

The Bandy Articles

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Avoid scams: Know the facts on how the IRS contacts taxpayers

Crooks impersonating the IRS either by phone, email or in person cost people their time and money. The IRS urges people to stay vigilant against schemes and scams and avoid becoming a victim.

Here are some important tips for taxpayers to keep in mind to avoid scams:

How the IRS initiates contact

The IRS initiates most contact with taxpayers through regular mail delivered by the U.S. Postal Service.

However, there are special circumstances in which the IRS will call or come to a home or business, such as:

- When a taxpayer has an overdue tax bill,
- To secure a delinquent tax return or a delinquent employment tax payment, or
- To tour a business, for example, as part of an audit or during criminal investigations.

Even then, taxpayers will generally first receive a letter or sometimes more than one letter, often called notices, from the IRS in the mail.

Avoid telephone scams

Criminals impersonate IRS employees and call taxpayers in aggressive and sophisticated ways. Imposters claim to be IRS employees and sound very convincing. They use fake names and phony IRS identification badge numbers. They're demanding and threatening – and do not reflect how the IRS handles enforcement matters.

Note that the IRS does not:

- Demand that people use a specific payment method, such as a prepaid debit card, gift card or wire transfer. The IRS will not ask for debit or credit card numbers over the phone. For people who owe taxes, make payments to the U.S. Treasury or review [IRS.gov/payments](https://www.irs.gov/payments) for IRS online options.
- Demand immediate tax payment. Normal correspondence begins with a letter in the mail and taxpayers can appeal or question what they owe. All taxpayers are advised to know their rights as a taxpayer.
- Threaten to bring in local police, immigration officers or other law enforcement agencies to arrest people for not paying. The IRS also cannot revoke a license or immigration status. Threats like these are common tactics scam artists use to trick victims into believing their schemes.

“The IRS does not use email, text messages or social media to discuss tax debts or refunds with taxpayers.”

Avoid email, phishing and malware schemes

Scammers send emails that trick businesses and taxpayers into thinking the messages are official communications from the IRS or others in the tax industry. As part of phishing schemes, scammers sometimes ask taxpayers about a wide-range of topics, such as refunds, filing status, confirming personal information, ordering transcripts and verifying personal identification numbers.

The IRS does not use email, text messages or social media to discuss tax debts or refunds with taxpayers.

Calls from IRS-contracted private collection agencies (PCA)

The IRS assigns certain overdue tax debts to private debt collection agencies or PCAs. Here are the facts about this program:

- The IRS will send a letter to the taxpayer letting them know the IRS has turned their case over to one of the four PCAs. The PCA will also send the taxpayer a letter confirming assignment of the taxpayer's account to the agency.
- The IRS will assign a taxpayer's account to only one of these agencies, never to all four. The IRS authorizes no other private groups to represent the IRS.
- It's important to know that PCA representatives:
 - Will identify themselves and will ask for payment to "U.S. Treasury,"
 - Will not ask for payment on a prepaid debit or gift card, and
 - Will not take enforcement action.

<https://www.irs.gov/newsroom/avoid-scams-know-the-facts-on-how-the-irs-contacts-taxpayers>

Tips on how to handle an IRS letter or notice

The IRS mails millions of letters every year to taxpayers for a variety of reasons. Keep the following suggestions in mind on how to best handle a letter or notice from the IRS:

“Read the letter carefully; some notices or letters require a response by a specific date.”

1) **Do not panic.** Simply responding will take care of most IRS letters and notices.

2) **Do not ignore the letter.** Most IRS notices are about federal tax returns or tax accounts. Each notice deals with a specific issue and includes specific instructions on what to do. Read the letter carefully; some notices or letters require a response by a specific date.

3) **Respond timely.** A notice may likely be about changes to a taxpayer's account, taxes owed or a payment request. Sometimes a notice may ask for more information about a specific issue or item on a tax return. A timely response could minimize additional interest and penalty charges.

4) **If a notice indicates a changed or corrected tax return, review the information and compare it with your original return.** If the taxpayer agrees, they should note the corrections on their copy of the tax return for their records. There is usually no need to reply to a notice unless specifically instructed to do so or to make a payment.

5) **Taxpayers must respond to a notice they do not agree with.** They should mail a letter explaining why they disagree to the address on the contact stub at the bottom of the notice. Include information and documents for the IRS to consider and allow at least 30 days for a response.

6) **There is no need to call the IRS or make an appointment at a taxpayer assistance center for most notices.** If a call seems necessary, use the phone number in the upper right-hand corner of the notice. Be sure to have a copy of the related tax return and notice when calling.

7) **Always keep copies of any notices received with tax records.**

8) **The IRS and its authorized private collection agency will send letters and notices by mail.** The IRS will not demand payment a certain way, such as prepaid debit or credit card. Taxpayers have several payment options for taxes owed.

"The IRS and its authorized private collection agency will send letters and notices by mail."

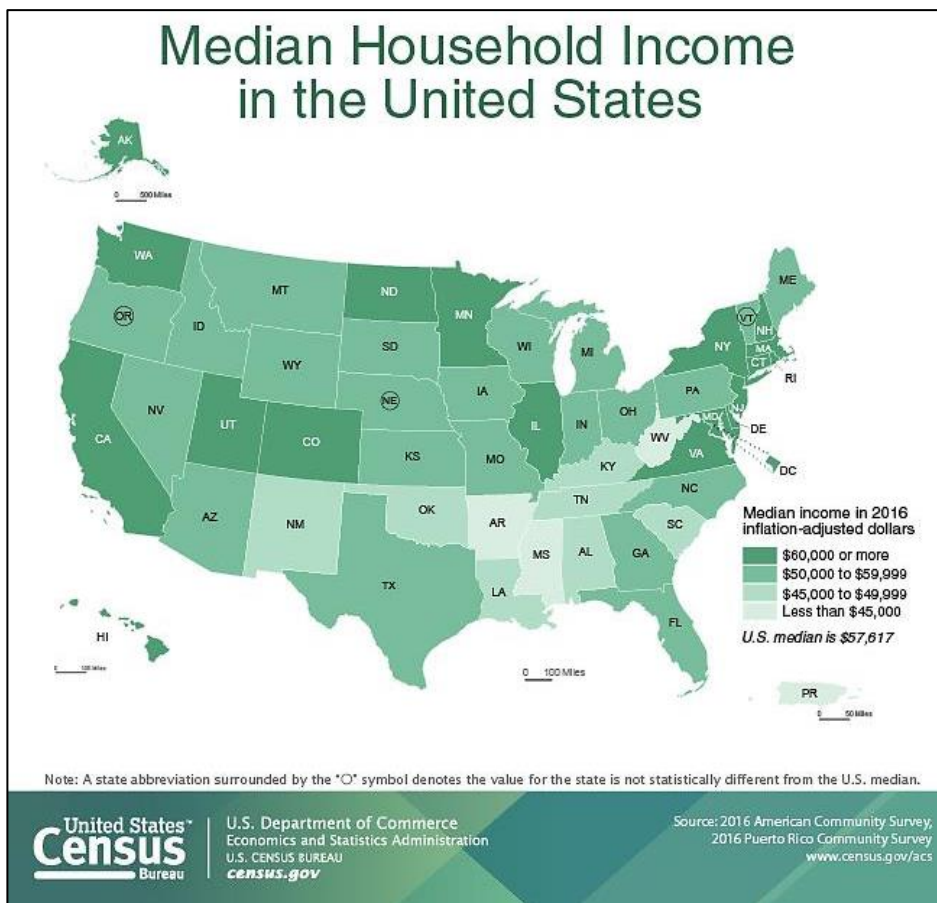


For more on this topic, visit IRS.gov. Click on the link 'Respond to a Notice' at the bottom center of the home page. Also, see Publication 594, The IRS Collection Process.

<https://www.irs.gov/newsroom/tips-on-how-to-handle-an-irs-letter-or-notice>

Do YOU consider yourself wealthy?

The median U.S. household income was \$57,617 in 2016. This means that half of all U.S. households make below \$57,617 and the other half make above that. How do you compare?



The table below represents the national percentile each Adjusted Gross Income falls under. For example, if you are in the \$75,000 - \$99,999 AGI bracket, you are in the top 25% of all income earners in the United States. If you make \$75,000, you are loved by the IRS because they consider you rich!

<https://www.irs.gov/statistics/soi-tax-stats-individual-statistical-tables-by-size-of-adjusted-gross-income>

Adjusted Gross Income (AGI)	Percentage	Number of Tax Returns Filed with Corresponding AGI
\$10,000,000 or more	0.01%	18,061
\$5,000,000 - \$9,999,999	0.04%	28,680
\$2,000,000 - \$4,999,999	0.11%	116,718
\$1,500,000 - \$1,999,999	0.16%	79,971
\$1,000,000 - \$1,499,999	0.30%	195,905
\$500,000 - \$999,999	0.89%	884,335
\$200,000 - \$499,999	4.55%	5,428,176
\$100,000 - \$199,999	17.04%	18,532,593
\$75,000 - \$99,999	25.67%	12,821,791
\$50,000 - \$74,999	39.14%	19,980,117
\$40,000 - \$49,999	46.97%	11,625,418
\$30,000 - \$39,999	57.02%	14,913,880
\$25,000 - \$29,999	62.97%	8,832,875
\$20,000 - \$24,999	69.69%	9,981,450
\$15,000 - \$19,999	77.26%	11,228,447
\$10,000 - \$14,999	85.49%	12,219,480
\$5,000 - \$9,999	93.17%	11,398,595
\$1 - \$4,999	100.00%	10,134,704

2015 IRS Statistics (Filing Year 2016)

In 2015, the bottom 50% of taxpayers (those with AGI below \$39,275) earned 11.28% of total AGI. This group of taxpayers paid approximately \$41 billion in taxes, or 2.83% of all income taxes in 2015.

In contrast, the top 1% of all taxpayers (taxpayers with AGI of \$480,930 and above), earned 20.65% of all AGI in 2015, but paid 39.04% of all Federal income taxes.

In 2015, the top 1% of taxpayers accounted for more income taxes paid than the bottom 90% combined. The top 1% of taxpayers paid \$568 billion, or 39.04% of all income taxes, while the bottom 90% paid \$428 billion, or 29.41% of all income taxes.

<https://taxfoundation.org/summary-federal-income-tax-data-2017/>

The median AGI in 2015 was \$39,275, and the top 1% of all taxpayers had an AGI of \$480,930 and above.

