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Automated Underreporter Program

CP 2000 and CP 3219A Notices



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Automated Underreporter Process Overview

- Computer Matching
- Inventory Selection
- Screening
- Responses
- Case Closure
- Reconsideration

Automated Underreporter Matching and Case Selection

- IRS matches tax returns with information from third parties
- Matching begins after the original return due date
- AUR cases are created after potential discrepancy identification



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Automated Underreporter Screening

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



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Automated Underreporter Response Process

- AUR issues a notice or letter
- Cases are controlled in a suspense file
- The suspense file has a pre-set suspense period based on the notice/letter type
- When a response comes in, the case is removed from suspense
- If no response comes in, the case is moved forward to the next phase



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Automated Underreporter Notice Redesign

- The goal of the redesigned AUR notices is to effectively communicate that we want taxpayers and their representatives to work with us to resolve the issues.
 - By phone: call AUR at 1-800-829-8310
 - By mail: respond to the address on the notice
 - By fax: fax to the number on the notice



Automated Underreporter Notices - What's New?

- The redesigned AUR notices are being used for Tax Year 2016, which started in November 2017.
 - The most important information is up front
 - The information was reformatted for better readability
 - Information about online resources and payment options was added



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Automated Underreporter CP 2000 – Redesigned First Page

- Changes to the first page of the CP 2000 include:
 - Better explanation of why the notice was sent
 - “Amount Due” changed to “Proposed Amount Due
 - Wording to let the taxpayer know they have the opportunity to agree or disagree
 - “This is not a bill” added



Automated Underreporter CP 2000 – First Page

We are proposing changes to your 2016 Form 1040 tax return. This is not a bill

Proposed amount due: \$17,006

We received information from third parties such as employers or financial institutions that doesn't match the information you reported on your tax return. This notice:

- Proposes a change to tax and/or payments and credits (such as federal income tax withheld, earned income credit, etc.) that you originally reported.
- Provides you with an opportunity to agree or disagree with the proposed changes.

Summary of proposed changes

Tax you owe	\$13,889
Payments and credits	\$0
Substantial tax understatement penalty	\$2,778
Interest charges	\$339
Proposed amount due by December 16, 2017	\$17,006

Reminder: This is not a bill. We haven't charged the proposed amount due.

If our information is correct, you will owe \$17,006 (including interest), which you will need to pay by December 16, 2017.



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Automated Underreporter CP 2000 – What to Do Immediately

- Changes to the “What to Do Immediately” section of the CP 2000 include:
 - Separated and expanded sections for:
 - If you agree with the proposed changes
 - If you don’t agree with the proposed changes
 - Added “If you need assistance, call us at ...”
 - Moved “If you need more time” from Response Form to this section



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Automated Underreporter CP 2000 – Next Steps

- Changes to the “Next Steps” section of the CP2000 include:
 - “If you agree, send your signed Response form” was added at the top
 - Information about payment options was added
 - Other information was reformatted to make it easier to read



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Automated Underreporter CP 3219A – redesigned first page

- Changes to the first page of the CP 3219A include:
 - More detailed explanation of the notice
 - Added “We may be able to resolve this matter if you contact us directly”
 - Better explanation of why the notice was sent



Automated Underreporter Fax Numbers

- Fax numbers were added to the CP 2000 Response form and the Notice of Deficiency.

CP 2000

Indicate your agreement or disagreement
- Continued

I don't agree with some or all of the changes

Please return this form and include a statement signed by you that explains what you don't agree with. Also include copies of any documents, such as corrected W-2, 1099, or missing forms that support your statement.



Note: You can fax this Response form, documentation and/or signed statement explaining the items you don't agree with to 1-877-477-9640.

CP 3219A

- You can fax Form 5564 or documentation or a signed statement explaining the items you don't agree with to 877-477-9485.
- Do NOT mail the additional information to the Tax Court.



Automated Underreporter What Else Have We Done?

- Improved communications about AUR by:
 - Developed YouTube videos about the AUR notices – which are now available on the IRS YouTube channel
 - Updated AUR information on IRS.gov
 - Updated Publication 5181



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Automated Underreporter Helpful Hints

- Do not net amounts
- Report on the correct line
- Do not group income amounts
- Include any corrected payer documents
- Include any back-up schedules and attachments



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Automated Underreporter Key Points

- Read the notice carefully
- Compare the proposed changes to the tax return
- Respond to the notice by the due date
- Send photocopies of any supporting documentation, worksheets, or schedules



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Automated Underreporter Additional Information

- The following resources are also available:
 - IRS.gov
 - Publication 5181
 - Appeal Rights
 - Right to Petition U.S. Tax Court
 - Taxpayer Advocate Service
 - Low Income Taxpayer Clinic



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Automated Underreporter AUR and PPS toll-free numbers

- Remember, the best way to resolve an issue from an AUR notice is to contact AUR.

AUR 800-829-8310

- If you contact the Practitioner Priority Services about an AUR notice, use menu option 5.

PPS 866-860-4259



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Hot Topics on IRS.gov	Search Word(s)
Dirty Dozen Tax Scams	Dirty Dozen
E-Services – Online Tax Tools	eservices
Identity Theft Info for Tax Pros	Identity Protection Prevention
Installment Agreement User Fees	Payment Plan Fees
Offer in Compromise	Offers
Payment Options for Taxpayers	Payment Options
Sharing Economy	Sharing Economy
Tax Reform	Tax Reform
Tax Scams and How to Report Them	Scams
Withholding Calculator	Withholding