First Time Penalty Abatement

**Most taxpayer will qualify first-time penalty abatement criteria**

According to IRM 20.1.1.3.6, the IRS’s Reasonable Cause Assistant provides an option for penalty relief for failure-to-file, failure-to-pay, and failure-to-deposit penalties if the taxpayer meets certain criteria. The taxpayer meets all the first-time penalty abatement criteria as stated below:

* **Filing compliance**: Must have filed (or filed a valid extension for) all required returns and can’t have an outstanding request for a return from the IRS.
* **Payment compliance**: Must have paid or arranged to pay all tax due (can be in an installment agreement if the payments are current).
* **Clean penalty history**: Has no prior penalties (except an estimated tax penalty) for the preceding three years.

If you satisfy all the above-mentioned criteria, you are a great candidate for the First Time Penalty Abatement.

Please see attached a template on how to request a First Time Penalty Abatement. We are happy to help you with any questions that you may have.

[Date]

Internal Revenue Service

[Address 1]

[Address 2]

[City, State ZIP]

Re:

[Enter taxpayer name, identification number, notice number and date

Request for first-time penalty abatement

To Whom It May Concern:

We respectfully request that the [failure-to-file/failure-to-pay/failure-to-deposit] penalty be abated based on the IRS’s First-Time Abate administrative waiver procedures. We understand that this type of penalty abatement is a onetime consideration.

We also request penalty abatement due to reasonable cause. [Explain the taxpayer’s facts and circumstances and address how the taxpayer exercised ordinary business care and prudence. Review IRM 20.1.1.3.2, *Reasonable Cause*.]

If you have any questions, please call me at (###) ###-####.

Thank you for your consideration.

Sincerely,

EZ Tax Service