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Automated Underreporter (AUR) and Correspondence Examinations

Campus Compliance Services





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Campus Reporting Compliance Programs

- Two major compliance programs within the Campus Reporting Compliance Organization:
 - Correspondence Examination
 - AUR - Automated Underreporter
- Similarities and the differences between AUR and Exam





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Similarities between AUR and Campus Exam

- Notice progression
- A timely written response includes:
 - Response page
 - Detailed explanation for each issue with supporting documents attached
 - Contact number
 - Using the envelope provided
 - Sign the notice and submit payment if you agree with the notice





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Campus Examination Inventory Selection

Original or Amended Returns with potentially questionable deductions, expenses or credits

- Use data to identify returns with high potential for a tax adjustment
 - Third party information
 - Potentially inconsistent line items on the tax return
- Referrals from our Electronic Fraud Detection System, Criminal Investigation and preparer /promoter actions





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Campus Examination Audit Issues

- Earned Income Tax Credit (EITC)
- Certain Non-filing Conditions
- Schedule A Issues
 - Employee Business Expenses (EBE)
 - Charitable Contributions
- Emerging Issues and Tax Credits (Child Care, Education, Adoption, etc.)
- Schedule C Issues





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Campus Examination Letters and Notices

- Initial Contact Letters (CP 75 and L 566).
No examination report
 - CP 75 (75, 75A, 75D) for EITC and dependency issues
 - Letter 566 – For most non-EITC issues
- Letter 525 - Follow up letter including the examination report (Form 4549)
- Statutory Notice of Deficiency (Letter 3219) “90 Day” Letter





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Campus Exam - Practitioner Concerns

- Practitioner Priority Service (PPS)
- Streamlined mail processing
- Major assessment of Correspondence Examination
 - Conducted reviews and analysis to assess and validate external feedback on the program
 - Corrective actions based on findings
 - Efforts and Pilots to enhance service and processing (Virtual Service Delivery, Enhancements to PPS and E-Fax, etc.)
 - Longer Term strategies (E-Communication)
- Additional outreach with practitioner and external groups





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Automated Underreporter

- IRS matches amounts reported on returns with information returns submitted by third parties
- This computer matching begins *after* original return due date - not a real time process
- When a discrepancy is identified, an AUR case is created





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AUR Notice Progression

- Tax examiners attempt resolution of the discrepancy prior to taxpayer contact
- CP 2501 – preliminary contact
- CP 2000 – proposed changes and tax calculations
- Statutory Notice of Deficiency (Letter 3219) “90 Day” Letter





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CP 2000 Process

CP 2000 notice issued

IRS waits for taxpayer response

If taxpayer disputes the CP 2000:

- Taxpayer sends in response to CP 2000 or makes telephone contact
- IRS AUR Unit reviews taxpayer response
- Possible phone contact made
- Determination is made on case





AUR - Helpful Hints/Common Mistakes

- Do not net amounts
- Include a breakdown of grouped amounts
- Include any corrected payer documents
- Report income on the correct line
- Include all back-up schedules

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AUR Initiatives

- Notice Clarity
- Improved Inventory Selection
- Program Expansion
 - Matching of Business Filers
 - New Income Reporting Documents





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Compliance Programs

- Key Points:
 - Respond to our notice
 - Work with us to resolve the issues
- Significant Compliance Programs
 - Between both programs over 5 million closures
 - Over \$16 billion assessed
- Questions?





What's New on IRS.gov

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Topic	Search Word(s)
Electronic Newsletters (payroll providers, small businesses and tax professionals)	e-news subscribe
Multimedia Center (audio, video and text)	multimedia center
Social Media (iTunes, podcasts, Twitter, widgets, YouTube and IRS2Go mobile app) *Follow IRS on Twitter @IRSTaxpros	new media
Video Portal - Your Guide to an IRS Audit - Virtual Small Business Tax Workshop	www.irsvideos.gov
Basic Tools for Tax Professionals	basic tools
E-Services – Online Tools for Tax Pros	Eservice
Tax Information for Tax Professionals	information for tax professionals

