

## J, K, L, M AND N: WHAT'S IN A LETTER?

Jun 21, 2018

Over the last few months, the Internal Revenue Service (IRS) has been replying to responses to their Letter 226-J, which notifies employers of a proposed Employer Shared Responsibility Payment (ESRP). The IRS has recently updated its [website](#) to include additional information on its Letter 227 series. The various letters either close the ESRP case or provide the employer with next steps.

If you responded to a Letter 226-J, the reply from the IRS will come in the form of one of the following four 227 letters:

- **Letter 227-J.** If you submitted a completed Form 14764, ESRP Response agreeing to the ESRP amount proposed in your Letter 226-J, the IRS will acknowledge its receipt using Letter 227-J and provide instructions for making the ESRP. If full payment is not received within 10 days, the IRS will issue a Notice and Demand for the outstanding balance.
- **Letter 227-K.** You want this letter. Letter 227-K acknowledges acceptance of the information you provided disputing the proposed ESRP amount and renders a determination that no ESRP is due. The case is closed and no further action is required.
- **Letter 227-L.** The IRS acknowledges receipt of your response to Letter 226-J and notifies you of the revised ESRP amount using Letter 227-L. An updated ESRP Summary Table and Form 14765 (PTC Listing) will be included. If you agree with the revised ESRP amount, you must submit a completed Form 14764, ESRP Response with the required payment. If you disagree with the revised ESRP amount, you may either request a meeting or telephone conference with an IRS manager or request a conference with the IRS Office of Appeals. If you fail to respond in a timely manner to the Letter 227-L, the IRS will issue a Notice and Demand for the specified ESRP amount.
- **Letter 227-M.** This letter acknowledges receipt of the information you provided disputing the proposed ESRP amount in Letter 226-J but provides that the amount of the ESRP remains unchanged. If applicable, the letter will be accompanied with an updated ESRP Summary Table and Form 14765 (PTC Listing). At this point, you may either agree with the calculated ESRP amount by submitting a completed Form 14764 with the required payment or if you disagree, request a meeting or telephone conference with an IRS manager or a conference with

the IRS Office of Appeals. If you fail to respond to the Letter 227-M in a timely manner, the IRS will issue a Notice and Demand for the specified ESRP amount.

The series also includes a ***Letter 227-N***, which indicates the ESRP amount that will be assessed based on an Appeals conference and closes the case.

To read our prior post on the Letter 226-J, click [here](#).

## RELATED PRACTICE AREAS

- Employee Benefits & Executive Compensation

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