

How Do You Know The IRS Received What You Sent?

By George W. Connelly

In any given year, a person is likely to send one or more of a fairly standard variety of items to the IRS. Tax returns, payments, responses to inquiries, and claims for refund are the most frequent but certainly not an exhaustive list. I've even known of some people who have sent "thank you notes" to IRS employees who seem to have gone above and beyond the call of duty to assist them. That said, how do you know the IRS actually received what you sent? This is not an idle question, as the IRS' failure to timely receive some of those items can result in serious problems for a taxpayer, ranging from penalties to significant expenditures of time and money to get a problem fixed. So let's look at the ways things are sent.

The IRS accepts very little "electronically," as in via the Internet. However, the system is increasingly going toward electronic filing of business payments through a system known as EFTPS as well as all returns. When a return or payment is submitted through these systems, a receipt is generated, and only an idiot would fail to make a hard copy of that receipt.



For people not using those systems, there are a number of indicators we can rely on. For instance, when you file a return claiming a refund, you know it was received when the refund check arrives. If you send a payment to the IRS by check, you know that the IRS has received it when it clears your bank. You don't necessarily know that if you send a cashier's check, by the way. When you send a return showing a tax due, you know it was received when you get a bill. Unfortunately, those systems in and of themselves don't tell you "when" the IRS received them.

There are severe penalties for failure to file certain documents on time. If you miss a deadline, such as the extension date for filing your tax return, you could face a penalty of 5% a month or for late payments of not less than ½ % per month (both of which max out at 25%), or loss of collection due process hearing rights if a response to a Final Notice is not sent within the 30 days provided by statute. Fortunately, Internal Revenue Code Section 7502 provides a very reliable means for addressing this problem. It is known as the "timely mailing, timely filing" rule. If you can prove that something was sent to the IRS by the due date, such as a return, it is deemed "received" on the day sent even if it is actually received several days later. This is true for returns, protests, claims, and many other items. But that begs the question "how do you prove it was timely sent?"

Pursuant to that statute, if you send it by certified or registered mail, and have that proof of mailing in hand, you will have virtually bulletproof evidence that the item was sent to the IRS when it was in fact sent. People who forego the slight additional cost of certified mail with a return receipt are gambling a great deal more than the simple out-of-pocket cost involved. If you don't like the U.S. Postal Service, sending documents by Federal Express or UPS will likewise qualify. Use of Priority Mail, a certificate of mailing, an Express Mail receipt, delivery confirmation, and signature confirmation might seem to be likely

candidates for the same treatment, but the IRS has declined to accept them as proof of timely mailing as it does certified or registered mail on the ground that Congress has not authorized it to do so. Seems like a flimsy reason to this writer, but it is not something to dicker about when certified mail is available.

One last comment: never send more than one items (other than a cover letter, check and return—which is like one "item") in the same envelope. The writer has known of people who claim to have sent two or more tax returns or other documents in the same envelope. When they were lucky, the IRS "received" all three and acted upon them individually. In other situations, at most one was acknowledged by the Internal Revenue Service, and the taxpayer was left to argue about how it sent the others. Again, keep in mind that the cost of a single mailing of a single item is far cheaper than the time and expense required to "undo the problem" if the IRS claims it didn't receive something. There are times to be thrifty, and times when doing so is "penny wise and pound foolish." ♦



~ George Connelly, a Silver Fox Advisor

