



Reasonable Cause is based on all the facts and circumstances in your situation. We will consider any reason which establishes that you used all ordinary business care and prudence to meet your Federal tax obligations but were nevertheless unable to do so.

Typical Situations

The IRS will consider any sound reason for failing to file a tax return, make a deposit, or pay tax when due. Sound reasons, if established, include:

- Fire, casualty, natural disaster or other disturbances
- Inability to obtain records
- Death, serious illness, incapacitation or unavoidable absence of the taxpayer or a member of the taxpayer's immediate family
- Other reason which establishes that you used all ordinary business care and prudence to meet your Federal tax obligations but were nevertheless unable to do so

Note: A lack of funds, in and of itself, is not reasonable cause for failure to file or pay on time. However, the reasons for the lack of funds may meet reasonable cause criteria for the failure-to-pay penalty.

Facts Establishing Reasonable Cause

Facts we need in order to determine Reasonable Cause:

- What happened and when did it happen?
- What facts and circumstances prevented you from filing your return or paying your tax during the period of time you did not file and/or pay your taxes timely?
- How did the facts and circumstances affect your ability to file and/or pay your taxes or perform your other day-to-day responsibilities?
- Once the facts and circumstances changed, what actions did you take to file and/or pay your taxes?
- In the case of a Corporation, Estate or Trust, did the affected person or a member of that individual's immediate family have sole authority to execute the return or make the deposit or payment?

Documents You May Need

Most reasonable cause explanations require that you provide documentation to support your claim, such as:

- Hospital or court records or a letter from a physician to establish illness or incapacitation, with specific start and end dates
- Documentation of natural disasters or other events that prevented compliance



Name _____

Tax Year _____

What happened that caused the delay of file or pay and Dates?

What facts and circumstances prevented you from filing your return or paying your tax during the period of time you did not file and/or pay your taxes timely?

How did the facts and circumstances affect your ability to file and/or pay your taxes or perform your other day-to-day responsibilities?



Once the facts and circumstances changed, what actions did you take to file and/or pay your taxes?

In the case of a Corporation, Estate or Trust, did the affected person or a member of that individual's immediate family have sole authority to execute the return or make the deposit or payment?

If you do not have adequate information, your penalty abatement request will not be successful.