Top 12 ways to ask for an IRS letter

12. Sell publically held securities and fail to report them on Schedule D.
The brokerage companies are required to tell the IRS when they sell your securities. This is such a common omission, the letter the IRS sends suggests that your return is not only missing a securities sale but the cost too. The omission often happens when a taxpayer changes broker-advisors and must liquidate securities as part of the transfer to a new broker.

11. Fail to report the redemption of a corporate bond or a CD held within a brokerage account.
The IRS defines both of them as a taxable transaction even though there is often no taxable income.

10. File your 1040 return reflecting your child as a dependent after they have filed their OWN return showing themselves as a dependent.
If they file first, your return will be adjusted to remove them as your dependent.

9. File your 1040 return reflecting your child as a dependent after your ex-spouse has filed their 1040 ALSO taking them as a dependent.
If they file first, your return will be adjusted to remove them as a dependent. It is likely you and your ex-spouse will both get correspondence requesting documentation to show who is entitled the deduction.

8. File your 1040 using the filing status of "single" when you are married at the end of the year.
With only very few exceptions, if you are married/ (male and female) at the end of the year, you must file as married-filing jointly or married-filing separately. "We got married during the year and want to wait another year to file jointly" isn't one of those very few exceptions.

7. Fail to report debt forgiveness.
If ANY financial institution wrote off your credit card, car loan, house mortgage or any other debt, they tell the IRS and you are required to reflect it on your tax return. You should not assume the amount reported is taxable or the financial institution has reported it in the correct year. You should, however, report it on your return and explain why it is not taxable if appropriate. If you have debt forgiveness, it is very likely that paying a competent tax professional to help you determine the taxability of any debt forgiveness will be well worth the money. The word on the street is that even the big banks don't exactly have it figured out.

6. Fail to report a distribution from your Health Savings Account.
Even if you have sufficient medical expenses to offset the distribution, you must report the distribution and then show the allowable medical expenses.

5. Fail to report interest or dividends paid during the year.

4. Fail to report 529 Plan distributions and/or fail to report the related tuition expenses.

3. Be an employee during the year and earn wages.
The exception is if the IRS thinks your income taxes are overpaid and then in that case, the IRS is willing to just keep your money and not tell you.

2. Rollover your IRA plan balance and fail to report the distribution.
If you move your IRA account from one plan administrator (or broker-advisor) to another, you must report the transfer as a distribution/rollover or the IRS thinks it is a complete taxable distribution.

1. Failure to the *corrected* amount shown on broker statements as opposed to the original amount reported.
Annual broker statements are required to be sent to taxpayers by January 31st of the following year often with permitted extensions. Even with the extensions, corrected reports are often mailed subsequent to the initial mailing. It is important to reflect the last/final amounts on your 1040 even if it means waiting to file your return or sending in an amendment.