

# Table of Contents

<b>Penalties.....</b>	<b>1</b>
Penalty Generation .....	3
<b>Taxpayer Penalties.....</b>	<b>7</b>
Failure to file.....	7
Federally declared exceptions .....	8
Fraudulent failure to file.....	9
Pass-through entities .....	10
Failure to pay .....	11
Accuracy-related.....	13
Negligence or disregard .....	15
Substantial understatement.....	17
Penalty relief .....	21
Reasonable cause.....	21
Statutory and regulatory exceptions .....	25
Administrative waivers.....	27
Correction of IRS error .....	29
Penalty abatement process.....	29
<b>Tax Preparer Penalties.....</b>	<b>44</b>
Circular 230.....	44
Section 6694.....	45
Tax preparer .....	46
Income derived .....	48
Defenses.....	49
Substantial authority.....	49
Section 6695(g).....	51

Appendix A: Taxpayer Penalties by IRC Section ..... 57

Appendix B: Tax Preparer Penalties by IRC Section ..... 60

Appendix C: List of Valid Authorities ..... 61

Appendix D: Penalty Relief Application Chart ..... 62

Appendix E: Common IRS Transaction Codes ..... 64

**Index..... 66**