



7178 2665 9394 0111 2996



JAMES C [REDACTED]  
PO BOX [REDACTED]  
TX [REDACTED]

Dear Taxpayer:

The Restructuring and Reform Act of 1998 requires IRS to issue a copy of this notice to both you and your spouse. Generally, both you and your spouse are responsible, jointly and individually, for paying the full amount of any tax, interest, or penalties due on your joint return.

Please Fold Here

Do Not Detach  
Please be sure our address shows through the envelope window.

AUR Control Number: 70025-1727

Letter Number: 3219(SC/CG)  
Letter Date: 10/06/2003

Please make any corrections to your address below.

Department of the Treasury  
Internal Revenue Service  
AUSTIN, TX 733010021

JAMES C & JIMMIE [REDACTED]  
PO BOX [REDACTED]  
TX [REDACTED]

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When you send information we requested or if you write to us about this letter, please provide a telephone number and the best time to call you if we need more information. Please attach this letter to your correspondence to help us identify your case. Keep the copy for your records.

The person whose name and telephone number are shown in the heading of this letter can access your tax information and help get you answers. You also have the right to contact the Taxpayer Advocate. You can call 1-877-777-4778 and ask for Taxpayer Advocate Assistance. Or you can contact the Taxpayer Advocate for the IRS Office that issued this Notice of Deficiency by calling (512) 460-8300 or writing to:

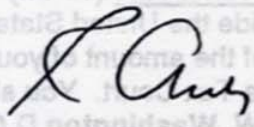
**TAXPAYER ADVOCATE  
AUSTIN IRS CENTER  
STOP 1005 AUIRSC  
PO BOX 934  
AUSTIN, TX 78767**

Taxpayer Advocate assistance is not a substitute for established IRS procedures such as the formal appeals process. The Taxpayer Advocate is not able to reverse legally correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

Thank you for your cooperation.

Sincerely yours,

Commissioner  
By



**Richard R. Auby  
Director, Field Compliance Services  
Austin**

- Enclosures:
- Copy of this letter
- Waiver
- Envelope

## AUSTIN IRS CENTER

**OUR PROPOSED CHANGES TO YOUR 2001 FORM 1040A  
(DETAILED INFORMATION FOR THESE CHANGES BEGINS ON PAGE 3)**

Shown on Return      Reported to IRS      Proposed Change  
(or Proposed by IRS)

**Our Proposed Changes to Your Income and Deductions**

	Shown on Return	Reported to IRS	Proposed Change
INTEREST	\$ 0.00	\$ 12.00	\$ 12.00
SOCIAL SECURITY/RAILROAD RETIREMENT	\$ 0.00	\$ 3,180.00	\$ 3,180.00
<b>Total Increase</b>			\$ 3,192.00

**Our Proposed Changes To Your Tax Computation**

1. Taxable Income, line 25	\$ 18,621.00	\$ 21,813.00	\$ 3,192.00
2. Tax, line 26	\$ 2,794.00	\$ 3,274.00	\$ 480.00
3. Rate reduction credit, line 30	\$ 600.00	\$ 600.00	\$ 0.00
4. Tax on qualified plans, including IRAs, and other tax-favored accounts	\$ 0.00	\$ 683.00	\$ 683.00
5. Total Tax, line 36	\$ 2,194.00	\$ 3,357.00	\$ 1,163.00
6. Net Tax Increase			\$ 1,163.00
7. Interest, IRC Section 6601, From 04/15/2002 To 08/13/2003			\$ 89.00
<b>8. Proposed Amount You Owe IRS</b>			\$ 1,252.00

*(The proposed changes apply to this notice only. It doesn't include any additional amounts for tax year 2001 that you may owe from a previous IRS notice.)*



\* 4 5 5 0 8 9 3 6 7 2 0 1 1 \*

## EXPLANATION OF CHANGES

## PREMATURE DISTRIBUTIONS TAX FROM A QUALIFIED RETIREMENT PLAN

Our proposed increase to your tax includes an additional tax on a premature distribution from your qualified retirement plan. The tax is 10% of the taxable part of your premature distribution and is included in the tax computation on page 2.

The 10% tax does not apply if the distribution was rolled over to another qualified retirement plan within 60 days or if you were disabled or at least 59 1/2 years old at the time of the distribution.

If you rolled your distribution over to another plan within 60 days, please send us a statement showing:

- The amount you rolled over,
- The date you received the distribution,
- The date the funds were deposited in another retirement plan, and
- The name of the retirement plan that received the funds.

If the distribution was exempt from the 10% tax because you were disabled or at least 59 1/2 years old, please send us a statement showing the reason for the exemption. Other exceptions may apply as indicated in Publication 17, Your Federal Income Tax, or Publication 590, Individual Retirement Arrangements.

## DETAILED PENALTY/INTEREST EXPLANATION

If you require a detailed penalty or interest computation for this notice, please call the toll-free telephone number listed on page 1.

## FORMS OR SCHEDULES AVAILABILITY

If you require any forms or schedules to respond to our proposal, they are available from:

- \*Local IRS offices
- \*Some public libraries
- \*1-800-TAX-FORM (1-800-829-3676)
- \*The IRS Web site at [www.irs.gov](http://www.irs.gov)
- \*Tax FAX service (up to 3 items per call) at 1-703-368-9694.

## TAXPAYERS IN BANKRUPTCY

If you filed bankruptcy and the period covered includes the tax year of this notice, you don't need to send a payment. Please follow the instructions on page 1 of this notice and return your response to us by the due date indicated.

## SOCIAL SECURITY OR RAILROAD RETIREMENT BENEFITS

Our proposal includes a change to the taxable amount of your Social Security or Tier 1 Railroad Retirement benefits. These benefits are partially taxable if your adjusted gross income, plus 50% of the gross benefits received, exceeds (1) \$25,000 if filing single, head of household, qualifying widow(er) or married filing separately and you did not live with your spouse at any time during 2001; (2) \$32,000 if married filing jointly; or (3) \$0 if married filing separately and you lived with your spouse at any time during 2001.

**INTEREST PERIOD - IRC SECTION 6601**

We charge interest when your tax isn't paid on time. Interest is computed from the due date of your return (regardless of extensions) until paid in full or to the date of this notice. Interest compounds daily except on underpaid estimated taxes for individuals or corporations. Interest is also charged on penalties for filing, over or under valuations, and substantially understating the tax you owe.

**MISIDENTIFIED INCOME**

If any of the income shown on this notice isn't 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.

\_\_\_\_\_  
  
\_\_\_\_\_

We used the following information to determine our tax proposal.

001. SOCIAL SECURITY ADMINISTRATION	ISSUED FORM 1099-SSA TO [REDACTED] TAXABLE BENEFITS \$ 11,089 2000 PAYMENTS \$ 12
ACCOUNT NO. [REDACTED] EIN [REDACTED]	
002. FIRST NATIONAL BANK TEXAS PO BOX [REDACTED] KILLEEN TX 765400937 ACCOUNT NO. [REDACTED] EIN 74-2681037	ISSUED FORM 1099-INT TO [REDACTED] INTEREST \$ 12
003. MERRILL LYNCH TRUST COMPANY FSB PO BOX [REDACTED] PENNINGTON NJ 085340000 ACCOUNT NO. [REDACTED] EIN [REDACTED]	ISSUED FORM 1099-R TO [REDACTED] TAX WITHHELD \$ 188 GROSS DISTRIBUTION \$ 943 TAXABLE AMOUNT \$ 943
004. WAL-MART STORES INC. PROFIT SHARING TRUST 702 SW 8TH STREET BENTONVILLE AR 727160256 ACCOUNT NO. [REDACTED] EIN [REDACTED]	ISSUED FORM 1099-R TO [REDACTED] TAX WITHHELD \$ 1,177 GROSS DISTRIBUTION \$ 5,887 TAXABLE AMOUNT \$ 5,887

If you agree with our proposed changes, please don't file an amended 2001 federal tax return (Form 1040X). We send information to your state and local tax agencies about any change in your income tax as a result of this notice. If our proposed changes affect your state income tax, file an amended state income tax return as soon as possible.

Please review your records and returns filed after 2001 to make sure all income was reported correctly. If income wasn't reported correctly, you should file an amended federal and state income tax return for each year and pay any tax and interest you owe as soon as possible to avoid additional interest and penalties.



CP-2000  
INSTALLMENT AGREEMENT REQUEST FOR 2001

If you agree with the proposed changes on this notice but can't pay the full amount you owe in tax at this time, you can ask to make installment payments. To do this, you must sign the "Total Agreement to Proposed Changes" on the RESPONSE page of the CP-2000 (or sign a statement for partial agreement) and complete this form. Return this form with the RESPONSE page. Use this form only for installment requests with the CP-2000 Notice. It can't be used for any other tax year or tax liability.

If we approve your request, we'll charge you a \$43 fee. Don't pay the fee with this form. We'll deduct the fee from your first payment(s) if we approve your request. We usually respond to an installment agreement request within 30 days after we receive it.

Caution: We may file a Notice of Federal Tax Lien to protect the government's interest until you pay in full.

Please make any necessary changes to the following address information:

JAMES C & JIMMIE L [redacted] Amount You Owe IRS.....\$ 1,252.00  
PO BOX [redacted]  
TX [redacted]

1. ( ) Home phone number Best time to call ( ) Work phone number Best time to call

2. Name of your bank/financial institution Your employer's name

Address Address

City, State, and ZIP Code City, State, and ZIP Code

3. Enter the amount of any payment you're enclosing with this request. \_\_\_\_\_

4. Enter the amount you can pay each month. Make your payments as large as possible since interest and penalties continue to accrue until you pay in full. \_\_\_\_\_

5. Enter the date of the month you want to make payments. Do not use a date later than the 28th day of the month. \_\_\_\_\_

If we approve your request, we agree to let you pay the amount you owe in monthly payments. In return, you agree to make your monthly payments on time. You also agree to meet your future tax liabilities. If you don't keep this agreement, we may take immediate actions to collect the entire amount you owe.

Your Signature \_\_\_\_\_ Date \_\_\_\_\_ Spouse's Signature (Required only if you filed a joint return for 2001) \_\_\_\_\_



\* 4 5 5 0 8 9 3 6 7 2 0 0 1 1 \*

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Name and Address of Taxpayer(s)

JAMES C & JIMMIE L [REDACTED]  
 PO BOX [REDACTED]  
 [REDACTED] TX [REDACTED]  
 [REDACTED] [REDACTED]

10/06/2003

Kind of Tax  
**Individual Income**

Copy to Authorized Representative

Tax Year Ended

**DEFICIENCY**

December 31, 2001

Increase in Tax      \$      1,163.00      Penalties



\* 4 5 5 0 8 9 3 6 7 2 0 0 1 1 \*

I consent to the immediate assessment and collection of the deficiencies (increase in tax and penalties) shown above, plus any interest. Also, I waive the requirement under section 6532 (a) (1) of the Internal Revenue Code that a notice of claim disallowance be sent to me by certified mail for any overpayment shown on the attached report.

I understand that the filing of this waiver is irrevocable and it will begin the 2-year period for filing suit for refund of the claims disallowed as if the notice of disallowance had been sent by certified or registered mail.

Signature		Date
		Date
	By	Title

**Note:** If you consent to the assessment of the deficiencies shown in this waiver, please sign and return this form to limit the interest charge and expedite our bill to you. Please do not sign and return any prior notices you may have received. Your consent signature is required on this waiver, even if fully paid.

Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are so entitled; nor prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for such action.

If you later file a claim and the Service disallows it, you may file suit for refund in a District Court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

**Who Must Sign:** If you filed jointly, both you and your spouse must sign. Your attorney or agent may sign this waiver provided that action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

If this waiver is signed by a person acting in a fiduciary capacity (for example, an executor, administrator, or a trustee), Form 56, Notice Concerning Fiduciary Relationship, should, unless previously filed, accompany this form.

**If you agree, please sign and return this form; keep one copy for your records.**

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When you send information we requested or if you write to us about this letter, please provide a telephone number and the best time to call you if we need more information. Please attach this letter to your correspondence to help us identify your case. Keep the copy for your records.

The person whose name and telephone number are shown in the heading of this letter can access your tax information and help get you answers. You also have the right to contact the Taxpayer Advocate. You can call 1-877-777-4778 and ask for Taxpayer Advocate Assistance. Or you can contact the Taxpayer Advocate for the IRS Office that issued this Notice of Deficiency by calling (512) 460-8300 or writing to:

TAXPAYER ADVOCATE  
AUSTIN IRS CENTER  
STOP 1005 AUIRSC  
PO BOX 934  
AUSTIN, TX 78767

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Thank you for your cooperation.

Sincerely yours,

Commissioner  
By



Richard R. Auby  
Director, Field Compliance Services  
Austin

Enclosures:  
Copy of this letter  
Waiver  
Envelope

FORM 5564 (Rev. June 1992)	Department of the Treasury — Internal Revenue Service <b>NOTICE OF DEFICIENCY - WAIVER</b>	Symbols AUSTIN TX 6692 AUSC
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Name and Address of Taxpayer(s)	JAMES C & JIMMIE L [REDACTED] PO BOX [REDACTED] [REDACTED] TX [REDACTED]	10/06/2003
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Kind of Tax Individual Income	<input type="checkbox"/> Copy to Authorized Representative						
Tax Year Ended December 31, 2001	<table border="1"> <tr> <th colspan="3">DEFICIENCY</th> </tr> <tr> <td>Increase in Tax</td> <td>\$ 1,163.00</td> <td>Penalties</td> </tr> </table>	DEFICIENCY			Increase in Tax	\$ 1,163.00	Penalties
DEFICIENCY							
Increase in Tax	\$ 1,163.00	Penalties					



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Signature			Date
			Date
	By	Title	Date

**Note:** If you consent to the assessment of the deficiencies shown in this waiver, please sign and return this form to limit the interest charge and expedite our bill to you. Please do not sign and return any prior notices you may have received. Your consent signature is required on this waiver, even if fully paid.

Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are so entitled; nor prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for such action.

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**Who Must Sign:** If you filed jointly, both you and your spouse must sign. Your attorney or agent may sign this waiver provided that action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

If this waiver is signed by a person acting in a fiduciary capacity (for example, an executor, administrator, or a trustee), Form 56, Notice Concerning Fiduciary Relationship, should, unless previously filed, accompany this form.

**If you agree, please sign and return this form; keep one copy for your records.**

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