



Department of Treasury
Internal Revenue Service
5045 E BUTLER AVE
FRESNO CA 93888-0021



Notice CP2000
Tax Year 2011
Notice date April 29, 2013
Social Security number XXX-XX-XXXX
AUR control number XXXXXXXXX
To contact us Phone 1-800-829-3009
Fax 1-877-477-0962

012345.678901.2345.678 2 AT 0.345 1234
[Barcode]

FIRST M & FIRST M LAST
STREET ADDRESS
HILO HI 96720-3416



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Proposed changes to your 2011 Form 1040
Amount due: \$10,165

The income and payment information we have on file from sources such as employers or financial institutions doesn't match the information you reported on your tax return. If our information is correct, you will owe \$10,165 (including interest), which you need to pay by May 29, 2013.

Summary of proposed changes

Table with 2 columns: Description and Amount. Rows include Tax you owe (\$8,193), Payments (\$0), Substantial tax understatement penalty (\$1,639), Interest (\$333), and Amount due by May 29, 2013 (\$10,165).

What you need to do immediately

Review this notice, and compare our changes to the information on your 2011 tax return.

If you agree with the changes we made

- Complete, sign and date the Response form on Page 7, and mail it to us along with your payment of \$10,165 so we receive it by May 29, 2013.
If you can't pay the amount due, pay as much as you can now, and make payment arrangements that allow you to pay off the rest over time. If you want to apply for an installment plan, send in your Response form AND a completed Installment Agreement Request (Form 9465). Download Form 9465 from www.irs.gov, or call 1-800-829-3676 to request a copy. You can also save time and money by applying online if you qualify. Visit www.irs.gov and search for keyword: "tax payment options" for more information about:
- Installment and payment agreements
- Payroll deductions
- Credit card payments

If you don't agree with the changes

Complete the Response form on Page 7, and send it to us along with a signed statement and any documentation that supports your claim so we receive it by May 29, 2013.

If we don't hear from you

If we don't receive your response by May 29, 2013, we will send you a Statutory Notice of Deficiency followed by a final bill for the proposed amount due. During this time, interest will increase and penalties may apply.



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Changes to your 2011 tax return

| Your income and deductions | Shown on return | As corrected by IRS | Difference |
|---|------------------------|----------------------------|-------------------|
| Retirement Income taxable | \$108,913 | \$139,024 | \$30,111 |
| Income net difference | | | \$30,111 |
| Medical deduction | \$23,846 | \$21,588 | -\$2,258 |
| Deduction net difference *1 | | | -\$2,258 |
| Change to taxable income | | | \$32,369 |
| Your tax computations | Shown on return | As corrected by IRS | Difference |
| Taxable income, line 43 | \$86,192 | \$118,561 | \$32,369 |
| Tax, line 44 | \$13,794 | \$21,890 | \$8,096 |
| Residential energy credit, line 52 | \$2,454 | \$2,454 | \$0 |
| Tax on qualified plans, including IRAs, and other tax-favored accounts, line 58 | \$10,794 | \$10,891 | \$97 |
| Total tax, line 61 | \$22,134 | \$30,327 | \$8,193 |
| Tax you owe | | | \$8,193 |

(*1) Decreases to deductions result in an increase to taxable income.

Explanation of changes to your 2011 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.

Retirement Income Gross

| Received from | Address | Account information | Shown on return | Reported to IRS by others | Difference |
|------------------------------------|--|--|-----------------|---------------------------|------------|
| U S OFFICE OF PERSONNEL MANAGEMENT | 1900 E ST NW ROOM 3H19 ATTN OCFO FA WA 00000 | XXXXXXXXXX SSN XXX-XX-XXXX Form 1099-R Distrib CD 3 | \$17,375 | \$17,375 | \$0 |

Retirement Income Taxable

| Received from | Address | Account information | Shown on return | Reported to IRS by others | Difference |
|---|--|--|-----------------|---------------------------|------------|
| EMPLOYEES RETIREMENT SYSTEM-STATE OF HAW | 201 MERCHANT ST STE 1400 HONOLULU HI 96813 | XXXXXXXXXX SSN XXX-XX-XXXX Form 1099-R Distrib CD 1 | - | \$13,913 | - |
| STATE STREET RETIREE SERVICES FOR STATE OF HAWAII ISLAND SAVINGS PLAN | P O BOX 5191 BOSTON MA 022065191 | HAWAII XXX SSN XXX-XX-XXXX Form 1099-R Distrib CD 2 | - | \$12,736 | - |
| THRIFT SAVINGS PLAN | 1250 H STREET NW SUITE 200 WASHINGTON DC 20005 | XXXXXXXXXXXXXXXXXXXX SSN XXX-XX-XXXX Form 1099-R Distrib CD 1 | - | \$95,000 | - |

Retirement Income Taxable Total \$91,538 \$121,649 \$30,111



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RESPONSE CONFIRMATION TIMEFRAME

If you submit a Form 1040X, U.S. Amended Individual Income Tax Return; please notate CP2000 or CP2501 at the top of the first page. When mailing your response, please use the envelope provided and also allow 3-4 weeks for confirmation of receipt.

INSTALLMENT AGREEMENT REQUEST - SIGNATURES NEEDED

If you would like to set up an installment agreement you must complete the Form 9465 AND the signature page of the CP2000, Step A, Option I, Consent to Tax Increase. The Form 9465 is available online at www.irs.gov or by calling toll-free 1-800-829-3676. for taxpayers who filed a joint return the Form 9465 and the Consent to Tax Increase must contain both signatures to process their request. If the signature(s) is missing from either of these forms, delays may occur.

10% Tax on premature distributions from a qualified retirement plan

Premature distributions from a qualified retirement plan are subject to an additional 10% tax. A distribution is considered premature if it was paid before you reached age 59 1/2. Exceptions may apply as indicated in Publication 17, Your Federal Income Tax (For Individuals), or Publication 590, Individual Retirement Arrangements. If the distribution(s) shown on this notice are exempt from the additional tax, please send us a signed explanation.

Schedule A general sales tax deduction

Based on our proposed changes to your income, you may be entitled to claim additional state and local taxes. If you are entitled to an additional state and local sales tax deduction, please provide us with a signed statement showing the amount of the additional deduction that you are entitled to claim.

Schedule A medical and dental expenses percentage limitation

Medical and dental expense deductions are reduced by 7.5% of your adjusted gross income (Form 1040, line 37). Since we refigured your adjusted gross income, we also refigured your medical and dental expense deduction.

Form W-2 or 1099 not received

The law requires you to report your income correctly. If your payers did not send you a yearly income statement (Form W-2, Form 1099, etc.), you must use the information you have (pay stubs, monthly income statements, deposit slips, etc.) to estimate the total amount of income you received during the year.

Misidentified income

If any of the income shown on this notice is not yours, send us the name, address, and social security number of the person who received the income. Please notify the payers to correct their records to show the name and social security number of the person who actually received the income, so that future reports to us are accurate.



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Retirement distributions

We need more information for the distribution shown on this notice. We need to know if the income is a pension or an annuity, an IRA or lump sum rollover, or an employee savings plan.

If the income is from a pension/annuity or an Employee Savings Plan and you are recovering your contributions using the General Rule or the Simplified General Rule, please send us a signed statement with the date of your first pension payment, the amount you receive monthly, and the total amount you contributed.

If the income is an IRA or lump sum and was rolled over, please send us Form 5498, IRA Contribution Information or similar documentation.

If the income is an employee savings plan, please send us a copy of the document showing the total distribution amount you received for 2011 and the nontaxable amount of the distribution.

Next steps

- You don't need to file an amended tax return for 2011. We will make the correction when we receive your response. However, if you choose to file an amended tax return (Form 1040X), write "CP2000" on the top of your amended federal tax return (Form 1040X) and attach it behind your completed Response form. Go to www.irs.gov to download Form 1040X or call 1-800-TAX-FORM (1-800-829-3676).
- Please file an amended tax return (Form 1040X) for any other tax years in which the same error occurred.
- We send information about these changes to state and local tax agencies, so if the changes we made apply, file an amended state or local tax return as soon as possible.

Penalties

We are required by law to charge any applicable penalties.

Substantial tax understatement penalty

| Description | Amount |
|--|----------------|
| Total substantial tax understatement penalty | \$1,639 |

Accuracy-penalty for substantial tax understatement

If we increase your tax, and the increase exceeds the greater of 10% of your correct tax or \$5,000, we are required by law to charge an accuracy-related penalty for the substantial understatement of tax. The penalty is 20% of your tax increase. (Internal Revenue Code section 6662(d))

The penalty may be reduced or waived if you:

- Provide the substantial authority (such as, Internal Revenue Code, Regulations, Revenue Rulings, Revenue Procedures, etc.) you used to decide how to treat your income or deduction, or
- Tell us where on your return you clearly show the facts supporting your treatment of the income or deduction, or
- Submit a signed statement that clearly outlines the facts supporting your treatment of the understated income.



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Interest charges

We are required by law to charge interest on unpaid tax from the date the tax return was due to the date the tax is paid in full. The interest is charged as long as there is an unpaid amount due, including penalties, if applicable. (Internal Revenue Code section 6601)



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| Description | Amount |
|----------------|--------|
| Total Interest | \$333 |

The table below shows the rates used to calculate the interest on your unpaid amount from the date the tax return was due until the tax is paid in full, For a detailed calculation of your interest, call 1-800-829-3009.

| Period | Interest rate |
|---------------------------|---------------|
| Beginning October 1, 2011 | 3% |

Additional information

- Call TeleTax at 1-800-829-4477, and select topic 652.
- Visit www.irs.gov/cp2000. You can also find the following online; Amended U.S. Individual Tax Return (Form 1040X).
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Review the enclosed Publication 3498-A, The Examination Process.
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us,



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Indicate your agreement or disagreement—Continued

- I don't agree with some or all of the changes**
Please return this form and include a statement signed by you that explains what you don't agree with. Also include copies of any documents, such as corrected W-2, 1099, or missing forms that support your statement.

Note: You can fax documentation to 1-877-477-9602

2. Indicate your payment option

- I am enclosing (check all that apply):
- Full payment of \$10,165
 - Partial payment of \$.....
 - No payment
 - A completed Installment Agreement Request (Form 9465)
 - Write your Social Security number 123-45-6789, the tax year (2011), and the notice number (CP2000) on your payment and any correspondence.
 - Make your check or money order payable to the United States Treasury.

3. Authorization optional

If you would like to authorize someone, in addition to you, to contact the IRS concerning this notice, please include the person's information, your signature, and the date.

The authority granted is limited as indicated by the statement above the signature line. The contact may not sign returns, enter into agreements, or otherwise represent you before the IRS. If you want to have a designee with expanded authorization, see IRS Publication 947, Practice Before the IRS and Power of Attorney.

.....
Full name of authorized person

.....
Address

.....
City State Country Zip code

.....
 a.m. a.m.
 p.m. p.m.

.....
Primary phone Best time to call Secondary phone Best time to call

I authorize the person listed above to discuss and provide information to the IRS about this notice.

.....
Signature Date

.....
Spouses's Signature Date