



Department of the Treasury
Internal Revenue Service
PO BOX 621505
ATLANTA GA 30362-1505



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RAJU PUSAPATI & V BHUPATHIRAJU
V BHUPATHIRAJU
1506 BRADEN CIR
FRANKLIN TN 37067-8595



Notice CP3219A
Tax year 2018
Notice date February 14, 2022
Social Security number XXX-XX-0964
AUR control number 70086-0003
To contact us Phone 1-800-829-8310
Fax 1-877-477-0967
Last date to petition May 16, 2022
Tax Court
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Notice of Deficiency

Proposed increase in tax and notice of your right to challenge

We determined there is a deficiency (increase) in your 2018 income tax based on information we received from third parties (such as employers or financial institutions) that doesn't match the information you reported on your tax return. See below for an explanation of how we calculated this increase. This letter is your NOTICE OF DEFICIENCY, as required by law.

If you disagree:

You have the right to challenge this determination in U.S. Tax Court. If you choose to do so, you must file your petition with the Tax Court by May 16, 2022. This date can't be extended. See below for details about how and where to file a petition.

If you agree:

You can pay now or receive a bill. See the section below titled "If you agree with the proposed changes, you can pay now or receive a bill."

You have the right to petition the Tax Court

Summary of proposed changes

Increase in tax (deficiency)	\$13,081
Substantial tax understatement penalty	\$2,616

If you want to resolve this matter with the IRS

You may be able to resolve this matter without going to the U.S. Tax Court if you contact us directly. See the "You may be able to resolve your dispute with the IRS" section below.

If you want assistance

You may be able to receive assistance from a Low-Income Taxpayer Clinic or from the Taxpayer Advocate Service. See the "Additional information" section below.

You have the right to challenge our deficiency determination, including penalties, before making any payment by filing a petition with the U.S. Tax Court. You must file your petition within **90 days** (or **150 days** if the notice is addressed to a person outside of the United States) from the date of this letter, which is **May 16, 2022**. The Tax Court can't consider your case if you file the petition late. If you decide to file a petition, send it to:

United States Tax Court
400 Second Street, NW
Washington, DC 20217
Phone: (202) 521-0700

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You can get a petition form and rules by downloading them from the U.S. Tax Court's website (www.ustaxcourt.gov) or by contacting the Office of the Clerk of the U.S. Tax Court at the address directly above.

Attach a complete copy of this letter including attachments to your petition and the filing fee of \$60.00 payable by check or money order to the Tax Court. You can include all tax years you are contesting on one petition form. Do not send your petition form to the Internal Revenue Service. The petition must be filed with the Tax Court in Washington, DC.

Time Limits on Filing a Petition

The Court can't consider your case if you file the petition late.

A petition is considered timely filed if the Tax Court receives it within:

- 90 days from the date this letter was mailed to you, or
- 150 days from the date this letter was mailed to you if this letter is addressed to you outside of the United States.

A petition is also generally considered timely if the United States Postal Service postmark is within the 90 or 150-day period and the envelope containing the petition is properly addressed with the correct postage. The postmark rule doesn't apply if mailed using the mail service of a foreign country.

A petition is also generally considered timely if the date recorded by a designated private delivery service is within the 90 or 150-day period. Note not all services offered by private delivery companies are designated private delivery services. For a list of designated delivery services available for domestic and international mailings, see Notice 2016-30 on the IRS website at www.irs.gov/irb201618. Please note the list of approved delivery companies is subject to change.

The Tax Court has a simplified procedure for small tax cases when the amount in dispute is \$50,000 or less (including penalties) for any one tax year. You can get a copy of these simplified procedures on the Tax Court's website or by contacting the Tax Court.

Review this notice and compare our suggested changes to the information on your tax return for the tax year in question. NOTE: The amounts shown above may differ from your previous notice because not all items can be challenged in the Tax Court.

You may be able to resolve your dispute with the IRS

If you don't agree with the proposed changes and want us to consider additional information, you can mail or fax additional information to us:

- Mail additional information with the enclosed Form 5564 (or signed statement explaining which items you disagree with and why) to:

PO BOX 621505
ATLANTA GA 30362-1505

- Fax additional information with the enclosed Form 5564 (or signed statement explaining which items you disagree with and why) to 1-877-477-0967.





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To resolve your dispute with the IRS, it is important you contact us IMMEDIATELY. Our consideration of any additional information will not extend the May 16, 2022 deadline to file a petition with the U.S. Tax Court.



If you agree with the proposed changes, you can pay now or receive a bill

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If you agree with the proposed changes, you can pay your tax liability now or choose to receive a bill:

- If you choose to pay some or all your tax liability now, you can enclose a check or money order payable to United States Treasury Department with the enclosed Form 5564, Notice of Deficiency Waiver, to the address below. We'll send you a bill for any unpaid tax, interest, and applicable penalties.

Internal Revenue Service
INTERNAL REVENUE SERVICE
KANSAS CITY MO 64999-0204

- If you're not paying your tax liability now, sign the enclosed Form 5564, Notice of Deficiency Waiver, and mail it to the IRS at:

Internal Revenue Service
PO BOX 621505
ATLANTA GA 30362-1505

We'll send you a bill for the amount due (including any interest and applicable penalties).

- NOTE: If you filed your tax return married filing jointly, **both** spouses must sign Form 5564.
- Do **NOT** mail the Form 5564 or any payment of your liability to the Tax Court.

If we don't hear from you

If we do not hear from you and you don't petition the U.S. Tax Court, we'll assess the additional tax you owe plus any applicable penalties and interest and send you a bill.

Additional information

Visit www.irs.gov/cp3219a for more information about this notice, frequently asked questions, and to review the following:

- Publication 1, Your Rights as a Taxpayer
- Publication 5181, Tax Returns Reviewed by Mail: CP2000, Letter 2030, CP2501, Letter 2531

For tax forms, instructions, and publications, visit www.irs.gov/forms-pubs or call 800-TAX-FORM (800-829-3676).

Keep this notice for your records.

If you'd like to authorize someone to represent you before the IRS, please complete and send us the Power of Attorney and Declaration of Representative (Form 2848), before your representative contacts us on your behalf.

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The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. If you filed a joint return, we're required to send a copy of this notice to both you and your spouse. Each copy contains the same information about your joint account.

Low Income Taxpayer Clinics

Tax professionals who are independent from the IRS may be able to help you. Low Income Taxpayer Clinics (LITCs) can represent low-income persons before the IRS or in court. LITCs can also help persons who speak English as a second language. Any services provided by an LTC must be for free or a small fee. To find an LTC near you:

- Go to www.taxpayeradvocate.irs.gov/litcmap;
- Download IRS Publication 4134, Low Income Taxpayer Clinic List, available at www.irs.gov/forms-pubs; or
- Call the IRS toll-free at 800-829-3676 and ask for a copy of Publication 4134.

State bar associations, state or local societies of accountants or enrolled agents, or other nonprofit tax professional organizations may also be able to provide referrals.

Taxpayer Advocate Service

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help you get answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS, or you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Contact your local Taxpayer Advocate office at:

801 Broadway, Stop 22
Nashville TN 37203
615-250-5000
855-828-2719

Or call TAS at 877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to taxpayeradvocate.irs.gov. Do not send your Tax Court petition to the TAS address listed above. Use the Tax Court address provided earlier in the letter. Contacting TAS does not extend the time to file a petition.



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Changes to your 2018 tax return

Your tax computations



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	Shown on return	As corrected by IRS	Difference
Taxable income, Form 1040, line 10	\$97,605	\$137,795	\$40,190
Tax, Form 1040, line 11	\$13,357	\$22,194	\$8,837
Education credits, Schedule 3, line 50	\$1,500	\$1,365	-\$135
Child tax credit/credit for other dependents, Form 1040, line 12a	\$2,500	\$2,500	\$0
Tax on qualified plans	\$0	\$4,019	\$4,019
Total tax, Form 1040, line 15	\$9,357	\$22,348	\$12,991
American opportunity credit, Form 1040, line 17c	\$1,000	\$910	-\$90
Tax you owe *1			\$13,081

Payments

	Shown on return	As corrected by IRS	Difference
Income tax withheld, Form 1040, line 16	\$8,788	\$8,788	\$0
Total payments			\$0

(*1) Decreases to credits result in an increase to tax.

Explanation of changes to your 2018 Form 1040

This section tells you specifically what income information the IRS received about you from others (including your employers, banks, mortgage holders, etc.). This information doesn't match the information you reported on your tax return.

Use the table to compare the data the IRS received from others to the information you reported on your tax return to understand where the difference(s) occurred. To assist you in reviewing your income amounts, the table may include both reported and unreported amounts.

Interest

Received from	Address	Account Information	Shown on return	Reported by others	Difference
CHARLES SCHWAB & CO., INC.	9800 SCHWAB WAY LONE TREE CO 80124	91216345 SSN 607-17-0964 Form 1099-INT	\$0	\$3	\$3

Retirement Income Taxable

Received from	Address	Account Information	Shown on return	Reported by others	Difference
GREAT-WEST TRUST COMPANY LLC	PO BOX 173764 D999 DENVER CO 802173764	98986 SSN 607-17-0964 Form 1099-R Distrib CD L	\$0	\$40,187	\$40,187

Detailed Information

The information you provided didn't establish a reasonable cause to exempt you from the accuracy-related penalty. The penalty is due to a substantial understatement of income tax. Pay the full amount you owe as soon as possible to avoid additional interest charges.

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Borrowing from pension/annuity plan

You may need to treat money you borrowed from an employer's qualified pension or annuity plan as a distribution for tax purposes. If the borrowed amount was reported to you on Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., with a distribution code L, the loan is taxable. For exceptions to this rule, see Publication 575, Pension and Annuity Income. If you disagree, with our proposed adjustment, send us a signed, detailed statement explaining why you disagree and the amount you believe is taxable, even if it's zero.

Retirement distributions

We couldn't identify the retirement distribution reported on your return based solely on information your payers reported to us. We need to know if the reported income is a pension, an annuity, an IRA, a lump sum distribution, or an employee savings plan.

If it's a pension, an annuity, or an employee savings plan and you're recovering your contributions using the Simplified Method or General Rule, send us a signed statement with the date of your first payment, the amount you receive monthly, and the total amount you contributed.

If it's an IRA or lump sum distribution which you rolled over, send us Form 5498, IRA Contribution Information or similar documentation.

If the income is an employee savings plan, send us a copy of the document showing the gross and non-taxable amount of the distribution you received.

Misidentified income

If any of the income shown on this notice isn't yours, send us the name, address, and taxpayer identification number of the person who received the income. To prevent future incorrect reporting to the IRS, notify the payer to adjust their records to show the correct name and taxpayer identification number.

Form W-2 or 1099 not received

The income reported on your return doesn't match the documents we received from your employer or payers. The law requires you to accurately report all income you receive. If your employers don't send proper information documents or forms (for example, Form W-2, Wage and Tax Statement, Form 1099), you must estimate your income based on your paycheck stubs, bank statements, or other records and include your estimate on your tax return.

Education credits

Based on proposed changes to your income and tax, we're also proposing an adjustment to the amount of education credits (American Opportunity and Lifetime Learning Credits) you can claim on your tax return.





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10% additional tax on premature distributions from a qualified retirement plan

Premature distributions from a qualified retirement plan are subject to a 10% additional tax. A distribution is considered premature if it was paid before you reached age 59 1/2. Exceptions may apply as shown in the instructions for Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts. If the distributions shown on this notice qualify for an exemption, send us a completed Form 5329.

Refundable American Opportunity Credit

We decreased or eliminated the American Opportunity Credit you claimed on your tax return because it phased out when we adjusted your modified adjusted gross income (MAGI). We phase the credit out when MAGI exceeds \$80,000 (\$160,000 if married filing jointly) and eliminate it completely when MAGI reaches or exceeds \$90,000 (\$180,000 if married filing jointly).

Penalties

We are required by law to charge any applicable penalties.

Substantial tax understatement

Description	Amount
Accuracy-related penalty substantial understatement of tax - IRC 6662(b)(2); 6662(d)	\$2,616

If we increase your tax and the increase is more than the greater of 10% of your correct tax liability or \$5,000, we're required to charge an accuracy-related penalty for the substantial understatement of tax. The penalty is 20% of the portion of the underpayment of tax attributable to a substantial understatement of income tax. We may reduce or eliminate the penalty if you send a signed statement with one of the following:

- Facts that support your treatment of the understated income and the authority for your decision, such as the Internal Revenue Code, Treasury Regulations, Revenue Rulings, Revenue Procedures, etc.
- An explanation as to how you clearly disclosed the item, such as by attaching Form 8275, Disclosure Statement, or Form 8275R, Regulation Disclosure Statement, and that there is a reasonable basis for your position.

Interest charges

We are required by law to charge interest when you do not pay your liability on time. Generally, we calculate interest from the due date of your return (regardless of extensions) until you pay the amount you owe in full, including accrued interest and any penalty charges. Interest on some penalties accrues from the date we notify you of the penalty until it is paid in full. Interest on other penalties, such as failure to file a tax return, starts from the due date or extended due date of the return. Interest rates are variable and may change quarterly. (Internal Revenue Code Section 6601)

Interest is calculated to 30 days from the date of the notice for domestic addresses and 60 days from the date of the notice for foreign and APO/FPO/DPO addresses. Interest will continue to accrue until you pay the amount you owe in full.

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FORM 5564
(November 2016)

Department of the Treasury --- Internal Revenue Service
Notice of Deficiency - Waiver

Symbols
ATLANTA
45A

Name and address of taxpayer(s) RAJU PUSAPATI & V BHUPATHIRAJU
V BHUPATHIRAJU
1506 BRADEN CIR
FRANKLIN TN 37067-8595

February 14, 2022

607-17-0964 415-89-3060

Kind of Tax Copy to Authorized Representative

Individual Income

Tax year ended

Deficiency

December 31, 2018

Increase in tax \$13,081

Penalties

Accuracy-Related Penalty, IRC Section 6662(a) \$2,616

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I consent to the immediate assessment and collection of the deficiencies (increase in tax and penalties) shown above, plus any interest. Also, I waive the requirement under section 6532 (a) (1) of the Internal Revenue Code that a notice of claim disallowance be sent to me by certified mail for any overpayment shown on the attached report.

I understand that the filing of this waiver is irrevocable and it will begin the 2-year period for filing suit for refund of the claims disallowed as if the notice of disallowance had been sent by certified or registered mail.

Signature		Date
		Date
	By	Title

Note: If you consent to the assessment of the deficiencies shown in this waiver, please sign and return this form to limit the interest charge and expedite our bill to you. Please do not sign and return any prior notices you may have received. Your consent signature is required on this waiver, even if fully paid.

Your consent will not prevent you from filing a claim for refund (after you have paid the tax) if you later believe you are so entitled; nor prevent us from later determining, if necessary, that you owe additional tax; nor extend the time provided by law for such action.

If you later file a claim and the Service disallows it, you may file suit for refund in a District Court or in the United States Claims Court, but you may not file a petition with the United States Tax Court.

Who Must Sign: If you filed jointly, both you and your spouse must sign. Your attorney or agent may sign this waiver provided that action is specifically authorized by a power of attorney which, if not previously filed, must accompany this form.

If this waiver is signed by a person acting in a fiduciary capacity (for example, an executor, administrator, or a trustee), Form 56, Notice Concerning Fiduciary Relationship, should, unless previously filed, accompany this form.

If you agree, please sign and return this form; keep one copy for your records.

FORM 5564 (Rev. 11-2016)

