

## Understanding Your Right to Pay Only the Correct Amount of Tax

### The Right to Pay No More Than the Correct Amount:

The Taxpayer Bill of Rights establishes fundamental protections for all taxpayers, including the right to pay no more than the correct amount of tax due. This right is outlined in IRS Publication 1, *Your Rights as a Taxpayer*, which the IRS sends to taxpayers when they receive notices on issues ranging from audits to collections.

### What This Right Means for You:

This protection ensures that taxpayers are only responsible for their actual tax liability, nothing more. When the IRS conducts an audit, they are reviewing your accounts and financial information to ensure you're complying with tax laws and reporting the correct amount of tax. The emphasis is on accuracy, not overcharging.

### Protection Through Proper Representation:

If you face an audit or dispute with the IRS, you have representation rights. Attorneys, CPAs, and Enrolled Agents have unlimited representation rights and can represent you on matters including audits, payment and collection issues, and appeals <sup>[1]</sup>. This ensures you have professional assistance in determining and defending your correct tax liability.

### Understanding Penalties:

While you have the right to pay only the correct amount, penalties may apply if you fail to file or pay on time. For example, the failure to file penalty is 5% of the unpaid balance per month with a maximum of 25%, while the failure to pay penalty is 0.50% per month. However, if you're due a refund, no failure to file penalty applies.

### Extensions and Payment Options:

Taxpayers can generally get an automatic 6-month extension of time to file their return. If you cannot pay the full amount due, you can still get the extension. This flexibility helps ensure you're paying the correct amount rather than rushing to file and potentially making errors.

### Your Responsibility:

While you have the right to pay only the correct amount, you also have the responsibility to make reasonable attempts to comply with tax laws. Negligence or intentional disregard can result in an accuracy-related penalty of 20% of the underpayment.

The Taxpayer Bill of Rights protects you from overpaying while ensuring the tax system

remains fair and accurate for everyone. Understanding these rights empowers you to work confidently with the IRS and your tax professional to determine your correct tax liability.

This information is provided to you by Arrowhead Tax Service. We make every effort to provide honest and accurate tax information. Please use your discretion before making any decisions based on the information provided, every tax situation is different. If you have any questions, please visit our office or call us at 937-543-5770.