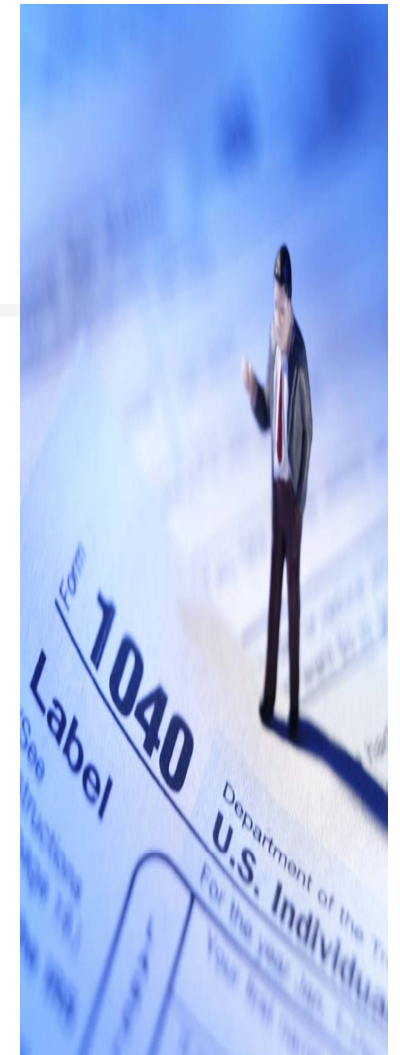
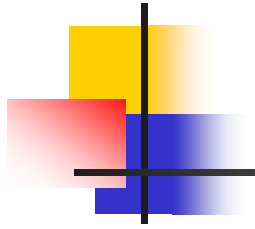


Welcome from Campus Compliance Services

IRS Fresno Campus

Jim Grimes,
Field Director,
Compliance Services





Campus Compliance Services

**Campus Examination
Automated Underreporter**



Campus Reporting Compliance Programs

- Two major Compliance programs within the Campus Reporting Compliance Organization:
 - Correspondence Examination
 - AUR - Automated Underreporter



Correspondence Examination

Asks for verification of items taken as a deduction or claimed as a credit on the tax return.

Automated Underreporter (AUR)



Inquires about discrepancies between information reported on tax returns and information reported to us from third parties (Employers, financial institutions, banks, etc.).



What is Exam?

Examination is one of the major Compliance programs used by the IRS. It is a program intended to improve voluntary compliance, address the tax gap and help taxpayers better understand their tax related responsibilities.



Exam Case Processing

- The Examination begins by issuing an initial contact letter (ICL) to the taxpayer.
- The case is suspended for 30 days, which allows the taxpayer to provide a response (mail or fax) and process the mail.
- If the taxpayer does not provide a response within the 30-day suspension period, the next letter is issued with an audit report (proposed adjustments).



Exam Case Processing

- Once the audit report is issued, the case is suspended for an additional 30 days, which allows the taxpayer to provide a response and process the mail.
- If the taxpayer has not responded after the issuance of the 30-day letter package, the Statutory Notice of Deficiency (Stat Notice) is issued.



Exam Case Processing

- After issuing the Stat Notice, the case is suspended for 105 days, which allows the taxpayer 90 days to petition Tax Court or respond to us and to process the mail.
- The case is closed if the taxpayer does not provide an adequate response, or petition the tax court by the 90th day after the issuance of the Stat Notice.



Exam Case Processing

- Correspondence Examination continues to accept and consider taxpayers' responses after the Stat Notice is issued, and through the 105-day suspension period.
- If a response is not received by the taxpayer, most of the inventory moves automatically through the case.



Exam Case Processing

- The receipt of a taxpayer's response and proper updating of the taxpayer's account (indicating the response) will prevent the case from automatically moving to the next step.
- Consequently, this ensures that consideration is given to the response before issuing the next notice; therefore, it is imperative the taxpayer responds timely.



Mail Processing

- When mail is received, taxpayer's account is updated to a status which indicates a response was received.
- If the taxpayer is responding with a return, they should include a copy of the examination report or a letter indicating that the return is in response to the examination report.



Mail Processing

- Once the information is reviewed by the examiner, the case is either closed agreed, accepted as filed, or a letter is issued explaining why the information does not fully substantiate audit issues.
- The Stat Notice or any other subsequent notice should not be issued prior to considering information contained in the taxpayer's response.



If you Agree to the Notice

- Sign the consent to tax, ***both*** signatures are needed on Married filing Joint returns.
- There is no requirement to pay the balance in order to resolve the Examination.
- If the taxpayer wants to request an Installment Agreement, complete Form 9465, Installment Agreement Request.
- Please remember to use the return envelope provided to send us your response.



If you Disagree with the Notice

- Provide your explanation in a signed statement.
- If appropriate, provide copies of any supporting documentation.
- Attach your explanation, revised forms/schedules and/or supporting documentation ***behind*** the Exam Notice and return them to us in the envelope provided, or you can fax them to our area.



What happens if I don't Respond?

- If a response to the notice is not received by the due date shown on the notice, the case will be moved into the next phase of the Exam process.



Helpful Hints

- Report all income
- Follow the form instructions on where to report income
- State transactions separately
- Review the return before it is filed
- Avoid netting
- Include copies of revised schedules
- Maintain detailed records



Examination

Types of Work in Exam:

W&I Exam worked approximately: 360,000
EIC cases in 2008

W&I Exam worked approximately: 240,000
Discretionary cases in 2008



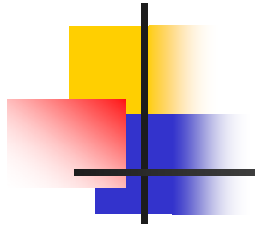
Discretionary Cases

- Alimony
- 10% IRA
- Tips
- Alternative Minimum Tax
- High Income Non Filers
- Schedule A
- Hope Education Tax Credit



Exam Toll Free System

- Exam initiated a new universal toll free telephone number in January 2006
- 1-866-897-0177
- All contact letters have this number
- Calls are directed to one of the five W&I call sites



Campus Compliance Services

**Automated Underreporter
AUR**



What is AUR?

Automated Underreporter (AUR) is one of the major compliance programs used by the IRS. It is a matching program intended to improve voluntary compliance, address the tax gap and help taxpayers better understand their tax related responsibilities.

Automated Underreporter



- Third parties (employers, banks, brokers, etc) submit information returns to the IRS
- The IRS matches amounts reported on tax returns with the information returns
- This computer matching begins *after* original return due date and is not a real time process



AUR Notices

Notices generated from AUR cases:

- CP 2501
- CP 2000
- Statutory Notice of Deficiency (if necessary, issued after a CP 2000)



W&I AUR Notice Volumes

Notices Issued

- FY 06 – 2.9 million
- FY 07 – 2.8 million
- FY 08 – 2.8 million
- FY 09 – 3.0 million projected



Reminders

- Keep accurate records of all annual income.
- Report income and follow the form instructions for where to report it.
- Review the return before it is filed to ensure that it includes all income.
- Make sure payers have the taxpayer's most current address.



AUR Initiatives

- Priority Practitioner Service
- E-Fax
- Program Expansion
- Notice Clarity



Similarities between AUR and Campus Exam

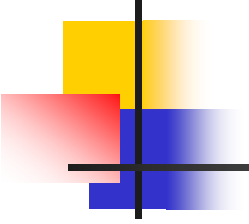
- Notice Progression
- Timely Written Response
 - Include Response Page
 - Provide a detailed explanation for each issue and attach supporting documents
 - Provide a contact number
 - Use the envelope provided
 - If you agree, sign the notice and submit payment

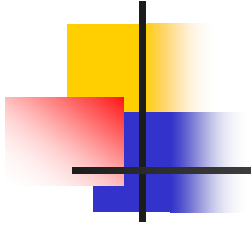


Key Compliance Phone Numbers

- Examination Toll Free 866-897-0177
- W&I AUR 800-829-3009
- SB/SE AUR 800-829-8310
- Practitioner Hotline 866-860-4259

More Information at www.irs.gov

- 
- Small Business Tax Workshop DVD
 - Small Business Resource Guide CD-ROM
 - e-News for Tax Professionals
 - e-News for Small Businesses
 - IRS Phone Forums
 - Tax Practitioner Video and Audio Presentations
 - IRS Tax Calendar for Small Business/Self Employed



Questions?



Internal Revenue Service
United States Department of the Treasury

CSCO Operation

Fresno Compliance Services



Outreach for Practitioners
2009



Collection Operation Overview

- Return Delinquency Program
- Automated Substitute for Return (ASFR) Program
- Taxpayer Assistance



Return Delinquency Notices

- CP 59 or 759 (Spanish) is the first notice. If there is no response to the notice, the taxpayer will receive a CP 516 or 518.
- CP 516 or 616 (Spanish) second notice will be mailed to the taxpayer if the return is not received or the return delinquency is not closed within 8 weeks.
- CP 518 or 618 (Spanish) final notice
- After this process, cases may be selected for Automated Collection System (ACS) or Automated Substitute for Return (ASFR).
- Cases selected for ASFR will only receive CP 59 if not closed within 6 weeks from notice issuance.

Automated Substitute for Return Process



- An initial ASFR contact letter - Proposed Assessment of Individual Income Taxes, Letter 2566 (30 Day) is sent to the taxpayer indicating that he/she should file the return. Supporting information is included.
- If the taxpayer doesn't respond another letter is issued – Statutory Notice of Deficiency, Letter 3219 (certified 90 Day).

- If the taxpayer agrees, the proposed tax assessment (30 day Letter) is signed, dated and returned to the service for processing.



- If the taxpayer does not agree, he/she should file his/her own return and include the information provided – or an explanation why he/she is not liable to file.

Has The Taxpayer Moved?



It is very important the service is kept informed of any change of address for a taxpayer. No current address on file is a major delay in processing many returns.

The most common reasons for delayed processing:

- The return is not signed.



- We do not have the taxpayer's current address on file and the paperwork does not reach the taxpayer or is delayed.
- Social Security Number (SSN) does not match.

Delayed processing cont.



- Name change – for example due to marriage - not updated with the Social Security Administration.
- There is unreported income.
- Schedules to support the return are missing.
- Unsupported federal withholding or credits.

Delayed processing cont.

- Self employment income (1099 Misc) is reported incorrectly as wages and the self employment tax is omitted.



- The taxpayer is deceased, and authorization forms for Trustee, Guardian of Estate or Court appointed representative are not included.



What About Tax Court Cases?

- In most instances, tax returns can be entirely processed by Return Delinquency or by ASFR Departments.
- If the taxpayer chooses to file a petition with the tax court, at that point, the ASFR Department will not be involved in any decisions regarding the return.

Telephone Assistance

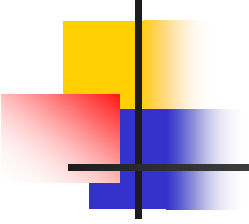
- There are several ways you can get help. The taxpayer (or his/her Power of Attorney) can call us toll free.



1 (800) 829-1040 (Tax Law)

1 (800) 829-0922 (Return Delinquency or IA)

1 (866) 681-4271 (ASFR)



To get tax forms, schedules and publications you can call us.

1(800) 829-FORM (3676)

Forms can also be obtained on the web:

<http://www.irs.gov/formspubs/>



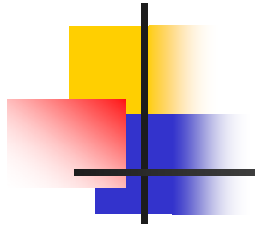
In closing...

- Remember the IRS mission is to apply tax laws fairly and to collect the correct amount of tax. We encourage you to contact us if you have questions.

1-800-829-1040

[irs.gov](https://www.irs.gov)





ACS:

IRS Automated Collection System



ACS Mission Statement

To Collect delinquent taxes and tax returns through the fair and equitable application of the tax laws, including use of enforcement tools where appropriate, and provide education to customers to ensure future compliance



ACS: The final Resolution

Balance due accounts and return delinquency investigations are issued to ACS at the conclusion of normal service center notice routines. These accounts are worked in the ACS Call Site or ACS Support functions.



What ACS does?

- Answer incoming calls from taxpayers or their representatives responding to levy or lien actions or intent notices.
- Assist the taxpayer in bringing their account to full compliance; correct reoccurring balance due issues; set up installment agreements or suspend the account accordingly.
- Assist the taxpayer or their representative with unrelated collections issues such as math error notices and refund inquires.



How does ACS help?

- Identify and resolve the collection issue
- Bring the account into full compliance
- Set up an installment agreement
- Suspend the account accordingly



Identify and resolve the collection issue

- The Collection Representative reviews all account information such as notices and letters sent to the taxpayer, prior telephone contact and payment history.
- The CR works with the taxpayer to determine the appropriate actions to be taken to reach a resolution.



Bring the account into full compliance

- Filing history is reviewed for return delinquencies.
- Taxpayer is advised of all returns required to be filed on all associated accounts.



Suspend the account accordingly

- Audit Reconsideration
- Non Collectible Status
- Adjustments to the account which full pay or resolve balance due issue
- Referral to Taxpayer Advocate
- Offer in Compromise



Types of installment agreements

Streamline Installment agreements

- Full Pay today
- Full Pay in 60 days
- Full pay in 60 months.

Non Streamline

- An account not meeting the above criteria may require a Financial Statement and substantiation of monthly expenses



ACS educates the Taxpayer

- We educate the taxpayer by advising them to adjust their W-4, make estimated Tax payments and file timely
- Advise of the statute of limitations for claiming a refund
- Advise the taxpayer of their collection rights through CAP (Collection Appeal Process) or CDP (Collection Due Process)



Completing the Form 2848

- Have both taxpayers sign the Form 2848 and check the appropriate designation code.
- Fax Form 2848 to Memphis (901) 546-4115 or Ogden (801) 620-4249 if they have an APO/FPO Philadelphia (215) 516-1017.
- Allow three days for the Form 2848 to be processed.
- While the Form 2848 is being processed have your client supply you with a complete Financial Statement and provide substantiation if any expenses are over the National Standard.

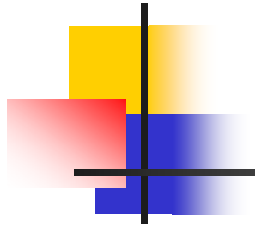


Practitioner Priority Service

- Practitioner Priority Service—your first point of contact for account-related issues.
- Our Practitioner Priority Service is a professional support line (1.866.860.4259) staffed by IRS customer service representatives specially trained to handle practitioners' accounts questions.

www.irs.gov and enter keywords 'Practitioner Priority Service'

<http://www.irs.gov/taxpros/article/0,,id=98549,00.html>



ACS Support



ACS Support:

IRS Automated Collection System Support Program



What is ACS Support?

ACS Support (ACSS) is a separate operation that handles paper correspondence generated by the Automated Collection System Call Sites (ACS) for cases in collection status.

Correspondence includes taxpayer responses to:

- Liens/Levys
- Notices
- Letters
- Miscellaneous correspondence



ACS Support Programs

- Correspondence
- Collection Due Process (CDP)
- Taxpayer Advocate Service/ACS Liaisons (TAS)



ACS Support Programs

Correspondence:

- Process correspondence received in response to ACS generated liens, levies, notices or IRS/ACS letters
- Answer miscellaneous correspondence for accounts in collection status



ACS Support Programs

Collections Due Process (CDP):

- Taxpayers may request a hearing with Appeals when a Final Notice of Intent to Levy is sent or when a Federal Tax Lien is filed.
- Once the CDP request is received, ACS Support will attempt to resolve the account before forwarding the prepared case to Appeals.



ACS Support Programs

Taxpayer Advocate Service/ACS Liaisons

Our Compliance/ACS Liaison program is comprised of two components:

- Serve as a resource point of contact for various external customers primarily Revenue Officers or other field personnel.
- Work directly with Taxpayer Advocate Service to resolve taxpayer generated concerns received via Operations Assistance Requests (OARs).



ACS Support Programs

Taxpayer Advocate Service/ACS Liaisons

- Although the Liaisons resolve a wide range of taxpayer issues, they provide technical guidance to internal customers such as Taxpayer Advocate Service, Revenue Officers, Taxpayer Assistance Centers, and District Counsel employees

In addition, we are a centralized site for all Automated Substitute For Return (ASFR) both open and reconsideration cases.



Reminders

- Maintain accurate and updated records of all financial documents.
- File applications for Collection Due Process timely, and send to the address indicated on the notice.
- When providing financial statements ensure all documentation is current, substantiated, and meets the National Standards.
- Make sure IRS has your client's most current address and phone numbers (home, work & cell) as well as your own.



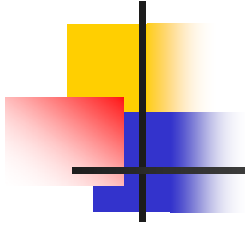
Reminders

- File delinquent returns promptly when the income information is received.
- Each notice provides a timeframe to respond. Respond timely to avoid needless collection activity.
- When requesting an Installment Agreement (IA), ensure that your client has filed all delinquent returns, or file them with the IA request.
- Make sure your client's current address is on any delinquent returns you file.



Reminders

- Encourage taxpayers to avoid future compliance issues by having adequate withholding and/or making estimated tax payments.
- Have a current POA on file before you call.
- Always have your CAF# available when you call.



Questions??



Internal Revenue Service
United States Department of the Treasury

Taxpayer Advocate Service



John Tam,
Taxpayer Advocate Service
Area 7 Director

Thank You For Coming!!!

Additional Questions can be addressed

NO LATER THAN

Friday, August 7th to:

Geraldine.Kelly-Brenner@irs.gov

****Please specify whether a Submission Processing
or Compliance Services related question.**