

# Report of Tax Return Preparer Penalty Case

Preparer's name		Preparer's SSN or EIN	
Street address	City	State	ZIP code
Select one box. Preparer is <input type="checkbox"/> Employer preparer <input type="checkbox"/> Self-employed preparer <input type="checkbox"/> Employee preparer			
Examining Area/Function	Agreement <input type="checkbox"/> Full <input type="checkbox"/> None	In reply refer to	
Name and title of person with whom penalty was discussed (if applicable)		Date of report	

The following information identifies the tax return or claim for which penalty is being charged

Check if multiple violations exist. See attached listing

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Street address	City	State	ZIP code
Tax period	Master file tax code		

Kind of Preparer Penalty Charged	Amount
A. Understatement due to unreasonable positions. (IRC Sec. 6694(a))	
B. Understatement due to willful or reckless conduct. (IRC Sec. 6694(b))	
C. Failure to furnish a copy to taxpayer. (IRC Sec. 6695(a))	
D. Failure to sign return. (IRC Sec. 6695(b))	
E. Failure to furnish identifying number. (IRC Sec. 6695(c))	
F. Failure to retain copy or list. (IRC Sec. 6695(d))	
G. Failure to file correct information returns. (IRC Sec. 6695(e))	
H. Negotiating of check. (IRC Sec. 6695(f))	
I. Failure to be diligent in determining eligibility for certain tax benefits. (IRC Sec. 6695(g))	
J. Disclosure or use of information by preparers of returns. (IRC Sec. 6713)	
Total penalties	

Examiner's signature

Other information

I have read the information on the back of this form that explains these penalties as they relate to tax return preparers.

Consent to Assessment and Collection - I do not wish to exercise my appeal rights with the Internal Revenue Service or to contest in the United States District Court the findings in this report, therefore, I give my consent to the immediate assessment and collection of the tax return preparer penalty.

Preparer's signature	Date
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## Instructions for Form 5816, Report of Tax Return Preparer Penalty Case

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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.

The penalties in A through J will be imposed against a tax return preparer in the appropriate circumstances for the conduct described below. The penalties in A, C, D, E, F, and G do not apply if it can be shown that the failure to comply was due to reasonable cause and not due to willful neglect. The penalties in B, H, I, and J do not have a reasonable cause exception. **The penalties in C, D, E, F, G, H, and I are subject to annual inflation.** For inflated rates and maximum penalty amounts, see IRM Exhibit 20.1.6-1.

- 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)). Subject to inflation under IRC sec. 6695(h).
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Examiner's signature

Other information

I have read the information on the back of this form that explains these penalties as they relate to tax return preparers.

Consent to Assessment and Collection - I do not wish to exercise my appeal rights with the Internal Revenue Service or to contest in the United States District Court the findings in this report, therefore, I give my consent to the immediate assessment and collection of the tax return preparer penalty.

Preparer's signature	Date
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## Instructions for Form 5816, Report of Tax Return Preparer Penalty Case

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Examiner's signature

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## Instructions for Form 5816, Report of Tax Return Preparer Penalty Case

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