

July 11, 2012

TO: Hilda Black  
FROM: Sundas Khalid  
SUBJECT: The IRS Tax Penalties

Dear Ms. Black,

I am writing in regards to your recent email about the IRS penalties. I have analyzed your account statements, IRS documents, and recordings of our April conversations. I understand your situation and regret to see one of my most valued clients being charged for IRS penalties as a result of a misunderstanding. In this email, I hope to clarify the misunderstandings that led to the IRS penalties.

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According to our April 13<sup>th</sup> phone conversation, we discussed tax laws regarding IRS funds rollover and withdrawal. You asked if rolling-over funds from one tax-deferred retirement account to another is a tax event. I informed you that such a roll-over is not considered a tax event as long as the transaction is completed within sixty days. I also stated that you will eventually have to pay taxes on the interest earned income when you withdraw money from a tax-deferred account.

Looking at the IRS bill, it appears that you are being charged by the IRS because the interest income earned on bonds was not declared. During our conversation in April, you never asked me about taxation rules for bonds. If you had, I would have told you that the IRS requires people to pay taxes on interest income when they redeem a bond. Ms. Black, I would like to help you out as much as I could, but since I accurately responded to all of your questions in April, I will not pay the IRS penalties on your behalf.

I understand that you are frustrated with being fined for something <sup>it is</sup> you did not know about. I have already contacted the IRS in reference to your account, and ~~they~~ are willing to work with you on this matter. I would suggest that you come to my office next week. I would be willing to negotiate penalty abatement or a payment plan with the IRS at no additional cost. Perhaps you could consider preparing future income tax-returns through our agency to avoid tax-related penalties. You might also consider our personal financial planning services—which could help

you manage your retirement funds more efficiently. I wish you the best and look forward to assisting you with future accounting and tax needs.

I have attached documentation of our April conversation. Please contact me by phone or email if you have any further question.

Sincerely,

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