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# Automated Underreporter (AUR) and Correspondence Exam Emerging Issues

Campus Compliance Services



# 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

# Similarities between AUR and Campus Exam

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



# 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 Criminal Investigation and preparer /promoter actions

# Campus Examination Audit Issues

- Earned Income Tax Credit (EITC)
- Certain Non-filing Conditions
- Schedule A Issues
  - Employee Business Expenses (EBE)
  - Charitable Contributions
- Emerging Issues (e.g. First Time Home Buyer's Credit - FTHBC)

# Campus Examination Letters and Notices

- CP 75 Notices (75, 75A, 75D) generally for EITC and dependency issues
- Letter 566(SC/CG) – For most non-EITC issues - no report
- Letter 566-B(SC/CG) Non-EITC Issues. Includes an examination report (Form 4549)
- Letter 566-D - Claims

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# Campus Exam - Practitioner Concerns

- Suspense guidance strengthened
- Acknowledgement letter
- Requests for additional time to respond
- Additional outreach with practitioner groups



# 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 - Helpful Hints/Common Mistakes

- Do not group or net amounts
- Include an explanation when payer data is incorrect
- Report income on the correct line
- Include all back-up schedules



# AUR Initiatives

- Practitioner Priority Service
- E-Fax
- Program Expansion
  - Document matching of Business Filers
  - New income types
- Notice Clarity



# Compliance Programs

- Key Points:
  - Respond to our notice
  - Work with us to resolve the issues
- Significant Compliance Programs
  - Between both programs over 7 million notices
  - Over \$14 billion in dollars assessed
- Questions?

# More Information on 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

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