Department of the Treasury
Internal Revenue Service
AUR CORR 5-E08-113
PHILADELPHIA PA 19255-0521
Time Sensitive Information – Open Immediately

IRS Notice: CP2000

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November 25, 2024

Did you forget to include something on your return?

This isn't a bill; however, we found some differences between what you reported on your tax return and what we received from third parties, such as employers or financial institutions for 2022 Form 1040.

What you should do immediately

- **Review** the entire notice and follow the instructions to resolve this issue.
- **Complete** the response form indicating your agreement or disagreement.
- **Return the response form by December 26, 2024.** If you don't respond, we'll send you a certified Statutory Notice of Deficiency for the proposed amount due. During this time, interest will continue to accrue, and penalties may apply.

If you need to request additional time to respond to this notice, use one of the following options: scan the QR code below or go to IRS.gov/connect to respond. If you have questions or would like additional reply options, go to IRS.gov/CP2000series, or contact our help line at 800-829-8310. To contact us by mail, use the address at the top of this page.

How to reply

Scan the QR code or visit IRS.gov/connect to respond.

IRS.gov/connect

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What caused the differences

Payment Card/Third Party Trans Received from	Address	Account Information	Shown on your return	Reported by third parties	Difference
SHOPIFY PAYMENTS (USA) INC.	251 LITTLE FALLS DRIVE WILMINGTON DE 19808	[redacted] SSN XXX-XX-[redacted] Form 1099-K	$18,700	$84,903	**$66,203**

Rents or Royalties Received from	Address	Account Information	Shown on return	Reported by third parties	Difference
TIKTOK INC.	5800 BRISTOL PKWY CULVER CITY CA 90230	[redacted] SSN XXX-XX-[redacted] Form 1099-MISC	$0	$638	**$638**
TIKTOK INC.	5800 BRISTOL PKWY CULVER CITY CA 90230	[redacted] SSN XXX-XX-[redacted] Form 1099-MISC	$0	$115	**$115**
Rents or Royalties Total			$0	$753	**$753**

Payment card and third-party network transactions

You received Form 1099-K, Payment Card and Third-Party Network Transactions, because you accepted merchant cards for payments, or because you received payments through a third-party network. The amount included on this notice for Form 1099-K reflects the gross reportable transaction amount and not the taxable amount of merchant card and third-party network payments. The taxable amount from Form 1099-K should be reported on your Form 1040 Schedule C, Schedule E or Schedule F.

Self-Employment Tax on Self-Employment (SE) income

We computed the self-employment (SE) tax on the net SE income from your reported and underreported SE income. SE income generally includes nonemployee compensation, merchant card payments, third-party network payments, and other income from part-time or full-time work. Net earnings from SE income are subject to SE tax.

SE tax consists of Social Security tax of 12.4% and Medicare tax of 2.9% and, for SE income more than the thresholds for your filing status, an additional Medicare tax of 0.9%. Even if you paid the maximum amount of Social Security tax, you're still liable for Medicare tax and additional Medicare tax if you're over the applicable threshold. The deductible part of the SE tax is based on the change we made to your SE tax. If you were an employee, you're liable for income tax and the employee's share of Social Security (6.2%), Medicare taxes(1.45%), and additional Medicare tax, if applicable. We'll credit your Social Security account with the amount of SE income shown on this notice. See Form 1040, Schedule SE, Self-Employment Tax, for more information.

Helpful information

- If the income shown above isn't yours, inform the payer listed to correct their records to prevent future inaccurate reporting to the IRS. Send us the name and taxpayer identification number of the person who received the income, if known.
- **This isn't an audit**; your return may be subject to an examination later.

Summary of proposed changes

Proposed tax you owe	$20,924
Substantial tax understatement penalty	$4,185
Interest	$3,495
Proposed amount due	**$28,604**

Your proposed balance due is calculated to December 26, 2024. Penalties and interest may continue to accrue until the balance is paid in full.

Proposed changes to your 2022 tax return

Your income and deductions	Shown on return	Reported to IRS	Difference
Rents or royalties	$0	$753	**$753**
Payment card and third party network transactions	$18,700	$84,903	**$66,203**
Income net difference			**$66,956**
Self-employment tax deduction	$1,164	$5,841	**$4,677**
Deduction net difference *1			**$4,677**
Change to taxable income			**$62,279**

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Your tax computations	Shown on return	As corrected by IRS	Difference
Taxable income, Form 1040, line 15	-$2,573	$59,706	**$62,279**
Tax, Form 1040, line 16	$0	$7,257	**$7,257**
Child tax credit and other dependent, Form 1040, line 19	$0	$4,000	**$4,000**
Self-Employment tax, Schedule 2, line 4	$2,328	$11,682	**$9,354**
Total tax, Form 1040, line 24	$2,328	$14,939	**$12,611**
Earned income credit, Form 1040, line 27	$6,164	$0	**-$6,164**
Additional child tax credit, Form 1040, line 28	$2,149	$0	**-$2,149**
Tax you owe *2			**$20,924**

(*1) Increases to deductions result in a decrease to taxable income.
(*2) Decreases to credits result in an increase to tax.

Additional information

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.

Negative taxable income

You had a zero or negative taxable income amount on your original or amended return. To ensure proper credit for deductions, this notice reflects the actual amount of your taxable income in the "Shown on return" column of the "Changes to your tax return" section.

Child Tax Credit or Credit for Other Dependents

The allowable amount of the Child Tax Credit or Credit for Other Dependents is based on your filing status, the number of qualifying persons, your modified adjusted gross income and tax. Either credit is adjusted when your modified adjusted gross income changes. The credit can't be more than the tax.

If you filed and claimed credits for mortgage interest, adoption credit, residential clean energy credit or the District of Columbia first-time homebuyer credit with your original tax return, send us recomputed worksheets from Form 1040 schedule 8812 Credits for Qualifying Children and other Dependents. To apply any unused credits from these sources, send us the recomputed forms. If you've already applied these unused credits to any other tax years, you need to file a Form 1040X, Amended U.S. Individual Tax Return, for the other years.

If you haven't filed the tax return for the affected period, send us a signed statement that you've corrected your records.

Earned Income Credit

Changes to your adjusted gross income (AGI) will affect your allowable Earned Income Credit. The Earned Income Credit is based on your earned income and AGI, both of which must be less than:

- $16,480 with no qualifying child ($22,610for married filing jointly), Additional information — **Continued**

- $43,492 with one qualifying child ($49,622 for married filing jointly) or
- $49,399 with two qualifying children ($55,529 for married filing jointly) or
- $53,057 with more than two qualifying children ($59,187 for married filing jointly).

Additional Child Tax Credit disallowed

In our proposed changes, we included the full amount of Child Tax Credit for your filing status and modified your adjusted gross income. Therefore, you're no longer eligible for the Additional Child Tax Credit.

Penalties

We are required by law to charge any applicable penalties.

Description	Amount
Accuracy-related penalty substantial understatement of tax - IRC 6662(b)(2); 6662(d)	**$4,185**

If you understate your tax liability and the understatement is more than the greater of 10 percent of your correct tax liability or $5,000, an accuracy-related penalty generally applies for the substantial understatement of tax. The penalty is 20 percent of the portion of the underpayment of tax attributable to the 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 position, such as the Internal Revenue Code,Treasury Regulations, Revenue Rulings, Revenue Procedures, etc. or
- An explanation showing you clearly disclosed the item, such as by attaching Form 8275, Disclosure Statement, or Form 8275-R, Regulation Disclosure Statement and 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).

Description	Amount
Total Interest	**$3,495**

Period	Interest rate
April 1, 2023 through June 30, 2023	7%
July 1, 2023 through September 30, 2023	7%
October 1, 2023 through December 31, 2023	8%
January 1, 2024 through March 31, 2024	8%
April 1, 2024 through June 30, 2024	8%
July 1, 2024 through September 30, 2024	8%
Beginning October 1, 2024	8%

IRS help

- For online assistance, visit IRS.gov/help.
- For more information about this notice, visit IRS.gov/CP2000series or contact our help line at 800-829-8310.
- We're here to help you resolve the tax matters on this notice as quickly and easily as possible. Review Publication 5181, Tax Return Reviews by Mail CP2000, Letter 2030, CP2501, Letter 2531, for more information.
- For information about your rights, see the enclosed Publication 1, Your Rights as a Taxpayer.
- **We send information about these changes to state and local tax agencies.** If the changes we made to your tax return impact your state or local tax return, file an amended state or local tax return as soon as possible.

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Taxpayer rights and sources for assistance

Know and understand your rights as a taxpayer. Visit TaxpayerAdvocate.IRS.gov/taxpayer-rights.

Do you have a tax problem you haven't been able to resolve with the IRS? The Taxpayer Advocate Service (TAS) may be able to offer free help. Learn more at TaxpayerAdvocate.IRS.gov/contact-us or call 877-777-4778. Use the Taxpayer Roadmap at TaxpayerAdvocate.IRS.gov/roadmap to help you navigate the tax system.

Are you a low-income individual in need of someone to represent you in solving an IRS problem? Learn more at TaxpayerAdvocate.IRS.gov/LITC.

Complete, sign, and return the response form by December 26, 2024.

If you agree with the proposed changes

- Select the **AGREE** option on the response form below
  - Sign and date on the provided line. We require **both** spouses' signatures if you filed a joint tax return.
- To pay the proposed amount due
  - You can pay online now or after you receive the billing notice showing we've adjusted your account. Visit IRS.gov/payments for information about online payment options.
- Interest and penalties continue to accrue until the amount due is paid in full.

If you disagree with the proposed changes

- Select the **DISAGREE** option on the response form below.
- Include a signed explanation for your disagreement.
- Include any documentation supporting your claim.
- Provide any expenses related to the unreported income that may reduce your tax.
- Include amended schedules or forms to support your claim if requested in this notice.
- If sending an amended return (Form 1040X) ensure to notate 'CP2000' at the top of it.
- Return all the above information with your response form below at IRS.gov/connect to respond. For additional reply options go to IRS.gov/CP2000series or contact our help line at 800-829-8310.

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Response Form

Complete this form and return to us by **December 26, 2024**. Scan the QR code or visit IRS.gov/connect to respond. For additional reply options, go to IRS.gov/CP2000series.

IRS.gov/connect

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Step 1: Indicate your agreement or disagreement.

☐ **I agree with all changes.** I consent to the assessment of my 2022 income tax and understand:

- I owe $28,604 in additional tax, payment adjustments, and interest.
- The IRS is required by law to charge interest on taxes not paid in full by April 18, 2023.
- The IRS will continue to charge interest until I've paid the tax in full. Certain penalties may also apply.
- I can file a claim for a refund at a later date.
- By signing this form, I can't challenge these changes in the U.S. Tax Court unless the IRS determines, after the date I sign this form, I owe additional taxes for 2022.

Signature Date

Spouse's signature (**required if you filed a joint tax return**) Date

☐ **I disagree with some or all of the changes.**
Return this form and include a signed statement explaining what you don't agree with. If you still have questions after you review the proposed changes, go to IRS.gov/CP2000series, or contact our help line at 800-829-8310.

Step 2: Authorization (optional)

The authorization provided on your originally filed tax return doesn't apply to this notice. It automatically ends no later than the due date of your 2022 tax return: generally, April 15 for most individuals.

If you want to authorize someone, in addition to yourself, to contact the IRS only about this CP2000 notice addressing your 2022 tax filing, 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 authorized 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 Publication 947, Practice Before the IRS and Power of Attorney.

Full name of authorized person

Address

City State Country Zip code

I authorize the person listed above to discuss and provide information to the IRS about this CP2000 notice for my 2022 tax year.

Signature Date

Spouse's signature (**required if you filed a joint tax return**) Date