



PENALTY ABATEMENT LETTER COMPONENTS*

Build your penalty abatement letter in seven sections.

Component	Items to include/address on section
1. Taxpayer and penalty information	<ul style="list-style-type: none"> ✓ Taxpayer identifying information ✓ Representative name ✓ Years/forms in question ✓ All penalties listed in a chart <ul style="list-style-type: none"> ○ Year ○ Penalties and amounts listed individually ○ If not assessed or accrued, indicate on the chart
2. Clear request for abatement and appeal	<ul style="list-style-type: none"> ✓ Request is on behalf of taxpayer, via POA, if applicable ✓ Request abatement for specific penalties ✓ Reason for request: <ul style="list-style-type: none"> ○ Penalty relief argument ○ Code section citations ✓ Provide prior penalty abatement request explanations, if applicable ✓ Request for appeal hearing, if denied (Note: This statement will not trigger an appeal if the IRS denies abatement. However, this simple statement will indicate to the IRS that you will review any adverse decision. If the IRS denies abatement, you will have to request an appeal, in writing, within 60 days of the denial letter.)
3. Facts and circumstances explanation	<ul style="list-style-type: none"> ✓ Subsection 1: Explain your client's background <ul style="list-style-type: none"> ○ Chronology of events for time period(s) ○ Reasonable cause facts ○ Explain attached evidence that supports facts ✓ Subsection 2: Explain your client's clean compliance history <ul style="list-style-type: none"> ○ Positive arguments of your client's tax compliance for the past three years (and prior if a positive argument can be made) ○ Address any other areas of your client's life that have also been affected by the reasonable cause circumstances (financial, personal, work, etc.)
4. Applicable law and authority	<ul style="list-style-type: none"> ✓ Cite authority for abatement <ul style="list-style-type: none"> ○ Code sections ○ Treasury regulations ○ Court case arguments ✓ Cite IRS authority for abatement <ul style="list-style-type: none"> ○ Policy statements ○ IRM procedures, specifically IRM 20.1

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5. Discussion of facts and law/authority	<ul style="list-style-type: none"> ✓ Discuss the legal and policy authority applied to your client's situation <ul style="list-style-type: none"> ✓ Subsection 1: Clearly label and explain each reasonable cause argument as it applies to your client's situation ✓ Subsection 2: Label and highlight the section detailing your client's ordinary business care and prudence and present other mitigating factors: <ul style="list-style-type: none"> ○ Isolated incident: First-time, one-time incident ○ Voluntary correction: Self-corrected error (voluntary compliance) ○ Future compliance: Compliant going forward ○ Timely correction: Fixed the noncompliance soon after it was found ○ Life affected: Other areas of life/finances were affected
6. Next action request	<ul style="list-style-type: none"> ✓ Close the letter requesting specific IRS actions: <ul style="list-style-type: none"> ○ Summary statement that the facts and law support penalty relief ○ Request for abatement ○ Request an appeal ○ Provide contact information
7. Signature, attestation and attachments	<ul style="list-style-type: none"> ✓ Your signature and attestation to accuracy as POA ✓ Your client's signature and attestation to accuracy ✓ List of attachments <ul style="list-style-type: none"> ○ IRS transcripts with penalty assessments highlighted ○ Other evidence as explained in the facts/background section ○ Copy of notice, if available ○ Form 2848 or 8821 included

*This format is designed for requesting penalty abatement due to reasonable cause for the most common IRS penalties: failure to file, failure to pay, and failure to deposit penalties. Consult IRM 20.1.1.3.2.1 for applicable penalties. Accuracy-related penalties generally are not argued by abatement letter, but are disputed within deficiency procedures for additional assessments (i.e., the nonapplicability of the penalty is argued before the penalty is assessed). Relief from accuracy penalties also requires that the taxpayer prove that he or she exercised care in preparing the return and that there is a reasonable basis for the tax return positions.