



Department of Treasury
Internal Revenue Service
STOP 6692 AISC
AUSTIN, TX 73301-0021

AUR Control: 40008-0004

Notice: CP2501
Notice Date: January 11, 2010

Social Security Number:
[REDACTED]

Form: 1040
Tax Year: 2008

000452.680114.0003.001 2 SP 0.610 1435

To call for assistance:
1-800-829-3009 (Toll Free)
1-877-477-0583 (FAX)
between 7:00 AM - 8:00 PM

DAVID [REDACTED] H [REDACTED]
[REDACTED] TN [REDACTED]

10452

You Must Return the Response Form by February 10, 2010

1 Why are you getting this notice?

In our review of your 2008 tax return, we found what appeared to be differences between some of the income and deduction information you reported on your tax return and amounts reported to us by others (employers, banks, and other payers).

2 What steps should you take?

Following these steps can help you understand this notice.

1. Review your 2008 tax return.
2. Compare your return to the information in the *Explanation Section* -- page 5.
3. Decide if the information in the *Explanation Section* is correct.
4. Check the answers to *Frequently Asked Questions* -- page 2.
5. Complete and return the *Response Form* in the enclosed envelope -- page 3.

3 What happens if you don't respond by February 10, 2010?

Our office is unable to promptly resolve this tax matter without your response regarding this discrepancy.

If the adjustment results in an increase to your 2008 tax, we will charge interest from April 15, 2009 (the date your tax was due) to the date you pay your tax in full. In addition, certain penalties may apply.

Frequently Asked Questions

Why did it take IRS so long to contact me?

Tax years generally end on December 31, but we may not receive complete information from employers, banks, businesses, and other payers until much later.

Will I need to file amended returns (federal/state/local) if I agree with some or all of the information?

1. You do not need to file an amended federal tax return to include the proposed changes shown on this notice. We will correct this tax year when we receive your response. If you choose to file an amended tax return, write "CP2501" along the top of the 1040X, attach it behind the Response Form page and send to the address shown on this notice.
2. If the changes on this notice apply to your state tax return, file an amended state/local tax return as soon as possible. We send information about changes based on this notice to your state and local tax agencies.
3. File amended returns for any prior or subsequent tax years in which the same error occurred. If you owe additional tax, you'll limit the penalty and interest charges by promptly paying the amount owed.

What should I do if I am currently in bankruptcy?

If you filed for bankruptcy, please complete and return the response page, including any applicable supporting documentation if you checked Option 2 or Option 3. Please be sure to also include a copy of your bankruptcy petition.

What steps do I take if I do not agree?

We need you to tell us why you do not agree and send us information to support your statement. Please refer to the *Examination Process Booklet* (enclosed) for tips about what information you should send with your response.

What if I need more time to collect my supporting documentation?

If you cannot respond by February 10, 2010, please call us at 1-800-829-3009 to request an extension.

How can I prevent an error in the future?

1. Include all income you've received during the year on your tax return.
2. Wait to file your return until you receive all income statements to be sure your return is complete. If you do not receive an income statement in time to meet the April 15th deadline, estimate the amount of income using pay stubs, bank statements, etc.
3. Check the records (for example, W-2s, 1098s, 1099s, etc.) you receive from your employer, mortgage company, bank, or other source of income to be sure the information they're reporting is correct. (Some states pay taxable unemployment benefits, so report that as income as well.)
4. If you receive any additional information after you filed your return, you should amend your return with the corrected information as soon as possible to avoid any interest or penalties.
5. Keep accurate and complete records. Normally, keeping your records for three years is sufficient.

What if I have more questions?

If we haven't answered your question here, you can find other Frequently Asked Questions on our website, www.irs.gov, or you can call 1-800-829-4477, topic 652, for prerecorded responses.

Response Form

1. Review the Explanation Section to decide whether you agree or do not agree with the information shown.
2. Complete and return the Response Form by February 10, 2010.
3. If you need additional time, call us at 1-800-829-3009.

STEP A Check only one of the three options. Then go to step B

If you agree with the information shown, complete and return this form in the enclosed envelope.

OPTION 1 | I Agree with All Information Shown

I agree and understand this information may affect my 2008 tax return. I also understand I will receive a notice of proposed tax change(s).

If you do not agree with the information shown, complete and return this form in the enclosed envelope. Please be sure to sign your statement explaining what you do not agree with below. Also include copies of any documents, such as a corrected W-2, 1099, or missing forms, that support your statement. If additional space is needed, please attach a signed statement to this Response Form.

OPTION 2 | I Do Not Agree with Some of the Information Shown

I've enclosed documentation to support the entries on my original return.

OPTION 3 | I Do Not Agree with Any of the Information Shown

I've enclosed documentation to support the entries on my original return.

Signature  Date _____ Spouse's Signature  Date _____



STEP B Contact Information

1. Please verify your address and note any corrections in the space below. (Print clearly.)

DAVID [REDACTED] H [REDACTED]
[REDACTED] TN [REDACTED]
Make any address corrections here.

2. Please list your phone numbers and the best time to call below.

Home [REDACTED] Best Time to Call AFTER 7:00 P.M. CENTRAL
Work [REDACTED] Best Time to Call 7:00 AM - 4:00 P.M. CENTRAL

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

Name	Phone
Address	

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

Signature	Date	Spouse's Signature	Date

The authority granted in Step B 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, Practices Before the IRS and Power of Attorney.

Before Mailing Please make sure you have:

- Completed Steps A and B (both sides of this form).
- Included this form and copies of any supporting documentation (if applicable) in the envelope provided.
- Made a copy for your records of the *Response Form*.
- Checked that the IRS address shows through the envelope window.

Please Fold Here. Do not detach. Please be sure our address shows through the envelope window.

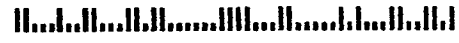
{RF41}

AUR Control Number: 40008-0004

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INTERNAL REVENUE SERVICE
AUSTIN IRS CENTER
STOP 6692 AUSC
AUSTIN, TX 73301-0021

DAVID [REDACTED] H [REDACTED]
[REDACTED] TN [REDACTED]



Explanation Section

How to Review This Section

1. Compare your records with the records we received under **Information Reported to IRS.**
2. Review the **Reasons for the Changes** for an explanation of the issues.
3. Once you have fully reviewed the **Explanation Section**, please complete and return the **Response Form** in the envelope provided.

1 Information Reported to IRS that differs from the amounts shown on your return

0452

Please compare your tax records with the following list which shows income reported to us by your payers. Although we were able to match some of these income amounts to your 2008 income tax return, we weren't able to match all of them. To assist you in reviewing your income amounts, the list may include both reported and unreported amounts from the same payer.

We have already verified any deduction amount(s) that you see on this list. However, if you deducted additional amounts on your return that don't appear on this list, please send us verification that you are entitled to those deductions.

Numerous credits and deductions are based on computations that are dependent on your Adjusted Gross Income (AGI) and/or your Modified Adjusted Gross Income (MAGI). If the amounts shown on this notice change your AGI and/or MAGI, credits and/or deductions claimed on your return may also be affected.

INTEREST Account Information	Amount Reported to IRS by Others	Amount Included on Your Return	Difference
#001 SSN: [REDACTED] Form 1099-INT ACCT: [REDACTED] [REDACTED] TN [REDACTED]	\$ 300	\$ 0	\$ 300
INTEREST Total	\$ 300	\$ 0	\$ 300

NONEMPLOYEE COMPENSATION Account Information	Amount Reported to IRS by Others	Amount Included on Your Return	Difference
#002 EIN: [REDACTED] Form 1099-MISC DESC: [REDACTED] SALES DATE: 04-14-2009 [REDACTED] TX [REDACTED]	\$ 225,404	\$ 0	\$ 225,404

NONEMPLOYEE COMPENSATION Account Information	Amount Reported to IRS by Others	Amount Included on Your Return	Difference
#003 EIN: [REDACTED] Form 1099-MISC ACCT: [REDACTED] [REDACTED] TX [REDACTED]	\$ 55,512	\$ 0	\$ 55,512
NONEMPLOYEE COMPENSATION Total	\$ 280,916	\$ 0	\$ 280,916

2 Reasons for the Changes

This section provides explanations to help you understand the payer information listed in the previous table.

The paragraphs that follow provide explanations for:

- the items listed in Section 1. *Information Reported to IRS*
- *Additional Information* that will help you understand this notice and what action you need to take to resolve the tax discrepancy

Within each subsection below, the paragraphs are organized by topic to help you review them.

This paragraph provides detailed information about your case.

Detailed Information

Your self-prepared corrected Forms 1099 are not acceptable. Please provide documentation from the payers listed here

These paragraphs explain the items listed in Section 1. *Information Reported to IRS*.

Other Income

General

MISIDENTIFIED INCOME

If any of the income shown on this notice is not yours, send us the name, address, and social security number of the person who received the income. Please notify the payers to correct their records to show the name and social security number of the person who actually received the income, so that future reports to us are accurate.

FORM W-2 OR 1099 NOT RECEIVED

The law requires you to report your income correctly. If your payers did not send you a yearly income statement (Form W-2, Form 1099, etc.), you must use the information you have (pay stubs, monthly income statements, deposit slips, etc.) to estimate the total amount of income you received during the year.

Other Taxes

Self-Employment Tax - Schedule SE

SELF-EMPLOYMENT TAX ON SELF-EMPLOYMENT (SE) INCOME

Self-Employment(SE) income generally includes nonemployee compensation and other income from part-time or full-time work and is subject to Self-Employment Tax. We figured the Self-Employment Tax on the net SE income reported on your return and/or on the underreported SE income. Self-Employment Tax consists of Social Security Tax of 12.4% and Medicare Tax of 2.9%. (Even if you have paid the maximum amount of Social Security Tax, you are still liable for additional Medicare Tax.) The deduction for one-half of the Self-Employment Tax is based on the change we made to your Self-Employment Tax. If you were an employee, you will be liable for income tax and the employee's share of Social Security (6.2%) and Medicare taxes (1.45%). Your social security account will be credited with the amount of Self-Employment income shown on this notice.

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Penalty & Interest Charges**Penalties**

ACCURACY PENALTY FOR SUBSTANTIAL TAX UNDERSTATEMENT - IRC SECTION 6662(d)
If we increase your tax, and the increase exceeds 10% of the corrected tax and is also equal to or greater than \$5,000, the law requires an accuracy-related penalty due to substantial understatement of tax. The penalty is 20% of your tax increase. The penalty may be reduced or not charged if you:

- * Provide the substantial authority (such as, Internal Revenue Code, Regulations, Revenue Rulings, Revenue Procedures, etc.) you used to decide how to treat your income or deduction, or
- * Tell us where on your return you clearly show the facts supporting your treatment of the income or deduction, or
- * Submit a signed statement that clearly outlines the facts supporting your treatment of the understated income.

Additional Information**FORMS, SCHEDULES, OR ASSISTANCE AVAILABILITY**

If you need forms or schedules to respond to this notice, you may get them by:

- * Visiting local offices and some public libraries,
- * Calling 1-800-TAX-FORM (1-800-829-3676), or
- * Visiting the IRS Web site at www.irs.gov

If you have questions about this notice you may:

- * Call the telephone number provided on the notice,
- * Visit your local Taxpayer Assistance Center or Low Income Clinic (refer to www.irs.gov for locations), or
- * Obtain professional assistance (Attorney, Certified Public Accountant, Enrolled Agent, Tax Preparer/Practitioner, etc).