PROPOSED INDIVIDUAL INCOME TAX ASSESSMENT

We have no record of receiving your Form 1040, U.S. Individual Income Tax Return, for the tax year shown above. Therefore, we have computed your tax, penalties, and interest based on income reported to us by your employer(s), bank(s), etc., as shown on page 5 of this letter. We show our computation of your tax on Page 2. Since we computed your tax based on income only, it would be to your advantage to file your return(s) so that you can claim all of the exemptions, deductions, and credits that the law allows you.

Within 30 days from the date of this letter, we must receive one of the following:

1. Your Form 1040 completed and signed, including all schedules and forms, with the cover letter;
2. The "Consent to Assessment and Collection" form on page 4 signed and dated;
3. A statement explaining why you believe you are not required to file, or information you would like us to consider; or
4. Your appeal to the proposed assessment. We've enclosed Publication 5, Appeal Rights and Preparation of Protests for Unagreed Cases, and Publication 1, Your Rights as a Taxpayer. These publications explain your rights concerning assessments and payment of tax.

If you cannot pay the full amount you owe, send as much as you can, and tell us when you can pay the rest. We may be able to arrange a payment agreement if you have filed all of your tax returns. If your contact person does not hear from you within 30 days, we will assess the amount of tax, penalties, and interest shown in our computation based on available income information.

You may order blank tax forms, schedules, instructions and publications by calling 1-800-829-3676 toll free. Please allow 2 weeks from the date of your order for delivery.

If you have questions, you may write or call your contact person listed in this letter. If you write, give us your telephone number and the most convenient time for us to call. Please attach page 1 of this letter to your reply and use the enclosed envelope.

Sincerely,

[Signature]

Compliance Services Field Director

Enclosures:
Publication 1, 5, and 594
Notice 609
Return Envelope
DEPARTMENT OF THE TREASURY
NORTH EAST REGION

INTERNAL REVENUE SERVICE
PROPOSED INDIVIDUAL INCOME TAX ASSESSMENT

COLLECTION
Date of Report:

Soc Sec Number:

Form 1040

Filing Status:

Reply to:

TAX CALCULATION SUMMARY

TOTAL INCOME REPORTED BY PAYERS (see Income Sources):

Wages, interest, dividends, pensions, etc.
Self-employment income

ADJUSTMENT TO INCOME:

ALLOWABLE DEDUCTIONS/EXEMPTIONS:

Personal exemption allowance (1 exemption)
Standard deduction

TAX COMPUTATIONS:

Taxable income (total income minus deductions)
Income tax calculated using (1) exemption
SECA tax on eligible self-employment income

TOTAL TAX BEFORE CREDITS:

TOTAL PRE-PAID CREDITS (Withholding, ES tax payments, etc.):

NET TAX (TOTAL TAX minus PRE-PAID CREDITS):

TOTAL INTEREST (calculated through 12-01-2001, see page 2):

TOTAL PENALTIES (see page 2):

Failure-to-File Penalty
Failure-to-Pay Penalty
Estimated Tax Penalty

*******************************************************
TOTAL AMOUNT DUE (through 12-01-2001) [PAY THIS AMOUNT] *******
*******************************************************

PAGE 2

LETTER 25645C/CG (REV. 09-1999)
EXPLANATION OF PENALTIES AND INTEREST

INTEREST: I.R.C. 6630
Interest due based on statutory interest rates
Additional interest will accrue at the current rate of interest (compounded daily). Interest is charged from the original due date of the return to the earlier of the date of payment, a date 10 days after an agreement to the additional tax is signed, or the assessment date. The interest shown has been computed 30 days from the date of this report, which will allow you to view the total balance due without an additional charge for accrued interest.

PENALTIES:
Failure-to-File Penalty, I.R.C. 6651(a)(1)
Since you did not file your return within the time prescribed by law, a failure-to-file penalty of 5 percent of the tax due is added for each month that the return is late (not to exceed 25%), or the lesser of $100 or the tax due.

Failure-to-Pay Penalty, I.R.C. 6651(a)(2)
If you did not pay the balance of the tax due within the time prescribed by law, a penalty of 0.5% or the tax due is added for each month the tax remains unpaid (not to exceed a total of 25% of the unpaid amount).

Estimated Tax Penalty, I.R.C. 6650(a)
Since you did not pay sufficient estimated tax, an addition to the tax is charged.

ROUNDING: In arriving at your tax deficiency, amounts have been rounded to the nearest dollar.

STATE EXCHANGE: IRS has exchange agreements with state tax agencies under which information about increases or decreases in federal tax liability is exchanged with states. You should check your state tax return and file an amended return if this change affects your state income tax liability.

SELF-EMPLOYMENT (SECA) TAX CALCULATIONS

Maximum income subject to FICA/SECA tax for tax year 2000:
FICA wages already paid:
(A) Social Security benefits eligible for SECA tax
(B) Self-employment income
(1,293.00 x 12.4%) SECA + (1,293.00 x 2.9%) Medicare = SECA tax
TAXPAYER CONSENT FORM

NET TAX INCREASE (TOTAL TAX minus PRIOR PAID CREDITS)

PENALTIES:
- Failure-to-File Penalty
- Failure-to-Pay Penalty
- Estimated Tax Penalty

INTEREST (Calculated through 

TOTAL AMOUNT DUE (through 

If you disagree, you must respond to your contact person listed on page 1 of this letter and file your return(s) for the tax year listed above within 30 days.

If you agree with the information in this letter:
1. please sign the waiver shown below and use the enclosed envelope to send it to us, or
2. you wish to change the filing status or number of dependents used in our calculation, please indicate the appropriate filing status and fill in the dependent information in the space below.
   We will recalculate your tax based on the new information.

After we receive your consent, you may consider your case closed. We have 45 days to notify you if you qualify for exemption from this increase in tax, plus penalties and interest.

Filing Status:

Spouse’s Name (if applicable) _____________________________ Spouse’s SSN: _____________________________

Dependent(s):
Name: _____________________________ Social Security Number: _____________________________
Name: _____________________________ Social Security Number: _____________________________
Name: _____________________________ Social Security Number: _____________________________

WAIVER - Consent to Assessment and Collection

Subject to any changes I have indicated in filing status and dependents listed above, I consent to the immediate assessment and collection of the total amount due explained in this letter. I understand that by signing this waiver, I will not be able to exercise my appeal rights with the Internal Revenue Service or contest these tax years in the United States tax court, unless IRS determines additional deficiencies for those years.

Your Signature: _____________________________ Date: _____________________________
Spouse’s Signature (if applicable): _____________________________ Date: _____________________________
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