

Danielle Kemmerer  
BCMU 301 D—1:30

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April 21, 2011

To: Ms. Hilda Black

From: Danielle Kemmerer

Subject: Tax Penalties

Dear Ms. Black,

I am sorry to hear about the tax penalties and back interests charges filed against you. Tax laws are confusing, and I understand your frustration. I feel it is only appropriate to offer you an explanation of what appears to be miscommunication.

In mid-April you called asking whether or not you could roll over funds from one special tax-deferred retirement account into another without paying taxes on any gain. I advised you that such a rollover was not considered taxable, as long as the transaction was completed within sixty days. I also informed you that when you eventually withdrew the funds from the account to supplement your retirement income, any interest earned on the account would be taxable.

Upon review of your account statements and letter from the IRS, it is apparent that you did not roll over funds, but instead cashed in bonds with taxable earnings. Because you did not record your earnings correctly, the IRS penalized you. I can see why you believe that I misled you, but had I known you planned to make such a transaction, I would have certainly informed you that any interest earned on the bonds is taxable. I hope you can understand why we are unable to reimburse the penalties against you. I applaud your efforts for taking on your own taxes, but do advise that next time an experienced professional would be better suited to handle tax filings as complicated as yours.

Again I am sincerely sorry that this situation occurred. When next tax season approaches, I hope you will keep my services in mind knowing that I will do everything possible to avoid a situation like this. I value your loyalty as a client, and as a gesture of good faith I will discount your tax filing fees by ten percent for next year. Please feel free to give me a call to set up a time for us to meet.

Sincerely,  
Danielle Kemmerer

Since we did not advise you on bonds,

about

nice

good

Typically, the IRS should check the bond statements

good

a little weak

Sincere  
good development  
of ideas