

## **Misconceptions of a Federal Interest Recovery & Review**

Many companies do not consider a Federal Interest Recovery & Review. They simply think the subject matter will not be applicable to them or the potential refund will be too small to pursue. The calculation of the correct amount of interest resulting from overpayments and underpayments is a highly complex area. In addition, the amounts computed by the IRS and/or state taxing authorities are typically not done in an optimal manner for the taxpayers.

Factors suggesting a potential refund opportunity include:

- Federal and state audits resulting in tax deficiencies;
- Any federal tax assessment;
- Carryback claims;
- Mergers and/or acquisitions;
- Refunds received in the last 6 years.

Below are some of the most commonly known fallacies. Consider our no-cost IRS transcript review and see how much the IRS may owe you.

### **Fallacy #1**

"I have no IRS refunds or assessments in my 3-year statute of limitation (SOL). This is not applicable to me."

#### **Comment**

The SOL for claiming refunds of interest is **6 years** from the date of refund and 2 years from the date of assessment. Also, consideration should be given to **other non-income tax items** (payroll, excise, etc.) in the interest netting calculation.

### **Fallacy #2**

"I'm waiting for my current IRS audit cycle to close, and then we may address this."

#### **Comment**

It's important to understand your SOL expiration dates for the last 6 years of refunds and assessments. Waiting for the current audit to close may result in loss of potential refunds and netting opportunities.

### **Fallacy #3**

"We are in a net operating loss position. This is not applicable to me."

#### **Comment**

Consideration should be given to **other non-income tax items** (payroll, excise, etc.).

### **Fallacy #4**

"I'm a "CAP" participant with the IRS. My tax returns are audited real-time. This doesn't apply to me."

#### **Comment**

With the **6 year SOL**, consideration should be given to pre-"CAP" years' refunds and assessments.

**We would like to partner with you in performing a no-cost interest recovery assessment. Feel free to contact either of our partners directly or email us.**

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