

OCTOBER 30, 2013

TO:

Department of Treasury
Internal Revenue Service
P.O. Box 621505
Atlanta, GA 30362-1505

FROM:

William F. Wadsworth
TAXPAYER ID: [REDACTED]
TAX YEAR: 2011
FORM: 1040

Re: William F. Wadsworth - **Response to IRS CP2000**: dated October 7, 2013.

USPS – Priority Mail – Certified Mail No. 7012 1010 0000 9533 9540

Greetings,

Thank you for your recent unsigned letter (CP2000: Notice date – October 7, 2013) a copy of which is enclosed in this correspondence.

I have checked the box on page 6 of the letter response form marked: **“I don't agree with some or all of the changes”**. I have enclosed the attachment along with copies of corrected Form 1099's for the tax year 2011 supporting the entries on the original Form 1040 which was filed for 2011.

The information described as “Gross Receipts Medical” on page 2 and 3 of your CP2000 letter reported on Form 1099-MISC by: Community Insurance Company, EBMC, Health Design Plus, Medical Mutual of Ohio, Metropolitan Life Insurance CO (Metlife Dental); and, *“Nonemployee compensation”* from Amway Corp is Bad Payer Data per section 4.2.2.4.4(E) of the Internal Revenue Manual.

IR Manual – 4.2.2.4 E. - “Nontaxable income reported as taxable; and”
(See Exhibit A)

From the 2011 Instructions for Form 1099-MISC, under the listing of Specific Instructions:

“Trade or business reporting only. Report on Form 1099-MISC only when payments are made in the course of your trade or business. Personal payments are not reportable. ...”
(See Exhibit B)

Internal Revenue Code – Section 7701. Definitions (a)(26) defines the term “Trade or business”:

“(26) Trade or business

The term “trade or business” includes the performance of the functions of a public office”
(See Exhibit C)

Response to IRS CP2000 Notice Letter

No taxable activities or taxable transactions occurred between myself and payers listed in your letter. All activities and transactions, for the Year 2011 for the payers listed, were personal payments. **"Personal payments are not reportable"** according to the Instructions for Form 1099-MISC. Amounts listed by payers as "*Nonemployee compensation*" and "*Medical and health payments*" are, thus, **erroneous information**, ie., "Bad Payer Data"

When I filed Form 1040 for tax year 2011, I included six (6) corrected 1099-MISC forms with statements signed by me stating that the information submitted by those payers was incorrect. I have attached copies of these corrected Form 1099-MISC with this letter to support entries on my original tax year 2011, Form 1040 filing.

Further supporting evidence of the correctness of my original TY 2011 Form 1040 is found in Notice letter (CP16) from the IRS, Kansas City, MO. Office, dated November 26, 2012. The Notice letter accepted my filing and corrected a mathematical mistake. The Summary of the letter listed "Tax you owe for 2011" as "0". A copy of this Notice (CP16) is enclosed with this correspondence.

Internal Revenue Service Letter Notice (CP2000), listed above, cites no statutory or regulatory authority for "Proposed changes to your 2011 Form 1040". Thus, I have concluded that "Proposed changes" are made under color of law and are without any legal statutory or regulatory authority.

No further action is required other than for IRS to correct its account and transcript records pertaining to this matter.

If IRS or any of its agents have knowledge of taxable activities or taxable transactions performed by me in 2011 or other information that differs from what I declared on my 2011 Form 1040 and swore under penalties of perjury, I hereby request and demand clarification as to the nature of and the reason for said "Proposed changes", threat of assessment or notice of deficiency, the jurisdiction and character of any liability, the process by which these determinations were arrived at, and all other pertinent information regarding these assertions.

In accordance with 26 6221(d) I am asserting a reasonable dispute with respect to items of income reported on information returns filed with the Secretary under subpart (d) of USC 6041. I am cooperating with the Secretary in this matter, and am providing timely access and response to reasonable requests by IRS and agents.

Be it hereby presented and advised that I make no declarations or admissions as to my status, the truthfulness of the assertions in IRS Letter CP2000: dated October 7, 2013 or to the fitness of any legal or administrative protocol I apply in this response.

Be it also hereby presented and advised that I do not waive or forfeit any of my rights to due process in this matter, nor do I waive or forfeit any right to which I am entitled by Law, or by birth.

Response to IRS CP2000 Notice Letter

I hereby declare and affirm, under penalties of perjury, that the facts I have stated in this letter and accompanying attachments and enclosures are true, correct and complete to the best of my knowledge and belief.

Respectfully submitted,

William F. Wadsworth

Dated: October 30, 2013

Attachments/Enclosures:

- Completed Copy of IRS Response Form accompanying CP2000.
- Signed statement refuting and rebutting any proposed changes to my 2011 Form 1040.
- Copy of 2011 Form 1040
- Copies of corrected 1099-MISC (2011) – six (6)
- Copy of IRS Notice Letter CP16 – dated November 26, 2012
- Exhibit A – Copy IR Manual 4.2.2.4
- Exhibit B – Instructions for Form 1099-MISC
- Exhibit C - IRC Section 7701 (a)(26)

1. The Area Director forwards the extension request to the Technical Services (TS) staff, who reviews the request and determines if the replacement period is timely and meets the requirements of a proper request to include reasonable cause. TS will take delegated by SBSE Delegation Order 4.24 (subject to revision). (See IRM 4.8.8)
2. If the extension request is granted, Letter 1039 is used to advise the taxpayer that an extension has been granted. Get The taxpayer must notify the Service when the property is replaced.
3. Letter 1954 is used to follow-up on the extension granted in Letter 1039.
4. If the extension is not granted, the taxpayer is notified the extension has not been granted and the reason(s) why.
5. When the extension response relates to involuntary conversions that result from condemnations, a statement should be on the award is taxable as ordinary income. This interest is paid to compensate the taxpayer for a delay in payment of computations.

4.2.2.4 (10-01-2003)

Identification of Bad Payer Data

1. During the examination of Information Returns Selection System (IRSS) cases, examiners may determine that informa
2. Bad payer data is defined as any situation where the payer made an error on the information return of a type that could
3. Where errors have occurred on ten or more of these documents filed by one payer or transmitter, bad payer data exist:
4. Examples of bad payer data include but are not limited to:
 - A. Duplicate filing of Forms W-2 or 1099;
 - B. Corrected Forms W-2 or 1099 not identified as a corrected, thus appearing to duplicate the original filing;
 - C. Misplaced decimals;
 - D. Additional digits added to amounts;
 - E. Nontaxable income reported as taxable; and
 - F. Income reported on the wrong form.
5. When examiners determine that bad payer data exists, they will briefly explain the identified reason on a copy of the IR Manager or designate. The Territory Manager or designate will ensure the reasons are clear and will forward all copies directed to the attention of the IRP Magnetic Media Coordinator.

4.2.2.5 (10-01-2003)

Awards Received by Informants

1. Informant awards for confidential services are often received from the Bureau of Customs, Federal Bureau of Investigation Police Departments, and other similar sources. It is imperative that the source of income not be revealed in the examina protected.
2. When asked to explain the source of unidentified income reported on the return or the source of unreported income dis explain that the income was received for services of a confidential nature.
 - A. If verification of the source of income is necessary, then verification should be secured through inquiry of the of
 - B. If the official is in the same locality as the examiner, then the official will be interviewed personally without any v interview is not possible, the examiner will prepare for the personal signature of the Area Director, a letter to the addressee only." requesting verification of the payment for confidential services.
3. If the taxpayer states that the unidentified or unreported income was received for services of a confidential nature, the disclosing the source of the payment.

Instructions for Form 1099-MISC

under the backup withholding rules regardless of the amount of the payment.



Be sure to report each payment in the proper box because the IRS uses this information to determine whether the recipient has properly reported the payment.

Trade or business reporting only. Report on Form 1099-MISC only when payments are made in the course of your trade or business. Personal payments are not reportable. You are engaged in a trade or business if you operate for gain or profit. However, nonprofit organizations are considered to be engaged in a trade or business and are subject to these reporting requirements. Other organizations subject to these reporting requirements include trusts of qualified pension or profit-sharing plans of employers, certain organizations exempt from tax under section 501(c) or (d), farmers' cooperatives that are exempt from tax under section 521, and widely held fixed investment trusts. Payments by federal, state, or local government agencies are also reportable.

ples of clause (xi); except that, if such REMIC's are part of a tiered structure, they shall be treated as 1 REMIC for purposes of clause (xi).

(20) Employee

For the purpose of applying the provisions of section 79 with respect to group-term life insurance purchased for employees, for the purpose of applying the provisions of sections 104, 105, and 106 with respect to accident and health insurance or accident and health plans, for the purpose of applying the provisions of section 101(b) with respect to employees' death benefits, and for the purpose of applying the provisions of subtitle A with respect to contributions to or under a stock bonus, pension, profit-sharing, or annuity plan, and with respect to distributions under such a plan, or by a trust forming part of such a plan, and for purposes of applying section 125 with respect to cafeteria plans, the term "employee" shall include a full-time life insurance salesman who is considered an employee for the purpose of chapter 21, or in the case of services performed before January 1, 1951, who would be considered an employee if his services were performed during 1951.

(21) Levy

The term "levy" includes the power of distraint and seizure by any means.

(22) Attorney General

The term "Attorney General" means the Attorney General of the United States.

(23) Taxable year

The term "taxable year" means the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the taxable income is computed under subtitle A. "Taxable year" means, in the case of a return made for a fractional part of a year under the provisions of subtitle A or under regulations prescribed by the Secretary, the period for which such return is made.

(24) Fiscal year

The term "fiscal year" means an accounting period of 12 months ending on the last day of any month other than December.

(25) Paid or incurred, paid or accrued

The terms "paid or incurred" and "paid or accrued" shall be construed according to the method of accounting upon the basis of which the taxable income is computed under subtitle A.

(26) Trade or business

The term "trade or business" includes the performance of the functions of a public office.

(27) Tax Court

The term "Tax Court" means the United States Tax Court.

(28) Other terms

Any term used in this subtitle with respect to the application of, or in connection with, the provisions of any other subtitle of this title shall have the same meaning as in such provisions.

(29) Internal Revenue Code

The term "Internal Revenue Code of 1986" means this title, and the term "Internal Revenue Code of 1939" means the Internal Revenue Code enacted February 10, 1939, as amended.

(30) United States person

The term "United States person" means--

- (A) a citizen or resident of the United States,
- (B) a domestic partnership,
- (C) a domestic corporation, and
- (D) any estate or trust (other than a foreign estate or foreign trust, within the meaning of section 7701(a)(31)).

(31) Foreign estate or trust

The terms "foreign estate" and "foreign trust" mean an estate or trust, as the case may be, the income of which, from sources without the United States which is not effectively connected with the conduct of a trade or business within the United States, is not includible in gross income under subtitle A.

(32) Cooperative bank

The term "cooperative bank" means an institution without capital stock organized and operated for mutual purposes and without profit, which--

(A) either--

- (i) is an insured institution within the meaning of section 401(a) of the National Housing Act (12 U.S.C., sec. 1724(a)), or
- (ii) is subject by law to supervision and examination by State or Federal authority having supervision over such institutions, and
- (B) meets the requirements of subparagraphs (B) and (C) of paragraph (19) of this subsection (relating to definition of domestic building and loan association).

In determining whether an institution meets the requirements referred to in subparagraph (B) of this paragraph, any reference to an association or to a domestic building and loan association contained in paragraph (19) shall be deemed to be a reference to such institution.

(33) Regulated public utility

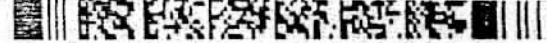
The term "regulated public utility" means--

- (A) A corporation engaged in the furnishing or sale of--
 - (i) electric energy, gas, water, or sewerage disposal services, or
 - (ii) transportation (not included in subparagraph (C)) on an intrastate, suburban, municipal, or interurban electric railroad, on an intrastate, municipal, or suburban trackless trolley system, or on a municipal or suburban bus system, or
 - (iii) transportation (not included in clause (ii)) by motor vehicle--

if the rates for such furnishing or sale, as the case may be, have been established or approved by a State or political subdivision thereof, by an agency or instrumentality of the United States, by a public service or



Department of Treasury
Internal Revenue Service
PO BOX 621505
ATLANTA GA 30362-1505



Notice CP2000
Tax Year 2011
Notice date October 7, 2013
Social Security number [REDACTED]
AUR control number 500670856
To contact us Phone 1-800-829-3009
Fax 1-877-477-0967

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INTERNAL REVENUE SERVICE
PO BOX 621505
ATLANTA GA 30362-1505
[Barcode]



30232049920111



COPY

Fold here

Response form

Complete both sides of this form, and send it to us in the enclosed envelope so we receive it by November 6, 2013. Be sure our address shows through the window.

To request more time to respond, call us at 1-800-829-3009. Remember: Additional interest will be charged during this period if the information in this notice is correct.

Provide your contact information

If your address has changed, please make the changes below.

WILLIAM F WADSWORTH

[REDACTED]
[REDACTED]

Primary phone _____ Best time to call a.m. p.m. Secondary phone _____ Best time to call a.m. p.m.

1. Indicate your agreement or disagreement

- I agree with all changes
I consent to the assessment of my 2011 income tax, and understand that:
- I owe \$4,091 in additional tax, payment adjustments, and interest.
 - The IRS is required by law to charge interest on taxes that weren't paid in full by April 17, 2012.
 - The IRS will continue to charge interest until I've paid the tax in full. Certain penalties may also apply.
 - I can challenge these changes in the U.S. Tax Court only if the IRS determines after the date I sign this form that I owe additional taxes for 2011.
 - I can file for a refund at a later date.

Please sign and return this form with your payment.

William F Wadsworth

10/30/2013

Signature

Date

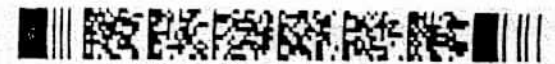
Spouse's Signature

Date

Continued on back...



COPY



Notice CP2000
 Tax Year 2011
 Notice date October 7, 2013
 Social Security number
 Page 6 of 7

Indicate your agreement or disagreement--Continued

- I don't agree with some or all of the changes**
 Please return this form and include a statement signed by you that explains what you don't agree with. Also include copies of any documents, such as corrected W-2, 1099, or missing forms that support your statement.

Note: You can fax documentation to 1-877-477-0967

2. Indicate your payment option

- I am enclosing (check all that apply):
- Full payment of \$4,091
 - Partial payment of \$
 - No payment
 - A completed Installment Agreement Request (Form 9465)
 - Write your Social Security number [REDACTED], the tax year (2011), and the notice number (CP2000) on your payment and any correspondence.
 - Make your check or money order payable to the United States Treasury.

3. Authorization optional

If you would like to authorize someone, in addition to you, to contact the IRS concerning this notice, please include the person's information, your signature, and the date.

The authority granted 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 authorization, see IRS Publication 947, Practice Before the IRS and Power of Attorney.

Full name of authorized person

Address

City State Country Zip code

a.m. p.m. a.m. p.m.

Primary phone Best time to call Secondary phone Best time to call

I authorize the person listed above to discuss and provide information to the IRS about this notice.

Signature Date

Spouse's Signature Date