INTERNAL REVENUE SERVICE
ADVISORY COUNCIL

LARGE BUSINESS AND INTERNATIONAL
SUBGROUP REPORT

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INTRODUCTION/EXECUTIVE SUMMARY

The IRSAC LB&I Subgroup (hereinafter "Subgroup") consists of six dedicated tax professionals with experience in large corporate tax departments, large public accounting and law firms, and academia. We have been honored to serve on the IRSAC and appreciate the opportunity to submit this report.

The Subgroup has had the opportunity to discuss several topics throughout the year with LB&I management. This report is a summary of those discussions and the Subgroup's recommendations with respect to each topic. We would like to thank LB&I Commissioner Heather Malloy and the professionals on her staff for their time spent discussing these topics with the Subgroup and for their valuable input and feedback. The Subgroup is reporting on the following three issues:

1. **Streamlining the Audit Process**

Regarding audit procedures, LB&I management asked the Subgroup for suggestions on how to streamline the audit process so that LB&I could maintain its audit coverage on Coordinated Industry Case (CIC) taxpayers and at the same time increase its audit coverage of other taxpayers. Current Internal Revenue Manual (IRM) audit procedures can be time consuming and inefficient with regard to information requests, audit scope and risk assessments. The Subgroup recommends that LB&I increase auditing efficiency through limiting the scope of review for taxpayers under constant IRS examination, reducing the examination of consistently compliant taxpayers to a maintenance program, extending centralized risk assessment to as many LB&I taxpayers as possible, leveraging off the work of private sector attest firms when formulating risk assessment, and focusing information requests on items that have been identified by the risk assessment.

2. **Spending Time on Issues That Matter**

The IRS can increase audit efficiency through initially assessing the control environment of a taxpayer, and then allocating resources to the most complicated issues that have a permanent tax impact. For example, the IRS currently spends valuable audit time and resources examining taxpayers' temporary differences with a short turn-around period, which are simply issues of when an item is included on a tax return (e.g., this year versus next year), but not how an item is treated (e.g., deductible versus disallowed deduction). That is, the potential dispute pertains only to the correct reporting period, and will "reverse out" over time. In most cases, identifying and challenging temporary differences is not a fruitful or efficient use of IRS and taxpayer resources, especially where there is a short-term adjustment that will reverse out the following year. Rather, examiners should focus on identifying items with permanent impact, i.e., items where there is a potential dispute regarding the proper amount and character of an item. With regard to routine temporary items, the IRS should exercise its authority to offer safe harbors and provide for more consistent reporting rules and treatment. Additionally, for recurring factually intensive issues identified by risk assessment, such as R&D expenses, the IRS should increasingly rely on bright lines and rules of thumb, and not delve into subjective and time consuming analyses.

3. **Managing Knowledge in the Issue Practice Groups and International Practice Networks**

LB&I is developing knowledge management websites for its issue practice groups and international practice networks, and the Subgroup has offered its design and implementation suggestions on these throughout the year. The intended advantages and benefits of a remotely accessible central knowledge management database include: a comprehensive database for technical information, internal policies, and commercial background; a forum for collaborating with colleagues; and a tool for better achieving consistent and uniform approaches to issues. The Subgroup recommends that a "knowledge manager" is appointed to oversee each website and ensure that all data is accurate, updated, and complete. Also, the Subgroup recommends additional website functions such as frequently asked questions, links to relevant articles and publications, and a robust search function.

ISSUE ONE: STREAMLINING THE AUDIT PROCESS

Executive Summary

The IRS can significantly reduce time spent on audits of LB&I taxpayers by preparing a pre-examination risk assessment that determines which taxpayers and issues to examine, and by relying on other audits by attest firms. These changes would decrease IRS time spent on detailed review of financial and tax records (and taxpayer time in producing such records), and instead reallocate the audit time to the review of material items. Both the IRS and the LB&I taxpayer community would benefit from this streamlining.

Background

LB&I is faced with the challenge of doing more with less. The Subgroup was asked to suggest ways of streamlining the audit process so that LB&I could increase its audit coverage of smaller taxpayers but at the same time maintain its current coverage of CIC taxpayers. (For CIC taxpayers under continuous IRS audit, it is not feasible to stop auditing them altogether because of their size and the complicated tax issues they present.) A reduction in time taken to audit each tax year is important. This can be accomplished most effectively with a shift from auditing the return to auditing discrete issues that have been identified as meriting attention.

The Sarbanes-Oxley Act (SOX) became law in 2002. In order to comply with SOX, publicly held LB&I taxpayers have in the last decade undergone a significant internal transformation, including: increased documentation of internal corporate governance; corporate board oversight over tax management; and expanded overall internal controls. Public companies accomplished this internal transformation at great effort and cost, including ongoing compliance costs; the transformation also represented a major internal culture change around tax management. Accounting firms, in their audits of public companies post-SOX, have undergone a complementary transformation regarding their attest clients with a significant increase in auditing tax information and the tax function itself. Accounting firms now employ independent thought in planning and performing their audits in a different way from the pre-SOX environment. We believe these transformations are game changers. The IRS should take advantage of the heightened control environment in planning overall examination focus and risk assessment, with a view to increasing overall examination quality and lowering examination cost.

Under current procedures outlined in the IRM, significant information is requested from taxpayers prior to the opening meeting with the IRS, including: access to general ledgers; a complete audit trail from the general ledgers and financial statements to taxable income; identification and full description of all significant Schedule M-3 book/tax differences and the requisite supporting documentation; breakdown of all general ledger accounts aggregated in Schedule M-3; and reconciliation of Schedule M-3 items to disaggregated general ledger accounts.[22] All this information is requested from the taxpayer, and is to be made available by the opening conference.

The IRM further provides that the goals of the opening conference include: discussion of the accounting system (whether centralized or decentralized, kind of cost controls and internal controls used, whether fully or partially automated, etc.), and

[22] IRM Section 4.46.3.2.1.2, LMSB Guide for Quality Examinations, Planning the Examination, Preliminary Meetings and Discussions (Jul. 26, 2011).

arrangements for taxpayer-provided training on these topics; arrangements for review of tax return work papers and examination reports, including internal audit reports and other available internal financial information; and issuance of mandatory information document requests (IDRs).[23] Curiously, the preliminary IDR includes most of the information that is to be discussed at the opening conference. Asking for this information at or prior to the opening conference is premature since discussions with the taxpayer at the conference may eliminate the need for much of the information being requested. For example, the standard IDR issued prior to the opening conference often includes a request for electronic copies of all general ledger detail and documentation of all book/tax differences. This request is burdensome because many LB&I taxpayers have numerous accounting systems and thousands of book/tax differences. It is not easily achievable for taxpayers to supply these materials prior to the opening conference, and once these materials are reviewed by the IRS, they likely will not inform the IRS about the key risk areas of a particular taxpayer.

The IRM contemplates that the information gathered at or by the opening conference, plus subsequently requested information, be reviewed to plan the audit and make an initial risk assessment. It describes this preliminary audit work as including, at a minimum, a review of the tax return, Schedule M, corporate minutes, annual reports, internal controls, internal management reports, and accounting manuals and systems.[24] Once the initial plan is formulated, the IRM

[23] IRM Section 4.46.3.2.3.3, LMSB Guide for Quality Examinations, Planning the Examination, Preliminary Meetings and Discussions (Jul. 26, 2011).

[24] IRM Section 4.46.3.3.1.

specifies examination techniques used to gather evidence, including: interviews, tours of business sites, evaluation of internal controls, examining books and records, balance sheet analyses, testing gross receipts, and testing expenses.[25]

For LB&I taxpayers that have audited financial statements, many of the audit steps outlined in the IRM would be enormously time consuming and unnecessary. For example, there is no need to review the internal controls of a taxpayer if the attest firm has already performed that review, especially in light of the expanded control requirements of SOX. (Concededly, a detailed IRS review is more appropriate for taxpayers that have never been the subject of a financial audit or a prior IRS audit.)

The IRM also requires that risk analysis be performed initially and at mid-point in the audit process.[26] It is not clear how the review of documents and examination techniques noted above will help in formulating risk assessment. In particular, most of the information listed above should be requested only for those items for which risk analysis merits a review.

It should be noted that LB&I has recently introduced two new risk assessment tools. First, effective for 2010 tax returns, positions taken on tax returns for which a reserve has been established on a taxpayer's financial statements must be disclosed on Schedule UTP.[27] It is intended that the Schedules UTP be used as an audit screen for both

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[25] IRM Section 4.46.4.2.

[26] IRM Section 4.46.3.2.2.2.

[27] The Subgroup provided comments on Schedule UTP in its prior reports in 2011 and 2010. The requirement to file the schedule is currently limited to taxpayers with assets in excess of $100 million and also includes disclosure of those positions for which no reserve was established because of intent to litigate.

taxpayer identification and issue identification. Second, LB&I has recently implemented a Compliance Management Operations (CMO) pilot, which is a centralized risk assessment tool used for taxpayers smaller than CIC taxpayers, i.e. those classified as Industry Cases (IC). Under the CMO approach, tax returns and specific issues are selected for audit centrally and then assigned to an examiner.

The IRS uses the Compliance Assurance Process (CAP) to keep audits current. It is a very resource-intensive program from both the IRS and taxpayer perspectives, as it involves a real time audit of the taxpayer's activity as it occurs. The concept of CAP maintenance has been introduced where historically compliant CAP taxpayers would be subjected to limited audit in future years. The Subgroup applauds this development as an effective method of reallocating IRS audit resources away from areas with limited risk.

Recommendations

1. Risk assessment is critical to selecting taxpayers and issues to be audited. Current risk assessment focuses on detailed review of tax return work papers and accounting records. Risk analysis can be done more efficiently, for example, by: (a) a more general review of publicly available data regarding the taxpayer, to identify significant transactions where tax treatment may be subject to varying interpretations; or (b) a more focused review of particular accounts in the general ledger or line items in the tax return. In general, there should be a shift in focus from auditing the tax return for a year to auditing transactions that occurred in the year. The IRS should take advantage of the heightened control environment in planning the overall examination focus and risk assessment. LB&I should

leverage the new control and attest firm environment in a way that increases overall examination quality and lowers examination cost.

2. Risk assessment should take into account whether a taxpayer has been subject to financial or other audit by an attest firm and may result in a decrease in IRS exam steps.
3. Limited Issue Focused Examination (LIFE) should be more aggressively used for taxpayers who have been under constant IRS exam. LIFE offers an excellent blueprint for focusing on areas with the highest risk while at the same time foregoing standard compliance checks.
4. The IRM should be amended so that detailed tax return and accounting documentation are not requested until both an initial taxpayer meeting and a preliminary risk assessment are conducted. The IRM should prescribe a standard summary audit memo that contains a description of the taxpayer, audited areas, and proposed material adjustments, such that an audit team in future years can use this as a basis for beginning its risk assessment.
5. Compliant taxpayers that have been on CAP for a number of years should be moved to a CAP maintenance program, which would free up significant IRS audit hours to reallocate to new taxpayers and new issues. Given the prestige of the CAP program, agents may be reluctant to be transferred from a CAP taxpayer, so incentives and processes should be introduced such that agents are not incented to impede CAP taxpayers from moving to CAP maintenance.

6. An analysis of issues disclosed on the Schedule UTP versus those uncovered in audit, if any, should be undertaken to see if future audits can simply be limited to issues disclosed on Schedule UTP.
7. Centralized risk assessment, similar to that being done for certain IC taxpayers under the CMO pilot, should be expanded to include as many LB&I taxpayers as possible in order to aid in the selection of which taxpayers and which of their particular issues should be audited. Even if audits are waived after such a risk assessment, the assessment itself should be included in IRS statistics when compiling the number of taxpayers that have been subject to IRS review and scrutiny.

ISSUE TWO: SPENDING TIME ON ISSUES THAT MATTER

Executive Summary

Examiners should first assess the overall control environment of the taxpayer. From that assessment, they should focus resources on the resolution of issues that have a permanent (as opposed to temporary) impact on the amount of taxes owed. That is, internal IRS metrics should not view adjustments related to temporary (previously known as "timing") items with the same weight as those that have a permanent impact. Also, the IRS should view short-term temporary items—those that will reverse within the next taxable year or two—with less weight than longer term temporary items. In addition, with regard to factually thorny issues that come up repeatedly, the IRS should increasingly rely on bright lines and rules of thumb, sparing both taxpayers and the IRS the chore of resolving difficult facts.

Background

At the start of an examination, the IRS examiner should review the control and governance policies of the taxpayer. We believe that IRS examiners will generally find these policies to be very thorough and robust, particularly with regard to public and other companies whose financial statements are audited by an outside attest firm. Once the IRS examiner understands the taxpayer's control environment, he or she should apply the so-called "80/20 rule", which suggests that 80 percent of the potential issues and resources are likely to yield only 20 percent of the potential dollars at stake, whereas the key 20 percent of the potential issues and resources will likely yield about 80 percent of the potential dollars at stake. In other words, the IRS examiner as a self-diagnostic should constantly ask, "Is this the best use of my time? Does it make sense to spend significant time running down these issues or pushing this data further when all that will result in the end is an adjustment to a temporary item or an adjustment to a small, permanent item?" If this self-diagnostic and business-like approach is widely adopted, the attendant resource savings can be redirected to taxpayer populations previously untouched (or only lightly touched) by the IRS.

One concrete application of the 80/20 rule is with respect to temporary items. Temporary differences occur when the time period for an income or expense item is different as between tax and book reporting. The overall tax treatment is generally not in dispute, and the only potential issue is the correct tax reporting period. But public companies for financial statement purposes generally do not artificially inflate or accelerate their costs, nor do they delay the proper time period to report revenues and income; rather, public companies are incented to report on their financial statements as much correctly accounted for profit as soon as is permitted, so that public capital markets view them favorably. Particularly for revenues and expenses where the income tax treatment closely parallels the financial statement treatment, but even in instances where this book and tax timing is temporarily different, IRS resources are simply misdirected if temporary differences are given the same weight and attention as permanent differences. On a net present value basis, for both the government and for the taxpayer, a temporary adjustment has a far smaller dollar impact than a permanent adjustment of comparable amount. That is, a temporary adjustment of this type provides no significant benefit to the Treasury over the course of a larger block of tax years outside of the single taxable year under examination.

Thus, we recommend that, for a taxpayer where post-SOX internal controls and outside attest firm audits are in place, the IRS generally assumes that the treatment of temporary items is acceptable for federal income tax purposes where one or more of the following features is present:

(1) the timing treatment for federal income tax purposes is generally consistent with the timing treatment for financial statement purposes;

(2) the taxpayer has made a good faith attempt to comply with applicable income tax laws regarding issues of timing; or

(3) a timing adjustment, even if proposed by the IRS and accepted by the taxpayer, would reverse itself out within a few taxable years.

In short, the IRS should spend audit resources only on issues where the taxpayer's federal income tax reporting of income (expense) significantly lags (leads) the financial statement reporting of that item, where internal controls and outside attestation are absent or demonstrably weak, and where the proposed adjustment would not reverse itself out for a long time.

A second application of the 80/20 rule is with respect to factually intensive inquiries, whether these inquiries ultimately lead to (less valuable) temporary adjustments or (more valuable) permanent ones. These inquiries can absorb significant time and resources (for both the taxpayer and the IRS), and even then the ultimate determinations may be very subjective and open to differing interpretations. In tax administration as in life, it is often better to undo the knot by cutting it (a quick solution) than untying the knot thread-by-thread (a time consuming solution). Accordingly, when factually intensive issues are involved, the Subgroup believes that the IRS should utilize its administrative flexibility to introduce safe harbors and other bright line tax elections. The archetype for this approach is Rev. Proc. 2011-29, which addresses the deductibility versus capitalization of mergers and acquisitions and investment banker fees.

Recommendations

Employing the principles above, Recommendations 1 – 3 are the Subgroup's suggestions with respect to specific temporary adjustments, and Recommendations 4 – 6 are the Subgroup's suggestions with respect to factually intensive matters that arise with some frequency.

1. The IRS should apply the Uniform Capitalization (UNICAP) rules in a more practical fashion, such as the introduction of safe harbors for taxpayers who employ appropriate control and governance policies. Inventory accounting methods are intended to match, as closely as practicable, the costs of production of goods with their ultimate sales revenue, so that taxpayers fairly calculate income.[28] The UNICAP rules specify taxpayer calculation methods for determining the cost of goods sold and require that certain costs be capitalized as part of ending inventory notwithstanding that those costs are not capitalized under the book accounting method used by the taxpayer.[29] Taxpayers most commonly use the FIFO (first-in-first-out) and LIFO (last-in-first-out) methods to account for inventory, and generally a taxpayer's choice between these two methods for income tax purposes must match its book method. Use of the LIFO method can create large income deferrals when inventory prices are unpredictable, but this

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[28] IRC Section 263A; Treas. Reg. Sec. 1.263A-1.

[29] Id.

deferral does not occur with the FIFO method. (This observation regarding the FIFO method is particularly true in the modern era of “just-in-time” inventory management, pursuant to which businesses can and do keep small inventories that turn over quickly.) Consistently applied UNICAP rules can create a timing difference from year to year that “turns” or “washes through” as the underlying FIFO inventory is sold. Where good corporate governance is present, appropriate safe harbors can relieve taxpayers and the IRS from spending time/resources on capitalizing amounts that will be imminently recovered when the inventory is sold. For example, any reasonable attempt to apply the UNICAP rules, in the context of a business whose FIFO inventory turns within a short period (say, 12 to 30 months), should be presumed correct in an examination context. Similarly, the IRS could permit, as a safe harbor, the taxpayer to do a one-time comprehensive computation of the additional costs required to be capitalized under section 263A and determine a UNICAP ratio equal to the amount of additional section 263A costs divided by its book ending inventory. This ratio would then be applied to ending inventory in all future years and used as a proxy for actual additional UNICAP costs as long as inventory turned at least once a year.

2. The IRS should allow LB&I taxpayers with audited financial statements to follow book treatment for income tax purposes in determining whether an expense is a deductible repair versus a capital improvement. Recently proposed regulations, despite good intentions, fail to adequately guide taxpayers on the historically

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Even with several examples, the proposed regulations continue to define the repair versus capital improvement distinction on largely subjective factors.[31] The inconsistent application and lack of clarity in this area expends valuable taxpayer and IRS resources, often for only modest, temporary differences in the computation of taxable income. Safe harbors or bright line distinctions between improvements and repairs, particularly if they more closely hewed to the standards adopted for financial accounting purposes, would benefit both taxpayers and the IRS.

3. The IRS should allow LB&I taxpayers with audited financial statements to follow consistently applied book treatment for tax purposes with respect to a de minimis rule for capitalization thresholds. Many businesses deduct, for financial statement purposes, single expenditure amounts below some threshold—say $5,000—for the purchase of assets with useful lives greater than one year. Currently, there is no corresponding de minimis threshold for tax purposes, so taxpayers must aggregate and capitalize these amounts. Although recently proposed regulations advance a de minimis rule, these regulations also limit the aggregate deduction to an amount that does not "distort the taxpayer's income for the taxable year."[32]

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[30] See Prop. Treas. Reg. Sec. 1.162-4 (providing rules to be consistent with Prop. Treas. Reg. Sec. 1.263(a)-3, which attempts to distinguish repairs from capital improvements).

[31] See Prop. Treas. Reg. Sec. 1.263(a)-3 (included within the concept of "improvement" are "betterments", "restorations", and "adaptations" to property).

[32] See Prop. Treas. Reg. Sec. 1.263(a)-2T (setting aggregate limit at 0.1% of the taxpayer's gross receipts for the taxable year or 2% of the taxpayer's total financial statement depreciation and amortization for the taxable year).

This "no distortion" rule requires taxpayers to track their aggregate deductible expenses, which undermines the intended efficiency of a de minimis threshold rule. With only timing items at stake, this recommendation achieves greater conformity between taxable income and financial statement income, and for that reason alone is self-policing for purposes of the concerns described above.

4. There should be more consistency and reliability in the factually nuanced area of environmental clean up costs. Generally, taxpayers are granted a current deduction for qualified remediation expenditures on certain contaminated sites.[33] In contrast, the taxpayer must add to its basis in the property any clean up costs for a condition that existed prior to ownership of a site.[34] For manufacturing sites, there is yet a third category for expenditures, as otherwise deductible items are (in part) to be capitalized into the costs of inventory. Taxpayers and the IRS spend valuable time/resources allocating and apportioning cleanup costs incurred for a so called "mixed site" among the various possible categories. These inquiries involve highly subjective and factually intensive determinations that, to this point, have yielded confusing results. Rather than requiring from taxpayers complicated analyses of mixed sites' clean up costs, which it must then review, the IRS could instead establish bright line principles that allow deductions over a prescribed period of time or on a percentage-of-cost basis.
5. Through the application of statistically based risk tests, the IRS should limit Form 1042-S ("Foreign Person's US Source Income Subject to Withholding")

[33] See IRC Section 198(a).

[34] See IRC Section 198(b).

examination procedures to those taxpayers with high risk of noncompliance. All payments of United States source fixed, determinable, annual, or periodic income (FDAP) made to foreign persons are subject to reporting and withholding at source.[35] Typical examples of FDAP payments include interest, dividends, and royalties. Although payments to foreign persons for goods are not FDAP income, it is common IRS audit practice to make a blanket request for records of all payments made to foreign parties. When applied to manufacturing companies where a majority of payments to foreign parties are for goods, this audit practice is burdensome and inefficient, and likely to result in very little in the way of proposed tax assessments. We therefore recommend testing Form 1042-S compliance on a statistical basis. For example, ask for documentation on the ten largest payments and then see if further examination work is warranted based on those preliminary results. (In fact, this recommendation of sampling-testing-and-then-evaluating-risk is standard procedure in state sales and use tax audits.)

6. The IRS should streamline the audit of research and development (R&D) credits, and authorize safe harbors in this factually nuanced area. Taxpayers generally maintain their accounting records for R&D expenses on a “cost center” basis, where expenses are not tied to individual research projects but rather to divisions within the company. In the absence of a mandated project-based accounting system, IRS examiners must verify that costs collected in a taxpayer’s “cost center” are creditable qualified research expenses. When challenged, taxpayers must expend valuable time and resources to gather information and connect

[35] IRC, ch. 3; Treas. Reg. Sec. 1.1441-1(b).

expenses to individual research projects. The IRS could remedy this impractical substantiation of nexus between expenses and R&D projects with bright lines to determine the qualifications for “creditable” research expenses. Specifically, LB&I might work with industry groups to develop required, stated taxpayer accounting governance policies, contemporaneous documentation for R&D projects, and some safe harbor for inevitable nonqualified or mixed or ambiguous expenses.

ISSUE THREE: MANAGING KNOWLEDGE IN THE ISSUE PRACTICE GROUPS AND INTERNATIONAL PRACTICE NETWORKS

Executive Summary

Effectively managed knowledge is a core asset of the IRS, and is extremely important in fulfilling the IRS mission. LB&I recently created websites that support several key functions for its Issue Practice Groups (IPGs) and its International Practice Networks (IPNs). Specifically, the websites capture, preserve, and provide access to institutional knowledge within all levels of the IRS, afford a central comprehensive database for remote employee access, and provide a tool for better achieving consistent approaches to issues. Additionally, the websites are a forum for discussing issues and collaborating with colleagues.

Background

LB&I asked the Subgroup to provide recommendations regarding knowledge management for the newly established LB&I IPGs and IPNs. During the past year, members of the Subgroup provided their input and comments on this matter to senior members of LB&I. LB&I provided a demonstration of the recently launched IPG website to the Subgroup to display how the site assists LB&I in managing the knowledge base of its business unit. Each IPG website provides a much needed resource for sharing knowledge and expertise on technical tax law issues within the IPG. The Subgroup reviewed various features of the site such as access to research, issue identification, and the provision of feedback through user surveys and forums.

The intended advantages and benefits of a remotely accessible central knowledge management database include: a comprehensive database for technical information, internal policies, and commercial background; a discussion forum for collaborating with colleagues; and a tool for better achieving consistent approaches to issues.

There are many advantages to consolidation of knowledge management and designated information channels. While some organizations have a primary employee on whom many rely for institutional knowledge, a primary employee one day retires and takes his knowledge and experience with him. Knowledge management has thus become critical in today's world of higher turnover, alternative workforces, and remote working. A formalized process of actively collecting, cataloguing, storing, and distributing knowledge within either issue groups or practice networks is a best practice for any large organization. Also, consolidating knowledge management promotes consistency on issues of privileged or attorney work product status, and helps determine available public information under the Freedom of Information Act.

Recommendations

The recommendations below have been communicated in real time throughout the past year, and many of these have already been accepted by LB&I and incorporated into the websites' design.

1. Each group or network should have a designated "knowledge manager" to oversee its specific website and to ensure that the content is updated and complete. This person should actively collect, catalogue, store, and distribute knowledge for the group.

2. The websites should capture and publish frequently asked questions (FAQs) that are searchable. These FAQs should be monitored frequently, to ensure continued accuracy and continued relevance.
3. The websites should be used as collaborative tools to provide defined processes to route technical and industry questions from the field to designated specialists. It is important that submitted questions are acknowledged quickly and answered within a defined time period. It should be easy for individuals to track the progress of submitted inquiries. The questions and responses should be captured and searchable for the future.
4. Each website should include a section on commercial awareness to provide a focal point and knowledge repository of marketplace information on the IPG's or IPN's area of interest. The websites should post industry events and trade publications, and maintain hyperlinks to materials of possible interest.
5. The websites should be user-friendly and intuitively accessible. There should be search engines capable of researching both the entire website and specific sections.
6. Members of the IPGs or IPNs, including management, should provide links to items posted on the website rather than attachments to emails. This will drive traffic to the websites and ensure that documents are posted to the site.
7. One of the keys to success will be the use of a uniform technology platform, which has a standard design and format for all of the IPGs and IPNs to utilize. This will both assist website users and increase efficiency in updating features across the different websites.

8. The data should be published on all the websites using a common taxonomy to facilitate cross referencing and searching across multiple websites.
9. The IPGs and IPNs should develop policies to encourage a "knowledge sharing culture" by measuring and rewarding such behavior by IRS professionals.
10. The websites should include a capacity to enable continuing education and other training. For example, websites could provide "just in time" training for special projects, technical developments, and commercial awareness. Webcasts and audio conferences with playback features should be accommodated on the websites, as well as hyperlinks to appropriate internal and external training.
11. Additional considerations in designing and deploying the websites include:
    - An electronic brochure of the IPG or IPN that includes a directory, an organization chart, contact points, policies and procedures, and other useful information.
    - A portal for downloadable instructions, guidance, or other materials
    - Electronic survey capability
    - A calendar for IPG/IPN events
    - Project management software or WIKI capability for projects
    - A discussion board or forum
    - A portal for document gathering