Form 5816	Danaut a	Department of the Treasury - Internal Revenue Service Report of Tax Return Preparer Penalty Case					
(December 2019)	Report o	or rax Ro	eturn Prepa				
Preparer's name				Preparer's PTIN,	SSN, or EIN		
Street address		City		State	ZIP code		
Select one box. Prepare	er is Employer pre	l eparer	Self-employed	preparer E	Employee preparer		
Examining Area/Function	on	Agreement None		In reply refer to			
ame and title of person with whom penalty was discussed Date of report							
The following information	tion identifies the tax return	n or claim for	which penalty is be	eing charged			
axpayer's name				Taxpayer's SSN	or EIN		
Street address		City		State	ZIP code		
Tax period			Master file tax code				
	Kind of Preparer Penalty	Charged	<u> </u>	Amount			
Understatement of ta	x due to an unreasonable pos						
. Understatement of ta	x due to willful or reckless cor	nduct. (IRC Se	c. 6694(b))				
c. Failure to furnish a c	opy of the return or claim to th	e taxpayer. (IF	RC Sec. 6695(a))				
. Failure to sign return	or claim. (IRC Sec. 6695(b))						
. Failure to furnish ide	ntifying number on return or cl	aim. (IRC Sec.	6695(c))				
F. Failure to keep a cop	y or list of the returns or claim	s prepared. (IF	RC Sec. 6695(d))				
6. Failure to file certain	information returns. (IRC Sec	:. 6695(e))					
 Negotiating or endor preparer). (IRC Sec. 	sing a refund check issued to 6695(f))	a taxpayer <i>(oth</i>	ner than the				
Failure to comply with	n due diligence requirements.	(IRC Sec. 669	5(g))				
l. Disclosure or use of i (IRC Sec. 6713)	nformation, other than to prep	are or assist in	preparing returns,				
otal penalties							
Examiner's signature							
Other information							
lote - Examiner Re	move Appeals Message o	n Unagreed	Cases				
have read the information	tion on the back of this form th sions in the future.	at explains the	ese penalties as they	relate to tax return p	preparers. I agree to		
Consent to Assessmen	t and Collection - I do not wish ct Court the findings in this rep						
Preparer's signature					Date		

In general, under IRC Sec. 7701(a)(36), any person who prepares for compensation, or who employs one or more persons to prepare for compensation, any return of tax or any claim for refund, is considered a tax return preparer.

- A. A penalty is charged the tax return preparer for understating a taxpayer's tax liability when the understatement is due to an unreasonable position. The penalty is the greater of \$1,000 or 50% of the income derived (or to be derived) by the preparer for the preparation of each return or claim that shows such understatement. (IRC Sec. 6694(a)).
- B. A penalty is charged the tax return preparer for understating a taxpayer's tax liability when the understatement is due to willful or reckless conduct. The penalty is the greater of \$5,000 or 75% (50% for tax years ending on or before December 18, 2015) of the income derived (or to be derived) by the preparer for the preparation of each return or claim that shows such understatement, less any penalty paid under IRC Sec. 6694(a). (IRC Sec. 6694(b)).
- C. A penalty is charged the tax return preparer for not furnishing a copy of the return or claim to the taxpayer. The penalty is base rate of \$50 for each return or claim not so provided, to a base maximum of \$25,000, with respect to documents filed in any calendar year. (IRC Sec. 6695(a)).
- D. A penalty is charged the tax return preparer for failing to sign a return or claim when required to do so. The penalty is a base rate of \$50 for each return or claim not signed. The base maximum penalty, with respect to documents filed during any calendar year, shall not exceed \$25,000. (IRC Sec. 6695(b)).
- E. A penalty is charged the tax return preparer for not providing the appropriate identification number on a return or claim. The penalty is a base rate of \$50 for each return or claim that does not show an identifying number, to a base maximum of \$25,000, with respect to documents filed in any calendar year. For an individual who prepares returns or claims filed on or before December 31, 2010, the identifying number is the individual's social security number or preparer tax identification number (PTIN). For an individual who prepares tax returns or claims filed after December 31, 2010, the identifying number is the individual's PTIN. An individual who is employed by another preparer should also provide the employer identification number of his or her employer and the business address where the return or claim was prepared. For this purpose, a partner in a partnership is considered an employee and should use the partnership's employer identification number. The number must be entered on the return or claim in the space provided. (IRC Sec. 6695(c)).
- F. A penalty is charged the tax return preparer for not keeping a copy or list of the returns or claims prepared. These records must be kept for 3 years. The penalty is a base rate of \$50 for each return or claim not recorded, with a base maximum penalty of \$25,000 for each return period. (IRC Sec. 6695(d)).
- G. A penalty is charged the tax return preparer who employs (or engages) one or more tax return preparers for not retaining a record of the name, taxpayer identification number, and place of work of each preparer employed (or engaged) by the person. For this purpose, any signing preparer who is not employed by another preparer is treated as his own employer and any partnership is treated as the employer of its partners. The amount of the penalty is a base rate of \$50 for each such failure, with a base maximum of \$25,000 per person imposed for each return period. (IRC Sec. 6695(e))
- H. A penalty is charged the tax return preparer for negotiating or endorsing a refund check issued to a taxpayer (other than the preparer). The penalty is a base rate of \$500 for each check. There is no maximum amount. (IRC Sec. 6695(f)).
- I. A penalty is charged the tax return preparer for failure to meet any of the due diligence requirements with respect to determining the eligibility for, or the amount of, the Earned Income Credit, American Opportunity Tax Credit, or Child Tax Credit on any return or claim. For tax year 2018 and later, this penalty has been expanded to include the determination of the head of household filing status. (Note: For tax years ending prior to December 31, 2015, the due diligence requirements applied only to the Earned Income Credit). For returns and claims for tax years ending after December 31, 2011, the penalty is a base rate of \$500 per failure. There is no maximum amount. (IRC Sec. 6695(g)).
- J. A penalty is charged the tax return preparer if information furnished to him for, or in connection with, the preparation of returns is disclosed or used for any other purpose other than to prepare or to assist in preparing returns. The penalty is \$250 for each disclosure or use, with a maximum of \$10,000 per person for any calendar year. For disclosure or uses made on or after July 1, 2019, if the disclosure or use is made in connection with a crime relating to the misappropriation of another person's taxpayer identity, whether or not such crime involves any tax filing, the penalty increases to \$1,000 for each use or disclosure, with a maximum of \$50,000 per person per calendar year. (IRC Sec. 6713).

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Street address		City		State		ZIP code			
Select one box. Prepa	rer is Employer pi	reparer	Self-employed	preparer	Employee	preparer			
Examining Area/Funct	xamining Area/Function		Agreement Full None		In reply refer to				
Name and title of pers	on with whom penalty was disc	cussed		Date of rep	oort				
The following inform	ation identifies the tax retur	n or claim for	which penalty is be	eing charged					
Taxpayer's name				Taxpayer's	SSN or EIN				
Street address		City		State		ZIP code			
Tax period			Master file tax code						
	Kind of Preparer Penalty	/ Charged	I	Amount					
A. Understatement of	ax due to an unreasonable po	sition. (IRC Se	c. 6694(a))						
B. Understatement of	ax due to willful or reckless co	nduct. (IRC Se	c. 6694(b))						
C. Failure to furnish a	copy of the return or claim to the	ne taxpayer. (IF	RC Sec. 6695(a))						
D. Failure to sign retur	n or claim. (IRC Sec. 6695(b))								
E. Failure to furnish ide	entifying number on return or c	laim. (IRC Sec	. 6695(c))						
F. Failure to keep a co	py or list of the returns or clain	ns prepared. (II	RC Sec. 6695(d))						
G. Failure to file certai	n information returns. (IRC Sec	c. 6695(e))							
H. Negotiating or endo preparer). (IRC Sec	rsing a refund check issued to c. 6695(f))	a taxpayer (ot	her than the						
I. Failure to comply wi	th due diligence requirements.	(IRC Sec. 669	5(g))						
J. Disclosure or use of (IRC Sec. 6713)	information, other than to prepare	oare or assist ir	preparing returns,						
Total penalties									
Examiner's signature				•					
Other information									
Note - Examiner Re	emove Appeals Message	on Unagreed	Cases						
I have read the information of the comply with those provided the comply with those provided the comply with those provided the complex comple	ation on the back of this form the visions in the future.	hat explains the	ese penalties as they	relate to tax r	eturn preparers.	I agree to			
	nt and Collection - I do not wislict Court the findings in this repenalty.								
Preparer's signature						Date			

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Street address		City		State	ZIP code		
Select one box. Preparer is	Employer pro	 eparer	Self-employed	preparer	Employee preparer		
Examining Area/Function		Agreement	□ None	In reply refer to			
lame and title of person w	ith whom penalty was disc	ussed	None	Date of report			
The following information	n identifies the tax return	n or claim for	which penalty is be	 eing charged			
axpayer's name				Taxpayer's SSN	or EIN		
Street address		City		State	ZIP code		
Гах period			Master file tax code				
k	ind of Preparer Penalty	Charged			Amount		
A. Understatement of tax d	ue to an unreasonable pos	sition. (IRC Sec	c. 6694(a))				
3. Understatement of tax d	ue to willful or reckless cor	nduct. (IRC Se	c. 6694(b))				
	of the return or claim to th	e taxpayer. (IF	RC Sec. 6695(a))				
). Failure to sign return or							
	ring number on return or cl	-					
	r list of the returns or claim		RC Sec. 6695(d))				
	ormation returns. (IRC Sec	. ,,					
I. Negotiating or endorsing preparer). (IRC Sec. 669	g a refund check issued to 95(f))	a taxpayer (oth	ner than the				
	ue diligence requirements.	•	,				
l. Disclosure or use of infor (IRC Sec. 6713)	mation, other than to prep	are or assist in	preparing returns,				
otal penalties							
Examiner's signature				!			
Other information							
			0				
Note - Examiner Remo	ve Appeals Message o	n Unagreed	Cases				
have read the information comply with those provision		at explains the	ese penalties as they	relate to tax return p	oreparers. I agree to		
Consent to Assessment an the United States District Conhect the tax return preparer pensions.	ourt the findings in this rep						
Preparer's signature					Date		

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Taxpayer's name					Taxpayer's	SSN or EIN	I		
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A. Understatement of B. Understatement of C. Failure to furnish a D. Failure to sign returned E. Failure to furnish ide F. Failure to keep a condition of G. Failure to file certain H. Negotiating or endour preparer). (IRC Sec. I. Failure to comply w. J. Disclosure or use of (IRC Sec. 6713) Total penalties Examiner's signature Other information	cax due to willfucopy of the return or claim. (IRC) entifying number py or list of the n information reprising a refunder. 6695(f))	If or reckless corumn or claim to the Sec. 6695(b)) or on return or claim eturns. (IRC Secceded issued to be requirements.	nduct. (IRC Se le taxpayer. (IF aim. (IRC Sec is prepared. (IF c. 6695(e)) a taxpayer (oti (IRC Sec. 669	c. 6694(b)) RC Sec. 6695(a)) c. 6695(c)) RC Sec. 6695(d)) ther than the					
Note - Examiner Re I have read the information comply with those provided to Assessme the United States District the tax return preparer Preparer's signature	ation on the bac visions in the fu nt and Collection rict Court the fir	ck of this form th ture. nn - I do not wish	nat explains the	ese penalties as the	the Internal Re	evenue Servi	ce or to contest in and collection of		
Preparer's signature							Date		

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