal Revenue Service

Date:

Taxpayer ID number:

Form:

Tax period(s) ended:

Person to contact:

Contact telephone number:

Contact fax number:

Dear

Proposed Tax Adjustment

Why you are receiving this letter

You haven't provided a response to Letter sent to you on [DATE]. Without a response from you, we can't verify the gross receipts reported on your tax return. As a result, we are proposing changes to your tax return as shown below.

Issues	As Shown on Your Original Return	As Corrected by IRS	Proposed Change
Gross receipts	\$0.00	\$0.00	\$0.00
(Adjustment 2)	\$0.00	\$0.00	\$0.00
(Adjustment 3)	\$0.00	\$0.00	\$0.00
(Adjustment 4)	\$0.00	\$0.00	\$0.00
(Adjustment 5)	\$0.00	\$0.00	\$0.00
(Adjustment 6)	\$0.00	\$0.00	\$0.00
(Adjustment 7)	\$0.00	\$0.00	\$0.00
(Adjustment 8)	\$0.00	\$0.00	\$0.00
(Adjustment 9)	\$0.00	\$0.00	\$0.00

Tax Computation	As Shown on Your Original Return	As Corrected by IRS	Proposed Change
Taxable Income	\$0.00	\$0.00	\$0.00
Tax	\$0.00	\$0.00	\$0.00
Other Credits	\$0.00	\$0.00	\$0.00
a. [xxxxx]	\$0.00	\$0.00	\$0.00
b. [xxxxx]	\$0.00	\$0.00	\$0.00
c. [xxxxx]	\$0.00	\$0.00	\$0.00
d. [xxxxx]	\$0.00	\$0.00	\$0.00
Other Taxes	\$0.00	\$0.00	\$0.00
a. [xxxxx]	\$0.00	\$0.00	\$0.00
b. [xxxxx]	\$0.00	\$0.00	\$0.00
c. [xxxxx]	\$0.00	\$0.00	\$0.00
d. [xxxxx]	\$0.00	\$0.00	\$0.00
Total Tax	\$0.00	\$0.00	\$0.00

Penalties	As Originally Computed	Recomputed	Proposed Change
a. [xxxxx]	\$0.00	\$0.00	\$0.00
b. [xxxxx]	\$0.00	\$0.00	\$0.00

Summary of Proposed Changes

Amount of Tax Increase			\$0.00
Penalties			\$0.00
Interest - if paid by: [MM/DD/YYYY]			\$0.00
Total Amount You Owe			\$0.00
Refund			\$0.00

Explanation of Proposed Change

Your type of business consistently has [] % of gross receipts from card payments and other Form 1099-K reportable transactions, with some as high as [] %. However, your portion of reported gross receipts from card payments and other Form 1099-K reportable transactions is []%. Based on the range []% []% your gross receipts should be \$ - \$. We adjusted your gross receipts to \$

Explanation of Failure-to-File Penalty

If your original return was filed late, we previously charged you a late filing penalty, which is based on the amount of tax due on the return. If you agree to the additional tax proposed in this letter, the late filing penalty will increase proportionately. We charge a penalty of up to 5% of the unpaid tax per month for no more than 5 months or up to 25% of the unpaid amount. If the return is more than 60 days late, we may charge the minimum of \$135 or 100% of the unpaid tax, whichever is less, for tax returns due after December 31, 2008. We count part of a month as a full month (Internal Revenue Code Section 6651). The recomputed penalty is shown in the penalty box above.

What you need to do

1. Review the proposed changes to your tax return and determine if you agree or disagree.
2. Complete the enclosed Form 14431, *Response to Proposed Adjustment(s)*. Always include that form with your written response to us. Attach any signed statement and copies of documents behind that form.
3. Provide your response within 30 days from the date of this letter. If you need more time, call the phone number shown above to request an extension of time.
4. Review your rights in the enclosed Publication 3498-A, *The Examination Process (Examinations by Mail)*.

If you **don't agree** with the changes the IRS is proposing, you can submit an appeal to the proposed assessment. The enclosed Publication 3498-A provides information if you want to appeal our decision.

If you don't respond within 30 days, we'll issue you a Statutory Notice of Deficiency.

For additional information regarding Form 1099-K, *Merchant Card and Third Party Network Payments*, please refer to the information available on www.irs.gov by searching key words, "Third Party Reporting Information Center."

If you have questions or need additional assistance, you can call us at the number above.

Thank you for your cooperation.

Sincerely yours,

[SIGNATURE_NM]
[SIGNATURE_TTL]

Enclosures:
Form 14431
Publication 3498-A
Copy of this letter
Return Envelope