NATIONAL TAXPAYER ADVOCATE

2004 ANNUAL REPORT TO CONGRESS

VOLUME 2

Earned Income Tax Credit (EITC)
Audit Reconsideration Study

IRS
Department of the Treasury
Internal Revenue Service
www.irs.gov
Publication 2104B (Rev. 12-2004)
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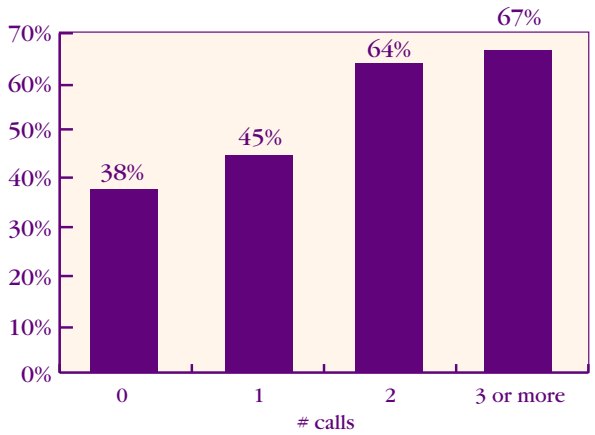
In this volume of the National Taxpayer Advocate's 2004 Annual Report to Congress, we are releasing a study of taxpayers who sought audit reconsideration of their initial EITC audit results. The study empirically demonstrates that 43 percent of taxpayers who sought reconsideration of audits that disallowed the EITC in whole or in part received additional EITC as a result of the audit reconsideration. Where the taxpayer received additional EITC, he or she received, on average, 94 percent of the EITC amount claimed on the original return. Moreover, when Taxpayer Advocate Service (TAS) employees initiated contact with taxpayers by phone instead of relying solely on correspondence, the likelihood of a taxpayer receiving additional EITC increased with the number of phone calls made by the TAS employee.

This year's Annual Report is the first since the Report's inception in which the EITC is not cited as a most serious problem for taxpayers. We believe the IRS has taken significant steps to address many of the difficult problems historically associated with EITC compliance initiatives. The TAS study herein provides empirical evidence of the impact these problems have had on low income taxpayers. IRS EITC activity during the period that is the subject of the study – July 1, 2002 to January 31, 2003 – was characterized by confusing correspondence; unnecessary, inconsistent and burdensome documentation requests; and lengthy audit cycles. In fact, the National Taxpayer Advocate's 2002 Annual Report to Congress cited IRS EITC initiatives as six out of 23 Most Serious Problems of taxpayers. Thus, the TAS study herein serves as a baseline against which the IRS' recent and future program improvements can be measured.

This study confirms what many low income taxpayer advocates have maintained for many years – that the manner in which the IRS conducts its audits of low income taxpayers impacts the audit outcomes. One can infer from the study that in many cases – 43 percent of 67,000 FY 2002 audit reconsiderations, or over 28,000 cases – taxpayers were entitled to virtually all of the EITC they claimed. That is, their original audit results did not accurately reflect their eligibility for the EITC. Rather, the audits merely show that the taxpayer flunked the IRS audit process.

There are several aspects of this study that warrant further analysis. First, the study showed that taxpayers received dramatically better results when the Taxpayer Advocate Service contacted them by telephone to request documentation. The percentage of taxpayers who received EITC increased in direct proportion to the number of telephone contacts that TAS initiated, as the following bar graph shows:

[1] The study reviewed an equal number of EITC audit reconsideration cases worked solely by the IRS Correspondence Examination function, which rarely calls the taxpayer, and cases worked by the Taxpayer Advocate Service and then decided by IRS Correspondence Examination. TAS employees made, on average, two contacts (either by phone or by letter) with the taxpayer after the initial contact letter, while IRS Correspondence Examination made only one contact per two taxpayers.



Overall, only 38 percent of taxpayers who went through the TAS-assisted audit reconsideration process but received no phone calls were awarded EITC. This percentage increased to 67 percent for taxpayers who received three or more calls. This finding suggests that the IRS needs to take a fresh look at the way it communicates with taxpayers to get the right answer in many of its programs, including the EITC.

Second, 42 percent of the combined sample of TAS and Examination taxpayers fell into the 'Late Response' and 'No Response' categories. About 43 percent of this group had favorable outcomes from the audit reconsideration process, which is about the same as the favorable outcome rate for all taxpayers in the sample. They retained about 96 percent of the total amount of EITC they originally claimed on their returns. This finding suggests that taxpayers who do not respond are no more likely than responders to have made overclaims. Rather, non-responders seem to be deterred by the documentation process.

It may be true that taxpayers who seek audit reconsiderations generally believe that the IRS has made a mistake and thus may be more likely than the general EITC population to obtain different results from the original audit. However, this fact does not diminish the finding that in 43 percent of audit reconsideration cases, the IRS did not make the correct determination the first time around, resulting in additional taxpayer burden, delayed refunds, and IRS re-work.

Moreover, this study clearly has implications for the way the IRS communicates with taxpayers. We are not recommending that the IRS should call every taxpayer in a correspondence examination. Rather, we are suggesting that the IRS train its employees and publish guidance that encourages IRS employees, in campuses as well as local offices, to identify circumstances where an IRS-initiated phone contact may help clarify documenta-

tion or elicit a response from a taxpayer, thereby saving downstream processing costs or reducing taxpayer burden. Further, where there is a program that affects a clearly identified group of taxpayers who may present communication barriers and that could lead to misunderstandings (such as EITC or the Individual Taxpayer Identification Number – ITIN – programs), IRS procedures should actively encourage its employees to make telephone contact. The minimal costs attributable to this effort will be offset by savings from fewer reopened cases, audit reconsiderations, appeals, litigation, customer account inquiries, and collection disputes.

This study, then, is an important step in determining how certain groups of taxpayers respond to IRS procedures and how best to design our systems to get to "yes" with eligible taxpayers, while preventing ineligible taxpayers from receiving the credit. The study objectives focused on identifying ways to improve the accuracy and effectiveness of the EITC audit reconsideration process and the overall EITC correspondence examination process, while minimizing burden on taxpayers. Thus, it supports the broader IRS strategy of improving EITC compliance through better taxpayer communications, partnerships with community groups, more reasonable documentation requests, and better selection of cases for examination. It also demonstrates the need for additional studies, like the 2004 and 2005 EITC certification tests, to help identify what approaches work best for the EITC population and help prevent inadvertent noncompliance.

TABLE OF CONTENTS

PREFACE i

TABLE OF FIGURES 7

EXECUTIVE SUMMARY 8

- INTRODUCTION 8
- BACKGROUND 8
- METHODOLOGY 9
- FINDINGS 9
- RECOMMENDATIONS 10
  - *IMPROVE COMMUNICATION WITH TAXPAYERS DURING THE INITIAL AUDIT* 10
  - *CONSIDER INCREASING TELEPHONE USAGE THROUGHOUT THE AUDIT PROCESS* 11
  - *PROVIDE TAXPAYERS WITH ASSISTANCE IN SECURING DOCUMENTATION* 11

INTRODUCTION 12

BACKGROUND 12

RESEARCH METHODOLOGY AND SCOPE 15

- TAXPAYER ADVOCATE SERVICE SAMPLE SELECTION PROCESS 15
- COMPLIANCE EXAMINATION SAMPLE SELECTION PROCESS 16
- DATA COLLECTION 17
- LIMITATIONS 17

OBJECTIVES 18

FINDINGS AND CONCLUSIONS 19

- OBJECTIVE I: REASONS FOR EITC AUDIT RECONSIDERATIONS 19
  - *DOCUMENTATION DIFFICULTIES* 20
  - *COMMUNICATION CHALLENGES* 21
- OBJECTIVE II: LENGTH OF EITC AUDIT AND AUDIT RECONSIDERATION PROCESSES 22
  - *PRE AND POST REFUND AUDITS* 24
  - *PRE-REFUND AUDITS* 25
  - *POST-REFUND AUDITS* 26
- OBJECTIVE III: FAVORABLE TAXPAYER OUTCOME AS A RESULT OF EITC AUDIT RECONSIDERATION . . . 27
- OBJECTIVE IV: BASIS FOR TAXPAYERS INITIATING TAXPAYER ADVOCATE SERVICE (TAS) CONTACT . . 30

OBJECTIVE V: METHODOLOGY USED BY TAS AND EXAM TO RESOLVE EITC AUDIT RECONSIDERATION ISSUES 32

TAXPAYER REQUEST FOR AUDIT RECONSIDERATION 33

ACKNOWLEDGMENTS 34

SUBSEQUENT CONTACTS 35

INTERIM CONTACTS 37

OPERATIONS ASSISTANCE REQUESTS (OARS) 38

OBJECTIVE VI: IDENTIFY IMPROVEMENT OPPORTUNITIES FOR EITC AUDIT PROCESS 39

RECOMMENDATIONS 40

EXAMINATION POLICIES 40

EXAMINATION PROCEDURES 42

APPENDIX I – METHODOLOGY 46

APPENDIX I-1 STUDY DESIGN 47

APPENDIX I-2 EXAM DATA COLLECTION INSTRUMENT (DCI) 49

APPENDIX I-3 TAS DATA COLLECTION INSTRUMENT (DCI) 57

APPENDIX II – DATA 66

APPENDIX II-1 GENERAL INFORMATION 67

APPENDIX II-2 REASON FOR AUDIT RECONSIDERATION 69

APPENDIX II-3 SUPPORTING DOCUMENTATION SUPPLIED 70

APPENDIX II-4 ANALYSES OF THE OUTCOMES OF AUDIT RECONSIDERATION CASES 71

APPENDIX II-5 EXAMINATION PROJECT CODES 72

APPENDIX II-6 EXAMINATION CLOSING ACTION 74

APPENDIX III – FORM 76

APPENDIX IV – CONTRIBUTORS 80

TABLE OF FIGURES

TABLE OF FIGURES

FIGURE 1: BASIS FOR EITC AUDIT RECONSIDERATION 19
FIGURE 2: EITC AUDIT RECONSIDERATION CASES BY "OTHER ISSUES" INVOLVED 20
FIGURE 3: TYPE OF "OTHER ISSUES" EXAMINED 21
FIGURE 4: LENGTH OF TIME FROM POSTING TO END OF AUDIT RECONSIDERATION 23
FIGURE 5: LENGTH OF TIME BY TYPE OF AUDIT ACTIVITY 23
FIGURE 6: LENGTH OF TIME TO CONDUCT AUDIT RECONSIDERATION 24
FIGURE 7: TAXPAYERS WHOSE REFUND WAS FROZEN AND WHO RECEIVED EITC 26
FIGURE 8: LENGTH OF TIME BETWEEN RETURN POSTING AND CLOSE AUDIT RECONSIDERATION 27
FIGURES 9 & 10:
RESULTS OF INITIAL AUDIT AND AUDIT RECONSIDERATIONS (% OF CASES REVIEWED) 28
FIGURE 11: TOTAL EITC DOLLARS ALLOWED AFTER AUDIT RECONSIDERATIONS 29
FIGURE 12: REASON TAXPAYER INITIATED TAS CONTACT 31
FIGURE 13: TAS CRITERIA CODES 32
FIGURE 14: METHOD USED BY TAXPAYER TO REQUEST AUDIT RECONSIDERATION 33
FIGURE 15: ACKNOWLEDGEMENTS OF TAXPAYERS' AUDIT RECONSIDERATION REQUESTS 34
FIGURE 16: SUBSEQUENT CONTACTS WITH TAXPAYERS 35
FIGURE 17: SUBSEQUENT CONTACTS TO TAXPAYER 36
FIGURE 18: SUBSEQUENT CALLS FROM TAXPAYER 36
FIGURE 19: AVG. EITC RECEIVED BY TAXPAYERS PER CALLS MADE FROM TAS 37
FIGURE 20: TAS OPERATIONS ASSISTANCE REQUESTS 39

EXECUTIVE SUMMARY

INTRODUCTION

The Taxpayer Advocate Service (TAS) conducted a collaborative study of the audit reconsideration process with IRS' Office of Reporting Compliance Examination (Wage and Investment Operating Division and Small Business/Self Employed Operating Division). The study focused on a review of audit reconsideration cases containing claims for the Earned Income Tax Credit (EITC).

BACKGROUND

In tax year (TY) 2002, more than 21.7 million families and individuals filing an Federal income tax return claimed the EITC. These taxpayers represented over 16% of all individual returns filed.[1]

To obtain the EITC, taxpayers must meet certain eligibility requirements concerning income levels, filing status, and living arrangements (if children are claimed). A number of tax returns claiming EITC are audited each year (commonly known as an EITC correspondence examination).[2] EITC correspondence examinations require taxpayers to substantiate their eligibility for the credit claimed on their tax returns. When returns are selected for examination, the IRS notifies and corresponds with the taxpayer, attempting to obtain substantiating documentation.[3]

IRS reviews the information provided by the taxpayer and makes a determination on EITC entitlement. If all is in order, the taxpayer will receive the amount of credit due. If the documentation provided does not fully substantiate the claim, IRS may disallow the credit and issue the taxpayer a statutory notice of deficiency, stating that the taxpayer owes money to the IRS.

If a taxpayer disagrees with the IRS decision to change the tax liability and/or credits claimed, he or she can ask the IRS to reconsider his or her case.[4] In fiscal year 2002, the IRS completed nearly 67,000 EITC audit reconsideration cases.[5] Taxpayers who meet cer-

[1] Tax Year 2002 generally corresponds to returns filed and processed in 2003. *Statistics of Income Bulletin, Summer 2004,* Historical Table 1, Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1985-2002.

[2] A correspondence examination (audit) is handled through written correspondence (rather than a face-to-face meeting), normally can be completed in a few hours, is limited in scope to a few issues and does not include a review of detailed account records.

[3] IRS letters/notices are often difficult to comprehend and the resolution/communication process taxpayers must follow to work through disputed issues can be intimidating and difficult to navigate, especially for low income, Limited English Proficient (LEP) and underrepresented taxpayers (such as many EITC eligible taxpayers).

[4] IRC § 6404.

[5] *Campus Exam Measures by Campus Report,* Cycle End Date September 2002, Service Center Examination Branch, Business Measures Data Mart. Actual number of EITC audit reconsideration cases = 66,893.

tain eligibility requirements may seek audit reconsideration assistance from the Taxpayer Advocate Service (TAS). This project attempts to study the differences in procedures followed for cases handled by Examination as compared to those worked with assistance from TAS in hopes of identifying ways of improving the accuracy and effectiveness of the EITC audit reconsideration process and the overall EITC correspondence examination process.

METHODOLOGY

A random sample of more than 900 EITC audit reconsideration cases closed between July 1, 2002 and January 31, 2003 was reviewed. Ultimately, 679 cases (340 Examination and 339 TAS) had mostly complete data and were analyzed in detail for this study. Analyses segmented data by Examination and TAS involvement, in addition to summarizing the total dataset.

FINDINGS

Principal study findings included:

- Of the 679 cases studied, approximately one half requested a reconsideration of the EITC through IRS Examination (Exam) and the other half through the Taxpayer Advocate Service (TAS). Approximately 45 percent of the taxpayers who went to TAS for assistance received additional EITC as a result of the audit reconsideration, as compared with 40percent who asked Examination for reconsideration.
- As a group, taxpayers working with TAS ultimately recovered about 46 percent of the total EITC dollars they originally claimed on their returns. Taxpayers working solely with Examination in aggregate recovered about 38 percent of the EITC dollars they originally claimed.
- Two hundred sixty-two taxpayers, 42 percent of our combined sample of TAS and Examination taxpayers, belong to the 'Late Response' and 'No Response' categories. About 43 percent of this group (113 out of 262 taxpayers) had favorable outcomes from the audit reconsideration process, which is about the same as the favorable outcome rate for all taxpayers in the sample. They retained about 96 percent of the total amount of EITC they originally claimed on their returns.
- In more than 40 percent of the cases, difficulties with IRS documentation requirements were identified as the reason for EITC audit reconsideration. Communication challenges (taxpayers had not responded or responded late) were the trigger 38 percent of the time.

- The average length of the entire process, from the posting of the return claiming EITC through the original audit, the reconsideration, and the final audit reconsideration outcome, was 1,000 days (2.7 years). For the EITC audit reconsideration portion of the process, the time span for a case with TAS assistance was 4.9 months; for a case processed solely by Examination it was 8.7 months.
- Seventy percent of the EITC audit reconsideration cases came to TAS for assistance because the taxpayers stated they had not heard from Examination concerning their original audit or their audit reconsideration request.
- TAS initiated on average two contacts per case (telephone and letters – excluding acknowledgement) to request EITC supporting documentation while the Examination rate was about one contact for every two cases. Examination employees did not make a third or fourth contact request on any case in the sample.
- An average $855[6] of EITC was received by taxpayers who came to TAS for assistance and who had no telephone contact during the audit reconsideration (these taxpayers received an average of one letter each). In comparison, taxpayers who worked with TAS and made or received at least one phone call had an average EITC of $1,351 after the audit reconsideration.
- The percentage of taxpayers who received EITC increased in direct proportion to the number of telephone contacts TAS initiated. Overall, only 38 percent of taxpayers who went through the audit reconsideration process but received no phone calls were awarded EITC. This percentage increased to 67% for taxpayers who received three or more calls.

RECOMMENDATIONS

Improve Communication with Taxpayers during the Initial Audit

The IRS needs to improve its communication with taxpayers during the "upstream" portion of the audit process. Nearly 80 percent of the audit reconsideration requests reviewed in this study resulted from difficulties with documentation or taxpayer nonresponse or late response. Many of these problems could have been resolved through better communication with the taxpayer, obviating the costly and burdensome audit reconsideration process. Also, taxpayers who ultimately had their EITC restored would not have been burdened by the requirement to recertify their EITC eligibility for the subsequent year.

[6] Exam cases were excluded in this analysis because Examination does not routinely use the telephone– there were only six Exam cases in which contact was made by phone. The TAS group with no phone contact initially claimed a total of $292,705 EITC on their original returns. They retained $94,081 or 32% of this original amount after the audit reconsideration.

Consider Increasing Telephone Usage throughout the Audit Process

The IRS should revisit all stages of the audit process to see if additional telephone contacts with taxpayers can resolve the disputed EITC. The interactive nature of a phone call allows taxpayers to better understand what supporting documentation is needed to substantiate their claims. This is especially important for low income, Limited English Proficient (LEP) and underrepresented taxpayers, such as many EITC eligible taxpayers.

Provide Taxpayers with Assistance in Securing Documentation

Taxpayers need more assistance to understand the various documentation requirements during the audit process. The IRS should review its audit process to identify ways to help taxpayers understand what specific documentation the IRS needs to resolve the audit.

For specific information and additional recommendations, please see the complete EITC Audit Reconsideration report.

INTRODUCTION

The Internal Revenue Service is striving to achieve a balanced approach toward taxpayers in the areas of enforcement and customer service. The Service's goal is to achieve compliance without imposing undue burden on taxpayers. In support of this goal, the Taxpayer Advocate Service (TAS) proposed a collaborative study of the audit reconsideration process. TAS, in conjunction with IRS' Office of Reporting Compliance Examination (Wage and Investment Operating Division and Small Business/Self-Employed Operating Division), designed and implemented a study to review audit reconsideration cases concerning claims for the Earned Income Tax Credit (EITC). The overall focus of the study was to observe best practices that might mitigate taxpayer burden and improve taxpayer service in this area.

BACKGROUND

In 1975, Congress enacted legislation creating the Earned Income Tax Credit (EITC). The EITC program is administered by the IRS and provides support to the working poor by refunding a portion of Federal income taxes paid.[7] In tax year (TY) 2002, more than 21.7 million families and individuals filing an Federal income tax return claimed the EITC. These taxpayers represented over 16% of all individual returns filed.[8]

To obtain the EITC, taxpayers must meet certain eligibility requirements concerning income levels, filing status, and living arrangements (if children are claimed). If a taxpayer claims the EITC and the claim is rejected, the taxpayer may be ineligible for EITC for two subsequent years, or for ten years if the IRS determines that the claim was filed improperly due to fraud.[9] Consequently, taxpayers who are deemed ineligible in an initial return examination have an incentive to request an audit reconsideration to establish their eligibility for the EITC.

Taxpayers claiming the EITC might find that their tax return has been selected for audit. This audit is commonly known as an EITC correspondence examination.[10] EITC correspondence examinations require taxpayers to substantiate their eligibility for the credit claimed on their tax returns. When returns are selected for examination, the IRS will

[7] Tax Reduction Act of 1975; Pub. L. No. 94-12; (H.R. 2166); Title II Sec 204, Reductions in Individual Income Taxes, March 29, 1975. This refund may exceed the amount of tax paid in some instances.

[8] Tax Year 2002 generally corresponds to returns filed and processed in 2003. *Statistics of Income Bulletin, Summer 2004*, Historical Table 1, Individual Income Tax Returns: Selected Income and Tax Items for Specified Tax Years, 1985-2002.

[9] IRC § 32(k)(1)(B)(ii).

[10] A correspondence examination (audit) is handled through written correspondence (rather than a face-to-face meeting), normally can be completed in a few hours, is limited in scope to a few issues and does not include a review of detailed account records.

notify and correspond with the taxpayer, attempting to obtain substantiating documentation.[11] The IRS may also review other issues during the examination including filing status, the child tax credit, and the dependency exemption before rendering a decision.

The IRS will review the information provided by the taxpayer and make a determination on the EITC entitlement. If all is in order, the taxpayer will receive the amount of credit due. The IRS may disallow the credit and issue the taxpayer a statutory notice of deficiency, stating that the taxpayer is not eligible for EITC or owes money to the IRS, if the documentation provided does not fully substantiate the claim. Verifying and/or securing documentation lengthens the process and may delay a refund, if the refund was withheld pending the outcome of the examination.[12]

A delay in issuing a refund can be particularly troubling to low-income taxpayers who often rely on the credit to meet day-to-day living expenses. In some cases, the IRS may make a determination at the close of the EITC examination that is based on incomplete information. If a taxpayer disagrees with the IRS decision to change the tax liability and/or credits claimed, he or she can ask the IRS to reconsider his or her case.[13] In fiscal year 2002, the IRS completed nearly 67,000 EITC audit reconsideration cases.[14] The IRS (Examination) policy is such that an audit reconsideration request will be accepted if the taxpayer:

- has information not previously considered by the IRS which might change the amount of tax owed or credit due;
- filed a return after the IRS completed a return on the taxpayer's behalf; or
- believes the IRS made a computational or processing error in assessing the taxpayer's tax.[15]

Taxpayers who request audit reconsiderations may seek assistance from the Taxpayer Advocate Service (TAS). TAS was established as an independent organization within the IRS to help taxpayers resolve problems with the IRS and to recommend changes that will prevent similar problems. Taxpayers who meet certain criteria are eligible for assistance from TAS. These criteria generally involve financial hardship, adverse action, or time delays. Taxpayers who contact TAS in relation to the audit reconsideration process work together with TAS to provide the needed information or documentation. This material is

[11] IRS letters/notices are often difficult to comprehend and the resolution/communication process taxpayers must follow to work through disputed issues can be intimidating and difficult to navigate, especially for low income, Limited English Proficient (LEP) and underrepresented taxpayers (such as many EITC eligible taxpayers).

[12] The average time to complete an EITC examination (audit) during fiscal year 2003 was 206 days. IRS, *EITC Closed Case by Campus Report*, October 24th, 2003.

[13] IRC § 6404.

[14] *Campus Exam Measures by Campus Report*, Cycle End Date September 2002, Service Center Examination Branch, Business Measures Data Mart. Actual number of EITC audit reconsideration cases = 66,893.

[15] IRM 4.13.1.3, Audit Reconsideration (Feb. 1, 2003).

sent to IRS operations to resolve the problems pertaining to each individual's case. TAS devotes a significant percentage of its resources to aiding taxpayers who seek assistance with EITC claims that have been disallowed.[16]

Based upon a desire to improve the EITC audit reconsideration process, the Office of Systemic Advocacy's Division of Individual Advocacy (DIA) partnered with the Wage and Investment Operating Division (W&I) and Small Business/Self-Employed (SB/SE) Office of Reporting Compliance Examination (Exam) functions to study EITC audit reconsideration cases. Our overall objective was to observe best practices that might mitigate taxpayer burden and improve taxpayer service. Specifically, this study compared the results of audit reconsideration cases that had TAS involvement to those cases worked wholly in Examination without such involvement.

We wanted to know what factors, if any, contributed to an improved outcome for the taxpayers. The cases studied were selected to represent two situations: 1) taxpayers who requested EITC audit reconsiderations from IRS operations (Office of Reporting Compliance Examination) that did not have TAS involvement, and 2) taxpayers who had an audit reconsideration that involved TAS. The selected cases were reviewed, analyzed, and summarized based upon actual tax returns and the associated documentation. The study encompassed a review of EITC audit reconsideration cases closed between July 1, 2002 and January 31, 2003.

[16] In FY2002, TAS EITC cases numbered 40,411 and accounted for 18% of all TAS receipts. EITC receipts included Major Issue Code (MIC) 470 (Math Error EITC Issues), MIC 471 (EITC/RPS Exam Projects), MIC 472 (EITC Invalid SSN), MIC 474 (EITC Criminal Investigation). Also included are 52% of MIC 610 (Open Audits) and 38% of MIC 620(Audit Reconsiderations). Does not include an unspecified number of Refund Inquiry cases. *Commissioner's Monthly Report, Receipts FY 2002: TAS Office of Program Planning and Quality.*

RESEARCH METHODOLOGY AND SCOPE

A search of existing literature for reports on EITC audit reconsiderations revealed very few studies had previously been conducted on this issue. There are a multitude of reports on EITC, but very few covering EITC-specific audit reconsideration issues. The 1999 "Reconsideration Task Force Report" provided relevant information, but is derived from FY 1996 through 1998 data. Therefore, to address the questions covered in the Objectives section of this report, the TAS Office of Systemic Advocacy, in partnership with the Small Business/Self-Employed (SB/SE) and W&I Reporting Compliance Examination functions, decided to collect and review two representative national samples of closed EITC audit reconsideration cases.

TAXPAYER ADVOCATE SERVICE SAMPLE SELECTION PROCESS

The process began with the study team's review of the results of an earlier TAS Headquarters EITC Audit Reconsideration Project which focused on open cases, in order to establish the percentage of open TAS EITC audit reconsideration cases in each of the ten TAS campus offices.[17] Those percentages were then projected to the volume of EITC audit reconsideration cases closed by the TAS offices between July 1, 2002 and January 31, 2003 to select a random sample of EITC audit reconsideration cases with proportional allocation. A sample size of 400 TAS cases was decided upon to allow study findings to be projected to the population of TAS EITC audit reconsideration cases closed during the study period with a margin of error no greater than +/- 5% at the 95% confidence level.

The cases were identified by manual review of specific case information, utilizing the Taxpayer Advocate Management Information System (TAMIS) database for 2002.[18] Manual review of TAMIS case information was necessary because EITC audit reconsideration cases are included with other case types in Major Issue Codes 471 (EITC) and 620 (Audit Reconsiderations) on TAMIS. The sample of 400 was split proportionately into 344 from Major Issue Code 471 and 56 from Major Issue Code 620 (TAMIS had 14,500 Major Issue Code 471 cases and 2,386 Major Issue Code 620 cases). The cases were selected using the appropriate skip interval for each campus from the TAMIS population of Major Issue Code 471 and 620 cases. This methodology yielded a total sample size of

[17] EITC Audit Reconsideration requests are generally worked by the Central Reconsideration Units (CRU) located in the ten IRS Campus Examination functions because the original audits are performed by the campuses. However, the CRU will send a case to the Area Examination Function to be worked if: (a) the taxpayer requests a face to face examination, or (b) the completion of the case requires an examination of books and records, or (c) the CRU does not have the expertise to work the case. See Internal Revenue Manual Sections 4.13.3.1 and 4.13.4.1, Audit Reconsideration (02/01/2003).

[18] TAS' database, TAMIS, is dedicated to the recordation, control and processing of TAS taxpayer cases and to the analysis of core tax issues, laws, policies and internal IRS functional processes that are the sources of significant taxpayer hardship and other critical problems. Cases are classified by codes (major issue codes) identifying the main concern or issue at question. The 2003 version of TAMIS identified and captured more pure information about the issues, for example, Issue Code 640 for EITC recertification cases. The 2004 TAMIS, Release 4.1p (released 6/10/04) added a new Issue Code dedicated to EIC Reconsideration cases (Issue Code 639).

410 TAS EITC audit reconsideration cases. Case listings identifying the selected cases for review were subsequently forwarded to the TAS campus offices where hardcopy case files were pulled and shipped to one of two centralized review sites set up by the Systemic Advocacy team.

TAS employees at both review sites ordered tax returns and Examination files related to the selected cases. They also prepared extensive IDRS research packages for each of the sample cases. Each case review packet, with some exceptions, included IDRS research, the TAS closed case file, the original tax return, the original audit work papers and the audit reconsideration case file. These documents contained the taxpayer's contact history, including letter and telephone call records, taxpayer eligibility documentation for EITC and other issues under audit.

Not all documents requested for the review packets were available during the data gathering phase of the project, generally because they were missing from the Campus Files Operation, the Federal Record Centers or the TAS offices. This reduced the final size of the TAS sample to 339 cases.

COMPLIANCE EXAMINATION SAMPLE SELECTION PROCESS

The W&I Compliance study team member requested an extract of at least 400 EITC audit reconsideration cases processed wholly by Examination without TAS involvement from the IRS Master File. Cases containing the EITC audit reconsideration criteria specified by study participants were randomly selected by computer (every 40th case out of 20,266 cases located), using the identical time frame of July 1, 2002 through January 31, 2003. The file search resulted in a total sample of 506 records.

The listings included cases from all ten campuses and were provided to the Memphis Campus Examination unit responsible for the Memphis Automated Examination System (MAE). The MAE employees ordered the necessary documents and prepared extensive IDRS research packages for each of the sample cases in the same manner as for the TAS sample mentioned above. After approximately 200 review packets were prepared and assembled, they were subsequently shipped to the Atlanta Campus TAS office for review. The remaining cases were included in the Memphis site review.

Not all documents requested for the review packets were available during the data gathering phase of the project, generally because they were missing from the Campus Files Operation or the Federal Record Centers. As a result, the final size of the Examination sample was reduced to 340 cases.

DATA COLLECTION

The Taxpayer Advocate Service Office of Systemic Advocacy, with input from Reporting Compliance Examination, developed two comprehensive data collection instruments (DCIs) in order to capture the relevant data; one each for the Examination sample and the TAS sample. The DCI for the Examination sample captured information about the original tax return, the original examination (audit), and the EITC audit reconsideration actions. The DCI for the TAS sample captured information about the original tax return, the original examination (audit), the EITC audit reconsideration, and the TAS case actions. Both versions of the DCI were tested for clarity and ease of use prior to implementation. Background information about the study and a DCI User Guide were prepared to assist the review team members.

Reviews were conducted at two sites, the Atlanta Campus TAS office and the Memphis Campus TAS office. The initial review, at the Atlanta Campus, began with a question and answer session for the review team in order to establish maximum continuity and uniformity in coding. The team determined that any "unusual" cases that did not fit the established guidance would be elevated to the team leaders (or the entire team if appropriate) for discussion. The team leaders addressed the issues and established additional team coding guidance as necessary. After the reviews were completed, quality reviews were conducted on the data collection instruments.

An Excel database was developed to compile the information collected on the data collection instruments. Quality checks were performed on the data after input. The data was then shared with team members from the W&I and SB/SE Reporting Compliance Examination functions.

LIMITATIONS

Audit procedures used in the original audits are beyond the scope of this study. Although the original audit case files were reviewed, only data on the outcome of the original audit was collected as background information for the audit reconsideration cases.

OBJECTIVES

OBJECTIVES

The stated objectives of the study are to:

I. Examine the reasons for EITC audit reconsideration cases.

II. Determine the length of the process (posting of tax return, conclusion of original audit, completion of audit reconsideration).

III. Determine the percentage of EITC audit reconsideration cases that result in favorable outcomes for the taxpayers.

IV. Examine the reasons why audit reconsideration cases come to TAS.

V. Examine the methods used by TAS and Examination to resolve EITC audit reconsideration issues.

VI. Identify improvement opportunities for the EITC audit process.

The findings from this research will also assist TAS and W&I Reporting Compliance Examination in developing guidance about acceptable and probative documentation of EITC eligibility.

FINDINGS AND CONCLUSIONS

The following findings include basic facts derived from the database as well as information on the objectives of the study.

OBJECTIVE I: REASONS FOR EITC AUDIT RECONSIDERATIONS

In more than 45% of the cases, documentation difficulties were identified as the reason for EITC audit reconsideration, and communication challenges were the trigger 42% of the time.

All 679 cases (339 TAS cases and 340 Examination cases) were analyzed for answers to the following critical questions:

- Why did these taxpayers find it necessary to initiate audit reconsideration for their EITC eligibility?
- Did a specific event or incident precipitate this action?
- What circumstances within the confines of the original examination contributed to the resulting audit reconsideration request?

Two categories clearly emerged as significant contributors to EITC audit reconsideration requests: documentation difficulties and communication challenges. These two categories, when combined, generated nearly 90% of all the EITC audit reconsideration cases (TAS and Examination).[19]

FIGURE 1: BASIS FOR EITC AUDIT RECONSIDERATION

BASIS FOR EITC AUDIT RECONSIDERATION						
Reason	Combined Volume	Combined Percent	TAS Volume	TAS %	Exam Volume	Exam %
DOCUMENTATION DIFFICULTIES						
TP Sent Partial Info	279	45%	151	48%	128	43%
COMMUNICATION CHALLENGES						
TP Did Not Respond	212	34%	102	32%	110	37%
TP Responded Late	50	8%	26	8%	24	8%
OTHER						
Other	76	12%	38	12%	38	13%
Missing Info[20]	62	n/a	22	n/a	40	n/a

Percentages are calculated on cases with complete information (617).
Detail may not add to 100% due to rounding.

[19] See Appendix II - 2 for additional categories.

[20] Cases with missing information about the reason for the audit were excluded from this analysis. Total cases included in this analysis is 617 (679 – 62 = 617), including 317 TAS and 300 Exam cases.

Documentation Difficulties

Documentation difficulties or deficiencies within the original audit acted as the audit reconsideration trigger in 45% of the cases (279/617). When Examination determines that documentation provided by the taxpayer is insufficient or incomplete, taxpayers must then attempt to gather additional or alternative information within the limited allotted time (normally an additional 30 days).

Because the original examination was seldom based solely on a single issue like EITC, most taxpayers were also required to provide documentation for other issues (in addition to their EITC claim). Figure 2 shows that in more than 70% of the reviewed cases (231 TAS cases, 234 Examination cases); two additional issues were under audit. The two additional issues occurring most frequently, in addition to the EITC, were filing status and the dependency exemption. [21] Only five cases had no "related issues."

FIGURE 2: EITC AUDIT RECONSIDERATION CASES WITH ADDITIONAL ISSUES (OTHER THAN EITC) INVOLVED

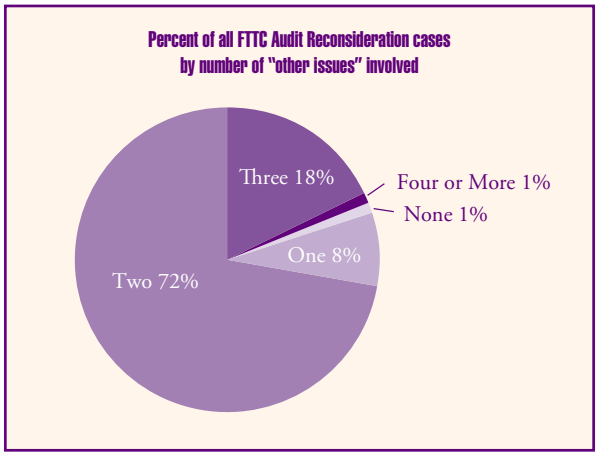


Figure 2 is based on cases for which other issues could be identified (excludes 35 cases).

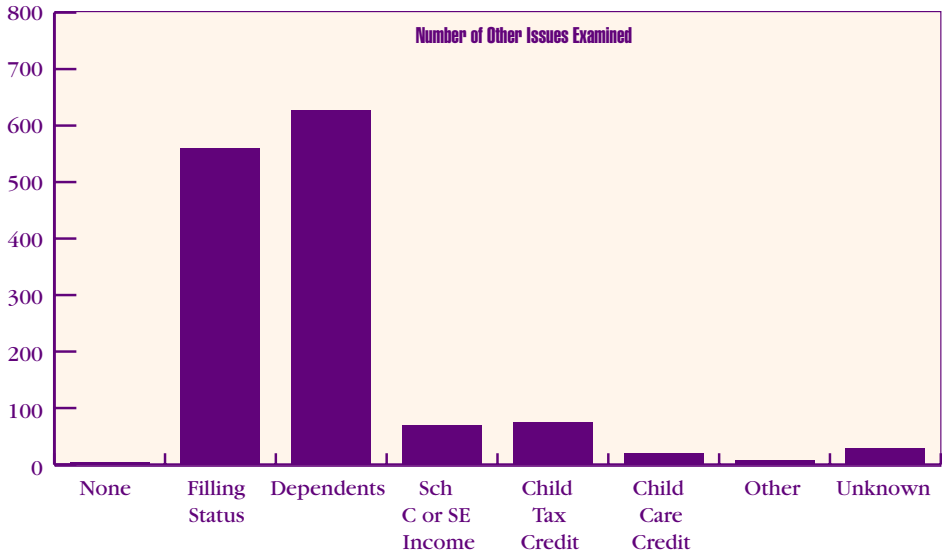
Figure 3 identifies the other issues reviewed during the EITC audits by frequency of appearance. Filing status and dependents are the issues reviewed most often. Based upon the cases reviewed, the documents needed to validate one issue often provided substantiation for another issue. The documentation required to support the various issues seemed to differ from case to case in terms of quality, quantity, and validity. The differences in

[21] Figure 2 represents the 644 cases containing information on the additional issues under consideration.

required documentation and acceptance also appear to vary based upon perception and understanding of IRS letters, forms, publication guidance, Internal Revenue Manual (IRM) instructions and tax law for both the taxpayer and IRS personnel at the various sites.

For cases in our study, taxpayers provided more than 2,000 documents to substantiate their EITC claims. Furthermore, nearly three out of every four cases reviewed contained documentation provided by the taxpayer. On average, taxpayers provided four different documents per case to prove their EITC claims (for those cases with documentation).[22]

FIGURE 3: TYPE OF "OTHER ISSUES" EXAMINED



Communication Challenges

Communication challenges or gaps (no taxpayer response or late taxpayer response) during the original EITC examination process were the primary cause for the audit reconsideration in about 42% of the cases (262).[23] Unfortunately, in the majority of these cases, (74% or 193 cases), the taxpayers' underlying reason(s) for no response or late response could not be determined by this study.[24] In nearly 17% of these cases (44), taxpayers indicated they were unaware of the original examination/audit.[25]

[22] See Appendix II - 3 for supporting documentation furnished by taxpayers.

[23] 212 cases were identified as "no response by taxpayer" and 50 as "late response by taxpayer" for a combined total of 262. (262/617 = 42%).

[24] W&I Office of Research, Baltimore-Boston, is currently conducting an EITC Pre-Refund Audit Non-Response Survey Project, Project # 2-03-12-2-021E.

[25] 44 / 262 = 17%

Additional reasons identified for no response or late response included:

- Taxpayer did not understand the notice
- Taxpayer given the wrong address for reply
- Taxpayer lost documents
- Taxpayer was challenging the tax law
- Death in the family
- Difficulty/delay in obtaining documents
- Form 1040X filed
- Taxpayer thought prior year was resolved

OBJECTIVE II: LENGTH OF EITC AUDIT AND AUDIT RECONSIDERATION PROCESSES

The average length of the entire process, from the posting of the return claiming EITC, through the original audit, and the audit reconsideration, was 1,000 days (2.7 years). For the EITC audit reconsideration portion of the process, the time span for a case with TAS assistance was 4.9 months; for a case processed solely by Examination it was 8.7 months.

When taxpayers disagree with the result of an EITC audit and request audit reconsideration, they obligate both themselves and the IRS to devote a considerable amount of time and effort to resolving their tax situation. EITC issues unresolved from the original audit process necessitate an audit reconsideration to reach a final ruling. The burden of compliance for the low-income taxpayer and the resource demands on the IRS grow substantially each year issues remain unresolved.

The approach to determining the length of the audit process was from the taxpayer's point of view – how long did it take for the taxpayer to know his or her EITC eligibility for the tax year in question (from the time the tax return is received by the IRS until a final EITC eligibility determination is made). For this portion of the "length of time" analysis (shown in figure 4), data from 668 of the sampled cases processed was included (331 cases with TAS involvement and 337 which were processed wholly by Examination).[26] The average length of time, from processing the taxpayer's return until the close of the EITC audit reconsideration for this sample, was 2.7 years.[27]

[26] Eleven of the 679 cases of the original sample were not considered in this portion of the review for various reasons such as undeterminable dates (necessary for the computation) from data in the case files.

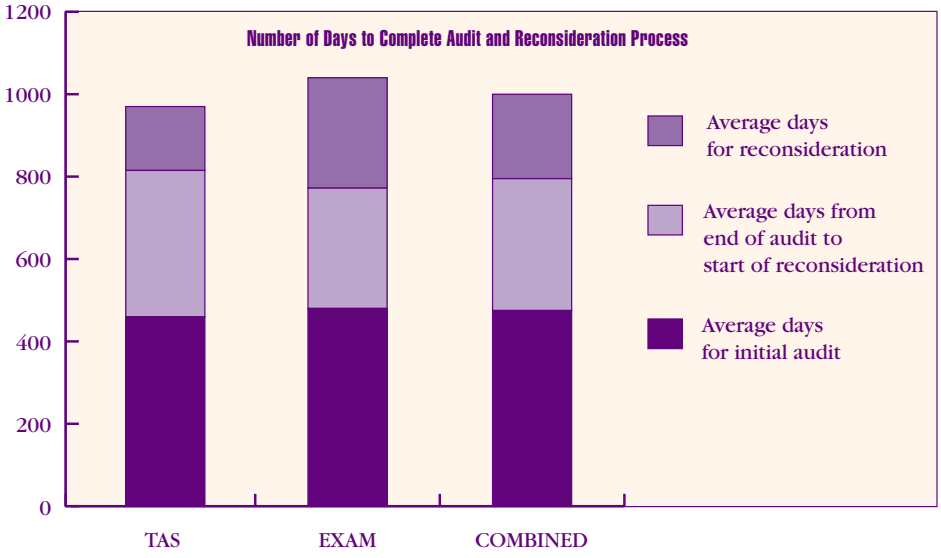
[27] The taxpayer's audit reconsideration request was considered closed on the date the appropriate adjustment to the EITC credit was input to the account (corresponds to the date of the notice issued to the taxpayer). If no adjustment to the EITC was input, such as in the case of a disallowance, the date of the closing contact with the taxpayer was used as the resolution date of the taxpayer's audit reconsideration.

FIGURE 4: LENGTH OF TIME FROM POSTING TO END OF AUDIT RECONSIDERATION

LENGTH OF TIME – ENTIRE PROCESS RETURN POSTING (TC150) TO CLOSE OF AUDIT RECONSIDERATION			
	TAS Review	EXAM Review	COMBINED Review
# of Cases	331	337	668
Average # Days[28]	969 (2.7 yrs) (32.2 months)	1,031 (2.8 yrs) (34.4 months)	1,000 (2.7 yrs) (33.3 months)
Median # Days	875	882	875

The total time required to resolve these audit reconsideration cases can be broken down into three components: audit time, time lapse between the end of the initial audit and the request for reconsideration, and the audit reconsideration. TAS is only involved in the audit reconsideration component. As shown in figure 5, the time lapse between the audit and request for audit reconsideration is sizable regardless of what function is involved in the reconsideration. Especially noteworthy is that those taxpayers who were found to be entitled to EITC had their refund delayed nearly twice as long as it would have been if the original audit result had been correct. Also, if the original audit result had been correct then the taxpayer would not have been required to recertify their EITC eligibility for the subsequent year.

FIGURE 5: LENGTH OF TIME BY TYPE OF AUDIT ACTIVITY



[28] Average year calculated by dividing # of average days by 365 and average month calculated by dividing # of average days by 30.

The original audits were actually completed for these cases, on average, in 465 days (or 15.5 months) after the return was processed.

Figure 6 shows the duration of the EITC audit reconsideration case, measured from the date the taxpayer initiated a request for EITC audit reconsideration, through the date the audit reconsideration tax/credit adjustment was reflected on the taxpayer's account. There was a significant difference in the length of time needed to process audit reconsideration cases which had TAS intervention compared to those processed independently by Examination, as shown in the following chart. Audit reconsideration cases with TAS intervention took on average 114 days less to process than the Examination cases.[29]

FIGURE 6: LENGTH OF TIME TO CONDUCT AUDIT RECONSIDERATION

LENGTH OF TIME – AUDIT RECONSIDERATION			
RECEIPT OF AUDIT RECONSIDERATION TO CLOSE OF AUDIT RECONSIDERATION			
	TAS	EXAM	COMBINED
# Cases in Sample	330	317	647[30]
Average # of Days*	149 (4.9 months)	263 (8.7 months)	205 (6.8 months)
Median # of Days	118 (3.7 months)	221 (7.3 months)	166 (5.5 months)

* Average and median days are based on taxpayers with refunds not frozen who received EITC after reconsideration

Pre and Post Refund Audits

EITC audits impact two distinct segments of taxpayers depending on whether the IRS keeps the tax refund while auditing the return. The first segment is comprised of taxpayers whose refunds were frozen/suspended during tax return processing (and who are waiting to receive these funds after the audit is completed – a pre-refund examination). If the refund is frozen, not only is the taxpayer denied the use of the expected overpayment, but he or she may also be responsible for repaying the principal and interest due on a Refund Anticipation Loan (RAL).[31] The second segment includes taxpayers whose refunds were not frozen during tax return processing but who receive "bills" (adjustment

[29] Average days for Exam (263) – average days for TAS (149) = 114 days. The t-test for Equality of Means resulted in t=-9.479, df=648, Sig. (2 tailed) .000. Using a 95% confidence interval, the upper bound was -90 days and the lower bound was -137 days.

[30] We looked at the entire sample of 679 cases. Those cases with unavailable dates of audit reconsideration initiation or closure were removed from this portion of the analysis.

[31] A Refund Anticipation Loan (RAL) is money borrowed by a taxpayer from a lender based on the taxpayer's anticipated income tax refund. The IRS is not responsible for the repayment of the money back to the lender if the taxpayer's Federal tax refund is less than the anticipated refund or is delayed by Earned Income Tax Credit verification. Allan Berube, a senior research analyst with Brookings, noted that more than two thirds of taxpayers eligible for the EITC file their tax returns through commercial services that provide RALs and often pay between $125 and $150 to get a RAL on their EITC. (Allen Kenney, "Olson: Misinformation, Complexity Produced 'Chilling Effect' on EITC," Tax Notes, February 24, 2004.)

and collection notices) for the balance now due on their accounts after the completion of the original audit (and if the EITC is still disallowed after the audit reconsideration process – a post-refund collection).

EITC audits are generally conducted under the Campus Examination function's Revenue Protection Strategy (RPS). For most RPS cases, the taxpayer's refund is delayed (frozen) during original return processing, pending the outcome of the examination.[32] There were 616 RPS cases (91%) in the study sample, yet only 56% (383 cases) of those cases had refunds held during original return processing.

Pre-Refund Audits

Cases were separated into pre-refund and post-refund categories for further analysis. The pre-refund category contained 383 cases, of which 183 included TAS involvement and the remaining 200 were worked solely by Examination. Processing times associated with all audit reconsideration cases with holds placed on the account proved to be similar regardless of who was involved with the case (on average 739 days at the 95 percent confidence level).[33] However, if considering only the cases with frozen refunds that were found eligible for EITC (through the audit reconsideration process), there were differences in processing times.

During analysis, cases were segmented by whether the taxpayer ultimately received the Earned Income Tax Credit. Eventually, 175 taxpayers (85 TAS and 90 Examination) received EITC because of the audit reconsideration. In other words, in the sample of 383 cases with frozen refunds, about 46% of the taxpayers were actually eligible for EITC.[34] The length of time these refunds were held, measured from the date the refund was frozen until the date the EITC was credited (posted) to the taxpayer's account after the audit reconsideration processing, was 734 days or 2 years (on average). Processing times associated with the reconsiderations that received EITC are shown in figure 7.

The length of time in processing the refunds for cases in which TAS was involved and the taxpayer received EITC showed a notably quicker resolution (670 average number days or 1.8 years versus 795 average number days or 2.2 years). This difference of 125 days, or approximately four months, is statistically significant.[35]

[32] IRM 4.19.1.5.1, *Revenue Protection Strategy*.

[33] For the 183 TAS cases the average number of days from when the refund was frozen to the close of the audit reconsideration was 717 days as compared with 789 days for the 200 Exam cases at the 95% confidence level. The t-test for Equality of Means resulted in t=-1.912, df 377, Sig. (2 tailed) .057. Using a 95% confidence interval of the difference, the upper bound was 2 days and the lower bound was –146 days.

[34] 175/383 = .4569 or about 46%. The taxpayers in this group (who ultimately received EITC) claimed a total of $496,482 EITC on their original returns. They were allowed $457,419 after audit reconsideration.

[35] The t-test for Equality of Means resulted in t=-2.320, df 173, Sig. (2 tailed) .021. Using a 95% confidence interval of the difference, the upper bound was -19 days and the lower bound was –231 days.

FIGURE 7: TAXPAYERS WHOSE REFUND WAS FROZEN AND WHO RECEIVED EITC

LENGTH OF TIME PRE-REFUND AUDITS			
DATE REFUND FROZEN TO CLOSE OF AUDIT RECONSIDERATION			
	TAS	EXAM	COMBINED
# Taxpayers with Frozen Refund	183	200	383
# Taxpayers with Frozen Refund and Received EITC after Audit Reconsideration	85	90	175
Average # of Days*	670 (1.8 yrs) (22 months)	795 (2.2 yrs) (27months)	734 (2 yrs) (24 months)
Median # of Days	623	639	630

* Average and median days are based on taxpayers with frozen refunds who received EITC after reconsideration.

Post-Refund Audits

The sample included 295 post-refund cases containing information on EITC claims. In our sample, there were 293 post-refund cases (156 TAS and 137 Examination) with sufficient data (those having dates available) to analyze the length of time for processing returns throughout the original audit and audit reconsideration cycles. (Post-refund examinations are those returns examined after the requested refund has been issued.) These taxpayers were required to wait an average of nearly three and one half years (41 months) for a correct determination of EITC eligibility.

Of the total post-refund cases, 116 or 39% (45% TAS and 34% Exam) were ultimately allowed all or some portion of the EITC claimed on the original return (at the completion of the audit reconsideration). This group of 116 taxpayers initially claimed more than $270,000 and ultimately received around $264,000, or about 98% of the EITC dollars originally claimed.[36]

[36] Of the 295 post-refund taxpayers, 116 taxpayers, or 39.3%, actually received some EITC dollars as a result of the reconsideration. Furthermore, the taxpayers in this group (i.e., those who received EITC) initially claimed EITC of $270,368 and ultimately received $264,010 (97.6%) of what they originally claimed.

FIGURE 8: LENGTH OF TIME BETWEEN RETURN POSTING AND CLOSE AUDIT RECONSIDERATION (FOR REFUND NOT FROZEN TAXPAYERS CLAIMING EITC)

LENGTH OF TIME POST REFUND AUDITS RETURN POSTING (TC150) TO CLOSE OF AUDIT RECONSIDERATION	TAS	EXAM	COMBINED
# of Taxpayers with Refunds Not Frozen (refund issued prior to audit) Claiming EITC	156	137	293[37]
# of Taxpayers with Refunds Not Frozen & EITC Allowed	69 (45%)	47 (34%)	116 (40%)
Average # of Days*	1,177 (40 months)	1,300 (43 months)	1,227 (41 months)
Median # of Days	1,022 (34 months)	1,176 (40 months)	1,024 (34 months)

* Average and median days are based on taxpayers with refunds not frozen who received EITC after reconsideration.

Even though all the cases audited and reconsidered took an undeniably long time to resolve, Examination cases took on average 123 more days to resolve than the TAS assisted cases.

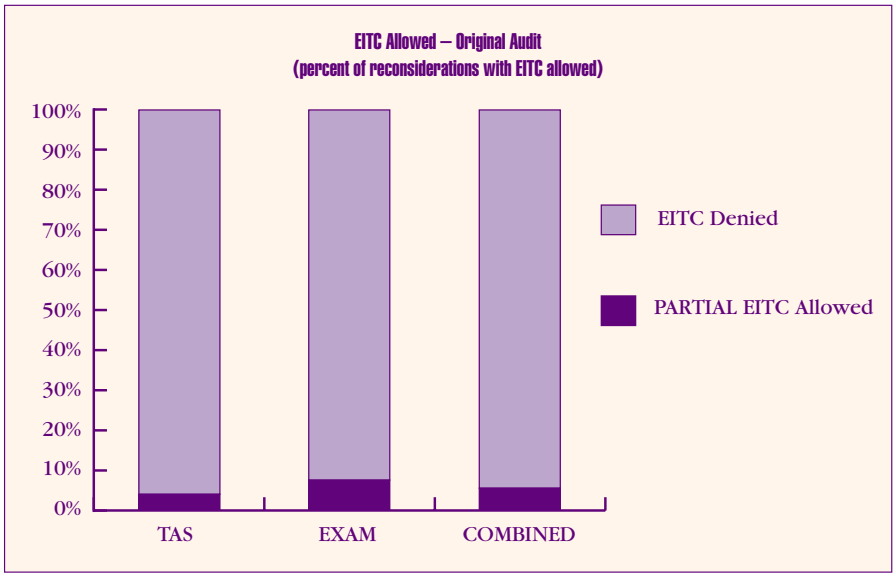
OBJECTIVE III: FAVORABLE TAXPAYER OUTCOME AS A RESULT OF EITC AUDIT RECONSIDERATION

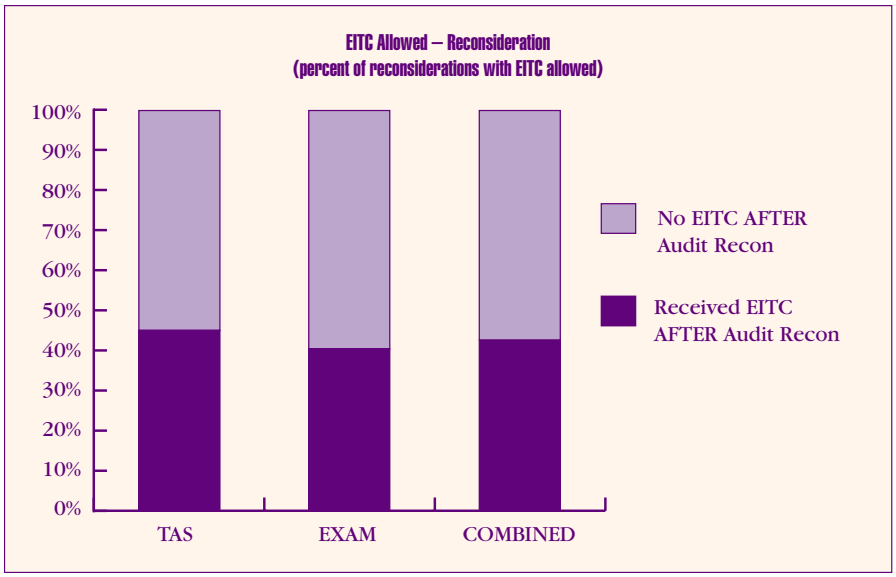
There was a favorable outcome for 43% of the taxpayers (45% TAS and 40% Examination), where the EITC eligibility determination on the original audit was revised as a result of the EITC audit reconsideration.

A favorable taxpayer outcome is defined as the taxpayer receiving EITC after EITC was disallowed at original examination/audit. The assumption made for "favorable' is that additional EITC (but not necessarily all EITC claimed per return) was allowed during the EITC audit reconsideration. Approximately 45% of TAS cases received additional EITC after the EITC audit reconsideration process compared to 40% of Examination cases. The percentage of cases reviewed that received some EITC based upon original audits and audit reconsiderations is shown in figures 9 & 10 (as a percentage of the total cases reviewed).

[37] We looked at the total sample of 679 cases for this part of the analysis. Pre-refund cases totaled 383 (see "Length of Time Pre-Refund Audits" table above) and Post-refund audits totaled 293. Three cases worked by the IRS area offices were removed from the sample so as not to skew the results of the length of time computations.

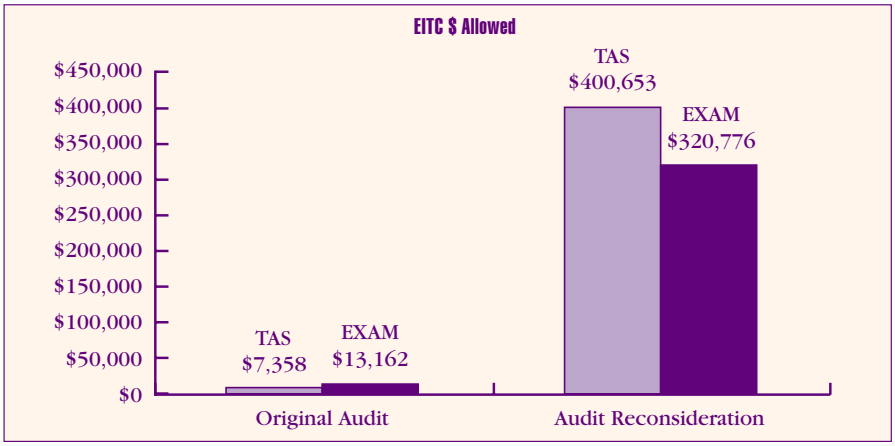
FIGURES 9 & 10: RESULTS OF INITIAL AUDIT AND AUDIT RECONSIDERATIONS
(% OF CASES RECEIVING EITC AFTER INITIAL AUDIT AND RECONSIDERATION)





On average, taxpayers who came to TAS for assistance with their EITC audit reconsiderations received $239 more in EITC than those who worked solely with Examination.[38] Furthermore, if we consider only taxpayers who received EITC (as a result of the audit reconsideration), the average EITC allowed was $2,602 for taxpayers working with TAS compared to an average of $2,341 allowed for taxpayers working with Examination. *This represents an additional $261 of EITC for the taxpayer working with TAS.* When comparing the EITC originally claimed (per tax return) to the amount of EITC ultimately received after audit reconsideration, the previously mentioned taxpayers achieved a higher percentage (96%) of EITC working with TAS than working solely with Exam (92%). Correspondingly, when considering all taxpayers requesting audit reconsideration, taxpayers working with TAS received 46% of EITC originally claimed compared to 38% for taxpayers working solely with Exam.[39]

FIGURE 11: TOTAL EITC DOLLARS ALLOWED AFTER AUDIT RECONSIDERATIONS



A portion of taxpayers in this study, two hundred sixty-two taxpayers or 42% of our sample, belong to the 'Late Response' and 'No Response' categories (meaning they did not respond to IRS correspondence or the response was received after the deadline). About 43% of this group (113 out of 262 taxpayers) had favorable outcomes from the audit reconsideration process, which is about the same as the favorable outcome rate for all taxpayers in the sample. They retained a total of $285,279 of the $298,037 claimed on their original returns, which represents about 96% of the total claimed on the original return. *This suggests that taxpayers who fail to respond to the audit, or who have a late response, may in fact be eligible for EITC.*

[38] The t-test for Equality of Means resulted in t=2.214, df =677, Sig. (2 tailed) =.027. Using a 95% confidence interval of the difference, the upper bound was $450 and the lower bound was $27.

[39] Although TAS audit reconsideration cases claimed more EITC, the ratio of EITC allowed (after reconsideration) to EITC claimed is also statistically significant at the 95% confidence interval when removing those cases which received more EITC than originally claimed.

OBJECTIVE IV:
BASIS FOR TAXPAYERS INITIATING TAXPAYER ADVOCATE SERVICE (TAS) CONTACT

Seventy percent of the EITC audit reconsideration cases came to TAS for assistance because the taxpayers stated they had not heard from Examination concerning their original audit or their audit reconsideration request.

Correspondence and telephone history for each taxpayer was analyzed to determine the major reasons taxpayers contacted TAS in order to resolve the discrepancies in their EITC claims. In addition, an analysis was performed of key data contained in the Taxpayer Advocate Management Information System (TAMIS) to further identify the motivation behind the taxpayer contact for TAS assistance.

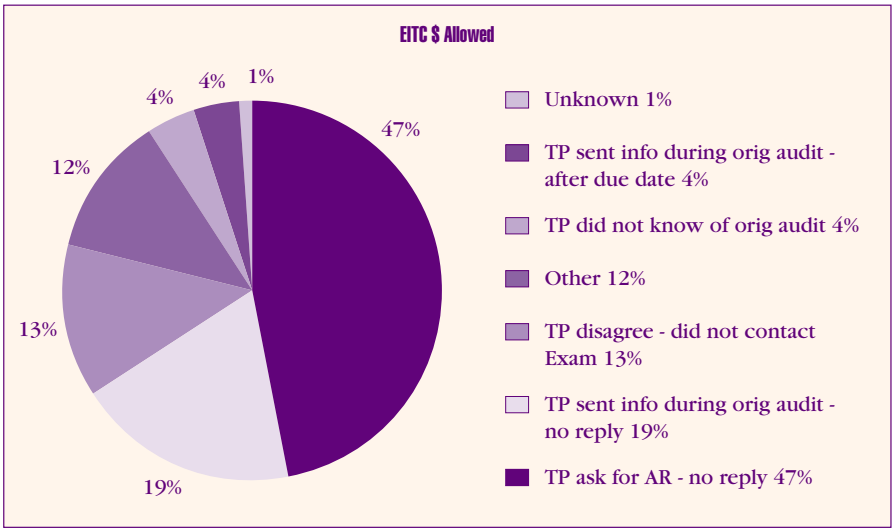
The categories of "reasons" for taxpayer contact with TAS shown in the chart below were developed specifically for this review based on case advocate interviews and team member expertise. All of the 339 sample cases classified as EITC audit reconsiderations processed with TAS assistance were included in this analysis. In 70% of the cases the taxpayers said they had not received communication from the IRS:

- 47% of the cases received by TAS occurred when the taxpayers requested audit reconsideration and did not get a response from Examination (159 cases).
- 19% sent documentation during the original audit and did not get a response from Examination.
- Another 4% never received notification of the original audit.

Other significant reasons included:

- 13% of taxpayers did not contact Examination, but disagreed with the assessment and contacted TAS.
- 4% sent information in after the due date during the original audit.

FIGURE 12: REASON TAXPAYER INITIATED TAS CONTACT



IRC § 7811 authorizes the National Taxpayer Advocate to intervene in taxpayer dealings with the IRS if the taxpayer is suffering or about to suffer a significant hardship as a result of the manner in which the tax laws are being administered. This section of the code specifically identifies what Congress deemed hardship criteria. As a result, TAS developed standard eligibility criteria for TAS assistance. TAS case advocates use the TAMIS system and these standard criteria to code each case.

The major reason for taxpayer contact with TAS, based on the TAMIS data, was Criteria Code 7 (a system or procedure failed to operate as intended or failed to resolve the taxpayer's problem or dispute within the IRS) representing 37% of cases, or 125 of the 339. Criteria Code 5 (a delay of more than 30 calendar days to resolve the audit reconsideration) was a close second in frequency of occurrence at 33% or 113 cases. Criteria Code 6 (taxpayer has not received a response or resolution to his/her problem by the date promised) was a third at 19% or 63 cases. *The following chart indicates that almost 90% of the TAS EITC audit reconsideration cases come to TAS due to Criteria Codes 5 through 7.* Both data collection summaries (criteria codes and reasons developed for this study) indicate that EITC audit reconsideration cases come to TAS due to a breakdown of communication or procedures within Examination.

FIGURE 13: TAS CRITERIA CODES

TAS Criteria Code	Definition	Volume	% of Sample	Volume Favorable Outcome	% w/ Favorable Outcome
1	Taxpayer suffering or about to suffer a significant hardship.	25	7%	16	64%
2	Taxpayer is facing immediate threat of adverse action.	1	.3%	0	0%
3	Taxpayer will incur significant cost if relief is not granted.	1	.3%	1	100%
4	Taxpayer will suffer irreparable injury to or long-term adverse impact if relief is not granted.	2	.6%	1	50%
5	Taxpayer has experienced a delay of more than 30 calendar days to resolve the problem.	113	33%	51	45%
6	Taxpayer has not received a response or resolution to his/her problem by the date promised.	63	19%	23	37%
7	System(s) or procedure(s) has either failed to operate as intended or failed to resolve the taxpayer's problem or dispute within the IRS	125	37%	60	48%
9	Any case not meeting TAS criteria.	9	3%	2	22%
	TOTAL	**339**		**154**	**45%**

* Detail may not add to 100% due to rounding

As stated in a previous section of this report, 45% of the TAS cases resulted in a favorable outcome. Sixty-four percent of taxpayers (16 cases out of 25) that met Criteria Code 1 (taxpayer suffering or about to suffer a significant hardship) [40] received a favorable outcome.

OBJECTIVE V: METHODOLOGY USED BY TAS AND EXAM TO RESOLVE EITC AUDIT RECONSIDERATION ISSUES

TAS initiated on average two contacts per case (telephone and letters) to request EITC supporting documentation while the Examination rate was about one contact for every two cases.

The methods selected by taxpayers to request audit reconsideration as well as the various methods used by TAS or Examination to address these requests were separated into six elements of the audit reconsideration process and then analyzed. These elements included:

- Taxpayer request for audit reconsideration
- IRS/TAS initial contact to taxpayer
- Acknowledgment of taxpayer's request
- Subsequent contacts
- Interim contacts
- Operations Assistance Request (OAR) processing

[40] Significant hardships would include eviction, foreclosure, etc.

Taxpayers employed several communication methods when attempting to contact the IRS to request and resolve EITC audit reconsiderations. These contact options included: mail, telephone, fax, or a personal visit (walk-in to an IRS facility). There is a significant distinction between the methods available or used to communicate with the IRS depending on whether TAS or Examination was working with the taxpayer.

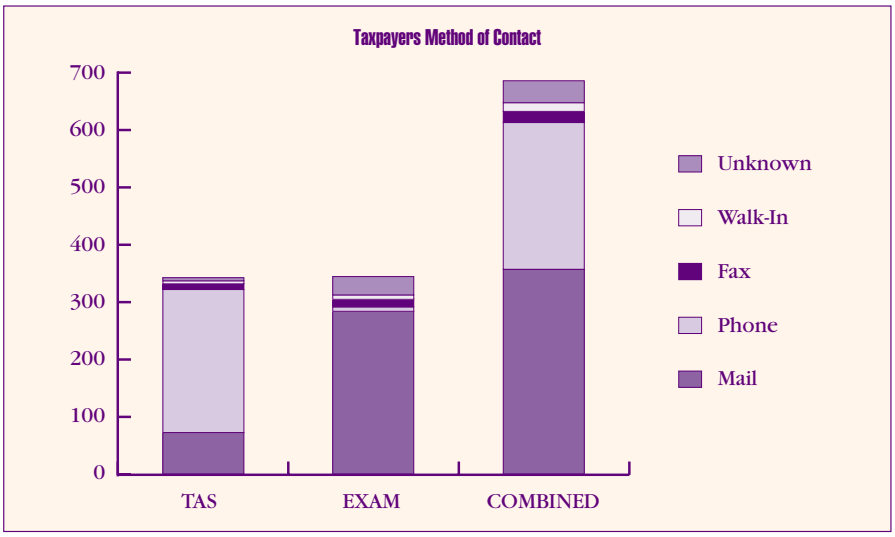
Taxpayer Request for Audit Reconsideration

Mail was the most frequently used method of contact when considering all of the cases reviewed (Examination and TAS combined). Examination received 83% of EITC audit reconsideration requests through taxpayer correspondence. However, this was not the method used by taxpayers working with TAS, with only 21% of the TAS cases communicating via mail.

Taxpayers seeking assistance from TAS telephoned TAS workers instead of writing to ask for help. TAS received 73% of its requests for assistance (246 of the 339 TAS cases) from the taxpayers via the telephone. Examination received less than two percent of its cases (6 out of 340 cases) from taxpayer phone contacts.

Contacting the IRS via fax and "walk-in" (a visit to an IRS facility) combined represented only 4% of TAS cases and 6% of Examination cases.[41]

FIGURE 14: METHOD USED BY TAXPAYER TO REQUEST AUDIT RECONSIDERATION



[41] We were unable to determine the method of taxpayer initial contact on 2% of the TAS cases and 10% of the Examination cases reviewed.

Acknowledgments

Following the initial contact by the taxpayer to the IRS (TAS or Examination), several different scenarios emerged as a result of that initial contact. Some taxpayers received an acknowledgment of their contact; some did not. Some taxpayers who received an acknowledgment were also asked to provide documentation (information to support their eligibility for the EITC) as part of the acknowledgment process; some were not.

FIGURE 15: ACKNOWLEDGEMENTS OF TAXPAYERS' AUDIT RECONSIDERATION REQUESTS

ACKNOWLEDGEMENT						
	TAS Review 339 Cases		Exam Review 340 Cases		Combined 679 Cases	
Acknowledgment of TP Contact (Provided to TP)	338	Yes	222	Yes	560	Yes
	1	No	28	No	29	No
	0	Unknown	90	Unknown	90	Unknown
Request for Info Made w/ Acknowledgment	190 / 338		108 / 222		297 / 560	
	56%		49%		53%	

Figure 15 breaks out the responses acknowledging taxpayers requests for reconsiderations. TAS case advocates acknowledged receipt of the taxpayer's request for audit reconsideration virtually all of the time.[42] Examination acknowledged receipt nearly 90% of the time (based on cases with this data available).[43] TAS requested supporting documentation with acknowledgment letters in more than 56% of cases, while Exam requested eligibility documentation in about 49% of the cases it acknowledged.[44]

The difference in the number of documentation requests sent with acknowledgment letters by TAS, versus those sent by Examination, could possibly be greater than the above percentages indicate (TAS 56% versus Exam 49%) due to different documentation requirements.[45]

[42] Only one taxpayer out of the 339 (0.3 %) TAS sample cases did not receive an acknowledgment letter.

[43] 250 cases had data available regarding this contact and 88.8% received acknowledgment.

[44] No request for documentation was needed in instances where the taxpayer forwarded the documents with the request for audit reconsideration. TAS requested information in 56.2% (190/339) of cases compared to Exam requesting documentation 48.6% (108/222) of cases.

[45] IRS will initiate an audit reconsideration if one of the following occurs: documentation presented not previously considered, a return is filed after IRS submitted return on the taxpayer's behalf, or if there is a possibility of computational or processing error (IRM 4.13.1.3, Audit Reconsideration, (Feb. 1, 2003). If all Examination offices consistently adhered to the IRS definition of audit reconsideration, the Exam percentage of cases with documentation requests would be considerably lower (because Examination audit reconsideration cases would be more complete and thus would rarely need to request additional documentation on cases in the reconsideration program). TAS procedures require acceptance of the case whenever the taxpayer questions a prior audit adjustment to tax or credits (regardless of whether the taxpayer furnished additional information). All the taxpayer must show is that he or she has a significant hardship. Therefore, TAS employees must request supporting documentation on actual audit reconsideration cases with greater frequency than Examination employees. Based on our data, it appears Examination offices exercise judgment when determining whether or not to accept an inquiry into the audit reconsideration program. This customer service oriented approach likely reduces the number of cases referred to TAS (because rejected reconsideration taxpayers would turn to TAS).

Subsequent Contacts

Identical methods of contact were used to communicate with the taxpayer when subsequent contacts were needed to resolve the issues.[46] TAS *initiated, on average, two contacts per case* (telephone and letters) to request EITC supporting documentation compared to the *Examination rate of about one contact for every two cases.* Examination employees did not make a third or fourth contact request for information on any case in the sample.

FIGURE 16: SUBSEQUENT CONTACTS WITH TAXPAYERS

SUBSEQUENT CONTACTS			
# of Cases Reviewed	**TAS = 339**	**EXAM = 340**	**Combined = 679**
Methods Used to Communicate - with the Taxpayer			
Phone Calls to Taxpayers (Requests for Documentation)	**293** 1st Request – 160 2nd Request – 71 3rd Request – 41 4th Request – 21 Avg # Calls = 0.86	**6** 1st Request – 5 2nd Request – 1 3rd Request – 0 4th Request – 0 Avg # Calls = 0.02	**299** 1st Request – 165 2nd Request – 72 3rd Request – 41 4th Request – 21 Avg # Calls = 0.44
Letters to Taxpayers (Requests for Documentation)	**436** 1st Request – 181 2nd Request – 184 3rd Request – 60 4th Request – 11 Avg # Letters = 1.28	**173** 1st Request – 164 2nd Request – 9 3rd Request – 0 4th Request – 0 Avg # Letters = 0.51	**609** 1st Request – 345 2nd Request – 193 3rd Request – 60 4th Request – 11 Avg # Letters = 0.89
Phone Calls Received from Taxpayers (During the Audit Reconsideration Process)			
Phone Calls Received from Taxpayers (in relation to 1st, 2nd, 3rd and 4th requests for documentation)	**311** 1st Request – 143 2nd Request – 98 3rd Request - 56 4th Request – 14 Avg # Calls fr TP = 0.92	**8** 1st Request – 8 2nd request – 0 3rd Request – 0 4th Request – 0 Avg # Calls fr TP = 0.02	**319** 1st Request – 151 2nd Request – 98 3rd Request – 56 4th Request – 14 Avg # Calls fr TP = 0.47

The following figures show a comparison of subsequent contacts both *to* and *from* the taxpayers (figures 17 and 18).

[46] Methods of contact included telephone, fax, and written correspondence. See IRM Part 4 Chapter 13, Audit Reconsideration, Section 3, Central Reconsideration Unit for a discussion of Examination methods and procedures for taxpayer contact in response to audit reconsideration requests.

FIGURE 17: SUBSEQUENT CONTACTS *TO* TAXPAYER

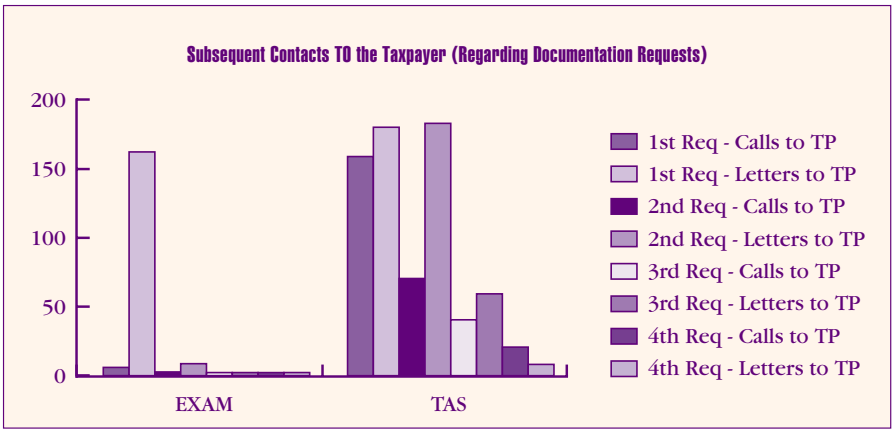
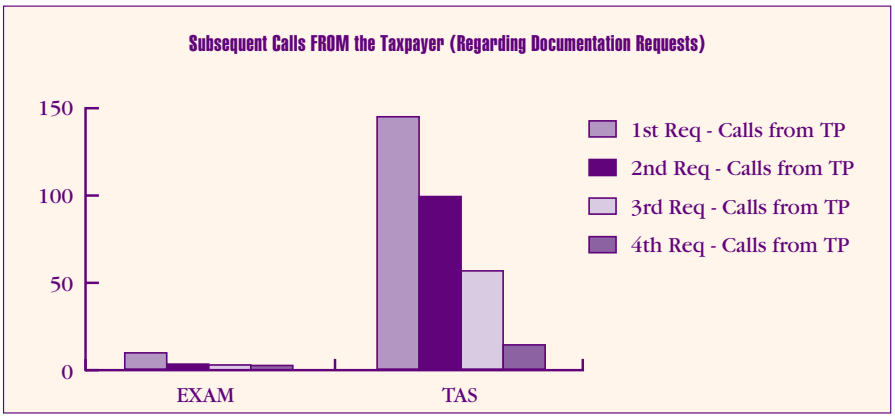


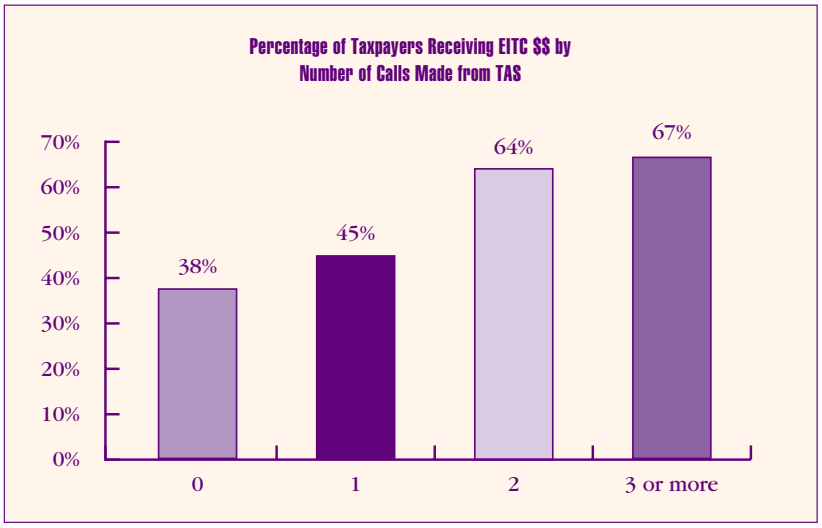
FIGURE 18: SUBSEQUENT CALLS *FROM* TAXPAYER



The number of calls made by TAS to solicit documentation to support EITC claims is significant. Therefore, we analyzed the data to determine the relationship between the number of calls TAS made to taxpayers and the number of taxpayers who received EITC after the audit reconsideration (see figure 19). The average amount of EITC that taxpayers received increases as the number of calls made by TAS goes up. The interactive nature of a phone call allows the TAS case advocate to elicit the information needed to verify the taxpayer's claims. Approximately 290 phone calls were made to taxpayers on TAS cases, whereas for taxpayers in the Examination cases, a total of six calls were made to secure the needed documentation.

An analysis was performed on TAS cases without any phone contact (to or from the taxpayer). These taxpayers received an average of one letter each. The average amount of EITC received by these taxpayers after the audit reconsideration was $855.[47] In comparison, those taxpayers who made/or received at least one phone call had an average EITC of $1,351 after the audit reconsideration. Moreover, there is a clear relationship between the number of taxpayers requesting reconsideration and receiving EITC and number of calls made by TAS to these taxpayers.

FIGURE 19: PERCENTAGE OF TAXPAYERS RECEIVING EITC $$ BY CALLS MADE FROM TAS



Interim Contacts

Interim contacts, i.e., those made to provide taxpayers with a status update, are made by either telephone or correspondence. Both TAS and Examination make contacts to *generally give the taxpayer an update on the status of his or her case, or to request documentation for EITC eligibility substantiation.*[48] The most frequently used method of interim contact by TAS was the telephone, at a rate of more than one call per taxpayer. Examination telephoned only one time per 100 taxpayer cases.[49] TAS provided status updates through correspondence to approximately 25 out of every 100 taxpayers, while Examination wrote interim letters for only two out of every 100 taxpayers.

[47] Exam cases were excluded in this analysis because Examination does not routinely use the telephone– there were only six Exam cases in which contact was made by phone. This group initially claimed a total of $292,705 EITC on their original returns. They retained $94,081 or 32% of this original amount after the audit reconsideration.

[48] In addition to a status update, TAS is required to inform the taxpayer of the due date of his or her response and the consequences of no response in all contacts with the taxpayer. TAS made 417 interim calls and sent 92 interim letters on the 339 sample cases (or 1.2 calls per taxpayer).

[49] Exam telephoned 3 times and sent 6 interim letters on their 340 sample cases.

Operations Assistance Requests (OARs)

For purposes of this section of the report, it is important to understand the function of the Taxpayer Advocate Service. TAS is not a "mini–IRS." Most tax problems should be resolved through the usual IRS channels first. If taxpayers are unable to settle their tax issues through normal contacts with the IRS, they are eligible for assistance from the Taxpayer Advocate Service. TAS operates with statutory and delegated authorities which allow TAS to directly resolve some problems. However, examination issues must be resolved by the Examination branch even when the taxpayer contacts TAS for assistance. TAS will work on behalf of the taxpayer, and review the facts and circumstances of the case, and obtain the documentation and research needed to support and allow the taxpayer's request (or explain why it cannot be allowed). TAS will then negotiate with Examination, making a recommendation as to the correct resolution of the audit reconsideration.

Effective September 1, 2002, national service level agreements (SLAs) between TAS and the Wage and Investment and Small Business/Self Employed Operating Divisions (Examination headquarters offices) established uniform standards for processing work that TAS does not have the statutory or delegated authority to correct and must therefore forward to the Operating Divisions for resolution. Originally, TAS utilized a paper version of Form 12412, Operations Assistance Request (OAR), to transmit the gathered documentation and related recommendation to Examination for processing.[50] OAR processing is an important part of the TAS-Operations program to resolve ongoing taxpayer issues, and if not properly handled could delay the resolution of cases. The SLA outlines procedures and responsibilities for the processing of TAS casework by the Operating Division. Guidelines within the service level agreements dictate:

- For cases involving economic hardships (TAS Criteria Codes 1 – 4), Examination is required to respond within three workdays with a decision on relief or no relief.
- For cases involving delays by IRS or systemic failures (TAS Criteria Codes 5 – 7), TAS must negotiate a reasonable time frame for resolution of the issue with Examination.[51]

The team reviewed all cases in the TAS sample (which had dates available) to ascertain how well the OAR process with Examination was working.[52] Figure 20 provides information on how the OAR process works.

[50] *See* Appendix III, Form 12412. TAS currently has the capacity to submit OARS electronically.

[51] For Criteria Codes see Figure 13, page 30.

[52] Only 19 of the 29 TAS cases in the sample coded as criteria codes 1-4 had dates of OARS available for this analysis.

FIGURE 20: TAS OPERATIONS ASSISTANCE REQUESTS

TAS OPERATIONS ASSISTANCE REQUEST (OAR)			
# of TAS Cases = 339	# of TAS Cases w/ OARs = 223	Total # of OARs Submitted to Exam = 271	
# of TAS Cases w/ OAR Dates Available[53]= 195			
	# of Cases	Average # of Days OAR Open	Range of Days OAR Open
1st OAR	195	18 Days	1 to 98 Days
2nd OAR	53	13 Days	1 to 43 Days
3rd OAR	17	12 Days	1 to 57 Days
More than 4 OARS	6		
Average # of OARs per TAS Case: 1			
Range of OARs per TAS Case: 1 to 6			

An analysis of the OARS for Criteria Code 1 - 4 cases was performed.[54] On average, only one OAR per case was needed to resolve the issue (a range of 1 to 6 OARS per case). Examination resolved the first OAR in an average of 17 days (range 1 to 81 days). If a second OAR was needed (generally if additional information was furnished to Examination by TAS) it was resolved in an average of 10 days (range 1 to 21 days).

It should be noted that the National Taxpayer Advocate recognized the limitations of a paper system in tracking OAR effectiveness and timeliness. Therefore, effective August 4, 2003, a systemic version of the Form 12412 was implemented to allow TAS to compile and issue OARs utilizing TAMIS. The data compiled using the OAR screens provide TAS and the IRS with the ability to generate reports to the Operating Divisions regarding the OAR process and service level agreements.

OBJECTIVE VI: IDENTIFY IMPROVEMENT OPPORTUNITIES FOR EITC AUDIT PROCESS

Based on the analysis of data collected in this collaborative study, we identified some recommendations that may improve the overall EITC audit process if adopted and implemented.

[53] Second, third and fourth OARs are only considered when the date of the preceding OAR was documented.

[54] The analysis was based on 18 cases (criteria 1-4) for which sent and received dates were available. The negotiated OAR resolution dates for cases coded with Criteria Codes 5 - 7 would have had to be manually captured and this was not a part of the study.

RECOMMENDATIONS

This study provides information that suggests potential modifications to audit processes and policies governing audits and audit reconsiderations. The following discussion will focus on specific recommendations to improve both the EITC audit and audit reconsideration processes. Two general areas that standout as having the potential to significantly improve the overall process are communication and documentation. Recommendations on Examination policies follow.

EXAMINATION POLICIES

The following recommendations come from a more global perspective and are intended to encourage thought about the audit and reconsideration processes from a taxpayer's point of view.

Improve Communication with Taxpayers during the Initial Audit

The IRS needs to improve its communication with taxpayers during the "upstream" portion of the audit process. The lack of communication with taxpayers during the initial audit stage manifests itself during the audit reconsideration. By resolving disputes during the initial audit, the IRS will save:

- *Time* – The length of time to resolve the dispute will be shortened. This will reduce the burden on both the taxpayer and the IRS.
- *Resources* – The IRS will reduce the resources needed to resolve taxpayer-initiated EITC audit reconsiderations.
- *Money* – By reducing incorrect assessments such as inaccurate penalties, unnecessary EITC recertifications will also be reduced.

Ideally, the efforts to improve communication would be accomplished by:

- Assembling a cross-functional team consisting of W&I division research staff, management and key staff members familiar with audit and audit reconsideration processes, as well as representatives from TAS case and Systemic Advocacy to review and implement these recommendations.
- Leveraging opportunities for IRS employees to use the phone to contact taxpayers.
- Reducing the reliance primarily upon IRS letters to communicate with taxpayers regarding EITC eligibility issues.
- Devising ways to encourage phone contact with taxpayers when issuing marketing and outreach materials.
- Establishing criteria to assure that all reasonable efforts have been made to contact the taxpayer before closing the initial audit.

Provide Taxpayers with Assistance in Securing Documentation

In the short run, IRS must recognize that taxpayers need more assistance to understand the various documentation requirements during the audit process. The IRS should review its audit process to see if sufficient time and resources are devoted to helping the taxpayer grasp the specific documentation the IRS needs to resolve the audit.[55]

In the long run, IRS should monitor the National Research Program and the EITC certification test results to see if any recommendations can be made to clarify documentation requirements. Specifically, the IRS should strive to identify documents that prove relatively accurate in securing the information the IRS requires while simultaneously imposing as little burden as possible on the taxpayers.

Review Current Examination Policies for Granting Audit Reconsiderations

The IRS should reconsider current examination guidelines that prohibit audit reconsideration unless new documentation is provided. The study results indicate the current guidelines effectively deny the EITC to taxpayers who are eligible to receive it. After addressing the factors that contribute to poor communication and difficulties in securing documents, IRS may consider revising the current guidelines.

[55] The IRS is evaluating alternative approaches to documenting EITC eligibility in its current and planned certification tests, including the use of third-party affidavits.

Phase-in Changes Recommended as a Result of this Study

The stated recommendations may impact budgets, training and resources (e.g., need to purchase telecommunications equipment, train employees on its use, etc.). Given the scope of these changes, the aforementioned cross-functional committee should develop an implementation plan to phase in these recommendations as IRS employees are trained, new equipment becomes available, marketing resources are updated, etc.

Conduct a Study into the Time Lags that Occur between the End of an Audit and the Start of Reconsideration

A large amount of time passes between the end of an audit and the start of a reconsideration. This time lag delays refunds to those who ultimately receive the EITC, taxpayers whose incomes are minimal. Understanding what factors contribute to the time period between when an audit is completed and a reconsideration is begun may provide insights into ways to reduce the time required to complete the overall process. Ultimately both taxpayers and IRS would gain from completing the audit and reconsideration in a timelier manner.

EXAMINATION PROCEDURES

The following recommendations focus on operating procedures and are based on observations and experiences obtained during the data collection phase of this study.

Documentation

Copies of Birth Certificates and Social Security Cards

- Revise IRMs 4.19.1 and 4.13 to further direct systemic internal verification of information formerly substantiated by paper copies of birth certificates and Social Security cards of taxpayers and their children.
- Revise applicable IRM companion training materials to provide technical guidance on research techniques and data output analysis.
- Issue alerts when quality reviews identify lack of compliance with directives.

Examination offices (and as a result TAS employees) still require taxpayers to furnish birth certificates and Social Security cards of taxpayers and children claimed for verification purposes when the information can be verified systemically.[56] The July 2002 revision of Form 886 deleted the requirement for birth certificates for biological parents.

[56] IRS Comments section in the National Taxpayer Advocate's 2002 Annual Report to Congress states, "For fiscal year 2003 most taxpayers will not have to provide a Social Security card or a birth certificate, since this documentation will generally be available to the Internal Revenue Service by accessing new databases." National Taxpayer Advocate, *Annual Report to Congress*, Publication 2104 (Rev. 12-2002), 53.

Provide Information

Audit Reconsideration Request Information

- Include Publication 3598 (What You Should Know about the Audit Reconsideration Process) in the CP21E and CP22E notices (sent to the taxpayer when the original audit is closed).

This publication explains the process of reconsideration and information that is necessary to submit an audit reconsideration request. This could minimize the number of incomplete reconsideration requests received.[57]

Telephone

Telephone Contact with Taxpayers in an Audit and/or Audit Reconsideration

- Enforce current policy and IRM guidance of mandatory two telephone contact attempts in all offices, in all stages of the audit.
- Initiate policy requiring telephone contact (as above) in all stages of the audit reconsideration process.

Telephone contact could be utilized to clarify unresolved issues and to solicit additional documentation for EITC eligibility verification. The lack of telephone contact in correspondence examination may be increasing taxpayer burden on those who prefer or rely on this method to communicate.

Provide Help

Taxpayer Access to IRS Assistance for Audit or Audit Reconsideration Process

- Dedicate Examination resources to support services provided through the Taxpayer Assistance Centers (TAC) to handle family status issues.
- Revise current plans to downsize TAC services and resource allocations.
- Support the National Taxpayer Advocate recommendations in the 2003 Annual Report to Congress regarding the IRS intent to curtail services currently provided by the Taxpayer Assistance Centers (TACs) under the auspices of their CONOPS (Concept of Operations) developed in August 2001.[58]

[57] Recommendation based on reviewer's observations while participating on the EITC Audit Reconsideration Study sample review (G. Thacker, TAS Associate Advocate, Atlanta Campus).

[58] National Taxpayer Advocate, Annual Report to Congress, Publication 2104 (Rev. 12-2003), 151.

Provide Training

Training for Field Employees Who Work with Low Income Taxpayers

- Train IRS employees working on correspondence examinations, audit reconsiderations, and EITC recertification, as well as employees assisting taxpayers in the TACs to deal effectively with low income taxpayers. TAS is currently developing a video that the IRS can adopt to provide this training.

Qualifications

Audit Reconsideration Criteria

- Clarify Examination procedures nationwide for accepting inquiries into the audit reconsideration program (with or without supporting documentation).
- Issue an Alert to Operations employees.
- Support this initiative by allocating training resources to deliver program guidance on audit reconsideration request identification and uniform handling of accepted requests.
- Subsequently support this initiative with quality review activities.

Consistency

Uniformity in IRS Procedures for Audit and Audit Reconsideration Processes

- Develop a standard audit reconsideration document to encourage uniformity and assist tax examiners in the resolution of audit reconsideration cases (supporting documentation identification, issue consideration and case resolution decisions).
- Develop a similar standard document to assist Correspondence Examination tax examiners during the original audit phase.

Assorted examples of similar locally developed documents were identified during the review and supported clarity and uniformity.

Publicize

Paid Preparer Awareness of the Audit Reconsideration Process

- Increase outreach to paid preparers regarding the audit reconsideration process.

An outreach program would help both paid preparers and taxpayers anticipate what to expect from the reconsideration process and serve to better educate taxpayers and their representatives about documentation and communication requirements, as well as timeliness issues.

APPENDIX I – METHODOLOGY

STUDY DESIGN

EXAM DATA COLLECTION SHEET

TAS DATA COLLECTION SHEET

APPENDIX I

STUDY DESIGN

There were 14,500 EITC TAS case closed from July 1, 2002 through January 31, 2003. There were 2,386 audit reconsideration TAS cases closed in the same time frame.[59] Therefore, the sample of 400 selected for this study was split proportionally into 344 (86%) from EITC cases and 56 from audit reconsideration cases.

Additionally the EITC audit reconsideration cases were grouped proportionally, by campus, based on ratios established by an "open TAS case study" of TAS inventory (open February to May 2002) completed by TAS National Office.[60] This study identified the number of audit reconsiderations being worked (as open inventory) at each campus. This earlier study concluded that 31 percent of all open EITC TAS cases were actually EITC Audit Reconsideration cases (1046 out of a total of 3363).

The following table shows the planned percentages, by campus, of the total number of TAS EITC audit reconsideration cases for this study. This plan was based on the 1046 audit reconsideration cases reviewed in the 2002 open case study (noted above).

Planned TAS Percentage for Case Review			
SBSE TAS Area 8		**W&I TAS Area 9**	
Cincinnati	5%	Atlanta	12%
Brookhaven	18%	Andover	18%
Philadelphia	8%	Kansas City	5%
Ogden	8%	Austin	9%
Memphis	10%	Fresno	7%

The table below shows the actual volume and percentages, by campus of the total number of TAS and EXAM EITC audit reconsiderations cases used for this study.

Actual TAS *and* EXAM Volume and Percentage of Cases Reviewed 2003 TAS-EXAM Audit Reconsideration Study					
SBSE EXAM & TAS Area 8			**WI EXAM & TAS Area 9**		
Cincinnati	44 cases	6%	Atlanta	75 cases	11%
Brookhaven	159 cases	23%	Andover	65 cases	10%
Philadelphia	50 cases	7%	Kansas City	51 cases	8%
Ogden	54 cases	8%	Austin	26 cases	4%
Memphis	75 cases	11%	Fresno	75 cases	11%

* 5 cases are from District or satellite offices

[59] Extract of TAMIS data FY 2002 and 2003

[60] Tables from TAS National Office Open Case Study, February through May 2002. No official report was issued. Contact Duane Thomas, TAS National Analyst

The following is a case per campus breakdown for the TAS sample size (approximately 400) proportional to the above percentages.

Actual # TAS EITC Audit Recon Cases Reviewed vs. Found in TAMIS Review EITC (MI Code 471) and Audit Recon (MI Code 620) Cases

Campus	MI 471 Reviewed	MI 471 Found	MI 620 Reviewed	MI 620 Found
SBSE Campuses				
SC 17 - Cincinnati	120	18	12	3
SC 19 - Brookhaven	580	65	44	12
SC 28 - Philadelphia	152	31	15	8
SC 29 - Ogden	55	28	24	7
SC 49 - Memphis	70	37	20	8
W & I Campuses				
SC 07 - Atlanta	1052	42	63	18
SC 08 - Andover	432	65	72	10
SC 09 – Kansas City	825	22	12	6
SC 18 - Austin	398	31	20	6
SC 89 – Fresno	182	26	11	6
Total Cases Reviewed = 4159			Total Cases Found = 449	
Approximately 11 % of TAS EITC Cases Are Audit Reconsiderations				

This closed case study indicates that there was *a smaller percentage of EITC audit reconsideration closed cases in EITC Major Issue Code* than the 2002 Open Case Study indicated.

APPENDIX I

Appendix I-2 - EXAM Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

Appendix I -2 - Exam Data Collection Instrument (DCI)

Recon Campus ID # __ __ **BOD_____**

TXMOD - TC 290/291. first 2 digits of DLN TXMOD / IMFOLT - top right/ENMOD or INOLE bottom

SSN:_ _ _ - _ _ - _ _ _ _

Top of any IDRS screen.

Original Return Information

1. Tax year_____ 2. Date of TC150 _____ 3. TC 150 amount $_____

1. F1040 or F4700, Line # Top right(exam work papers) 2.& 3. TXMOD orig case / return transaction section / IMFOLT

4. Withholding per return (TC806)$_____ 5. Amount of EITC per return (TC 768/764)$_____

4. TXMOD / IMFOLT 5. TXMOD / IMFOLT

6. Exam Project Code_____7. Date of TC 570/ 810/ 841/ 424/ 420 (refund frozen)_____

6.TXMOD / IMFOLT (after TC424) 7. TXMOD / IMFOLT (Please circle applicable TC)

8. Refund per return $_____

8. TXMOD / IMFOLT TC 846 with same date as TC150. If none write 0.

9. Paid Preparer? ☐ Yes ☐ No

9. F1040 / RTVUE, page 1 / TRDBV F1040

10. Number of EITC children claimed per return: ☐ 0 ☐ 1 ☐ 2

10. RTVUE, page E1 / TRDBV sch EIC

11. Filing Status per return: ☐ S(1) ☐ MFJ(2) ☐MFS(3) ☐HOH(4) ☐QW(5)

11. RTVUE, page 1 / TRDBV F1040

Correspondence Information - Original Examination

12. Original examination - Campus ID# ___ ___*

12. TXMOD / IMFOLT; right of TC 300/301... first 2 digits of DLN

13. POA involvement? ☐Yes ☐No

13. CFINK or F4700, top right (Exam work papers)

14. Date"first" contact letter issued: _____ 15. What letter? ☐566 ☐566-B ☐525

☐other____

14 & 15 F9984 - Activity Record (from original audit papers) [Letter 525 is "first" letter sent out if case is a recert or a pick-up]

16. Related issues examined. ☐Filing Status ☐Dependents ☐Other

16. F4700 – each listed on back (Exam work papers) Check all that apply

17. Was statutory notice of deficiency issued? ☐Yes (If yes, date_____) ☐No

17. F9984 - Exam Activity Record

Outcome - Original Examination

18. Why was EITC disallowed? ☐Relationship to child ☐Age of child☐Residency of child

☐Income (Schedule C) ☐FS3 ☐other_____

18 . F4700 - each one listed on back (Exam work papers) Check all that apply. FS=filing status

19. TC 300/301 date: _____ . Amount $_____

19. TXMOD /IMFOLT. Please circle one.

20. TC 300/301 Disposal Code (DC) _____ 21. Technique Code _____

Appendix I-2 - EXAM Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

20. TXMOD / IMFOLT. 21. F5344 line 30 (Exam closing record)

22. Refund amount issued (TC 846): $_____
22. TXMOD (after TC 300/301) / IMFOLT

23. EITC amount denied (TC765): $_____
23. TXMOD (after TC 300/301) /IMFOLT

24. Interest paid (TC776): $ _____
24. TXMOD (next to TC846)/ IMFOLT

25. Number of EITC children allowed: ☐ **0** ☐ **1** ☐ **2**
25. F4700, back-top (Exam work papers)

26.Filing Status allowed: ☐**S(1)** ☐**MFJ(2)** ☐**MFS(3)** ☐**HOH(4)** ☐**QW(5)**
26. F4700 (Exam work papers)

Audit Reconsideration Information

27. Date audit recon received at IRS _____
27. Postmark of mail requesting recon.

28. Date audit recon request received by Exam _____
28. Original case TXMOD "control base and history information" or stamped Exam Rec'd date on correspondence

29. Taxpayer requested Exam Audit Recon because:

- ☐ **Original Return was a Substitute for Return (SFR).** 29. TXMOD (top right) IMFOLT
- ☐ **TP had sent Partial Information** 29. F4700 (Exam work papers)
- ☐ **TP did not respond, or responded too late to Exam notices because:** 29. F4700 (Exam work papers)
  - ☐ **TP did not understand Exam notices** ☐**TP unaware of examination**
  - ☐ **Other Reason for no response or late response (please specify)**
    _____
  - ☐ **Reason not given**
- ☐ **Other reason Recon requested (please specify)**_____

I. Correspondence Information – Audit Reconsideration

30.POA involvement for Examination? ☐**Yes** ☐**No**
30. F4700 right column or F9984 top right (Exam work papers)

II. 31.TP Initiated Audit Recon by ☐Phone ☐Mail ☐FAX Date_____
31. F9984 (Exam Activity Record)

III. 32. Exam Acknowledgement of Recon Request by: ☐Phone ☐Mail: letter #_____
32. F9984 (Exam Activity Record)

APPENDIX I

Appendix I-2 - EXAM Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

33. Requests for Additional Documentation from TP 33. Must read through F9984 (Exam Activity Record) Subsequent Requests refer to communication sent after TP response due date passes OR TP sends documentation.	Request With Acknowledgement Contact	1st request	2nd request	3rd request (if applicable)
33a. Phone calls to TP • How many? In top box, Tally, then circle total #. • Date Latest date in lower part of box				
33b.Correspondence mailed. • Letter # Top half • Date Bottom half	_____	----------	----------	----------
33c. Due Date for TP's response.				
33d. Due date for TP response extended? Y/N To? Date; if applicable	----------	----------	----------	----------
33e.Phonecalls from TP • How many? In top box, Tally, then circle total #. • Date Latest date in lower part of box				

34. Was additional documentation requested more than the 3 times shown above? ☐Yes ☐No
If yes, how many more than the three?_____

Questions 35 through 46 Refer to Verification Documentation sent in by Taxpayer. These documents MUST correspond to Q 18: "Why disallowed?".

Place check mark where applicable in charts: Then write "D" if the documentation was disallowed.
Must read through F9984 (Exam Activity Record)

Appendix I-2 - EXAM Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

35. ☐ Relationship to child ☑ D, (if disallowed)	With Recon Request	Response to Request with Acknowledgement	Response to 1st request	Response to 2nd request	Response to 3rd request
35a. SS card of TP & that of Spouse if MFJ (FS 2)	☐	☐	☐	☐	☐
35. Name, address and SSN of each child's mother and Father (if other than you)	☐	☐	☐	☐	☐
35c. List of person(s) who lived with child during year. Include name, relationship, SSN, and the number of months each person lived with the child.	☐	☐	☐	☐	☐
35d. Dates child lived with TP	☐	☐	☐	☐	☐
35e. SS cards to verify son, daughter, great/grand child; also brother, sister, stepbrother/sister or descendent whom you "cared for as your own".	☐	☐	☐	☐	☐
35f. Birth certificates to verify son, daughter, great/grand child; also brother, sister, stepbrother/sister or descendent whom you "cared for as your own".	☐	☐	☐	☐	☐
35g. Marriage certificate to verify step-relations mentioned in preceding line	☐	☐	☐	☐	☐
35h. Letter from authorized adoption agency to verify eligible foster child placed with you by an authorized placement agency whom you "cared for as you would your own" or a pending adoption.	☐	☐	☐	☐	☐
35i. Other documentation: _____ _____ To verify what relationship? _____ _____ (e.g. cared for as your own/ niece)	☐	☐	☐	☐	☐

APPENDIX I

Appendix I-2 - EXAM Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

36. If any above docs were not allowed: Why?__36. Write line # then Reason. e.g. 36f. Does not match SS card sent

37 ☐ Age of child_____ D, (if disallowed) √	With Recon Request	Response to Acknowledgement	Response to 1st request	Response to 2nd request	Response to 3rd request
37a. Official school transcripts showing 5 months full time (child is less than 24 at end of tax year)	☐	☐	☐	☐	☐
37b. Letter from doctor, healthcare provider, or social service program (any age – disabled).	☐	☐	☐	☐	☐
37c.Other: _____	☐	☐	☐	☐	☐

38. If any above docs were not allowed: Why?____ ?38. Write line , then Reason.

39☐ Residency of child [lived with TP more than half year or foster child lived with TP entire year. D, (if disallowed) √	With Recon Request	Response to Acknowledgement	Response to 1st request	Response to 2nd request	Response to 3rd request
39a. School Records or Daycare Records	☐	☐	☐	☐	☐
39b. Medical records	☐	☐	☐	☐	☐

APPENDICES

Appendix I-2 - EXAM Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

39c. Social Service Records.	☐	☐	☐	☐	☐
39d. Letter on official letterhead from school, medical provider, church	☐	☐	☐	☐	☐
39e. Postal form 1093 (if address on Return is a PO Box).	☐	☐	☐	☐	☐
39f. Other: _____	☐	☐	☐	☐	☐

40. If any above docs were not allowed: Why?_____40. Write line #, then Reason

_____

41. ☐ Income (Schedule C) D, (if disallowed)	√	**With Recon Request**	**Response to Acknowledgement**	**Response to 1st request**	**Response to 2nd request**	**Response to 3rd request**
41. Form 1099 or Names and Addresses of persons who paid you.		☐	☐	☐	☐	☐
41b. Ads, commissions paid, wages paid, license permits, insurance, costs of goods sold to verify existence of business		☐	☐	☐	☐	☐
41c. Other: _____		☐	☐	☐	☐	☐

42 If any above docs were not allowed: Why? 42. Write line # , then Reason

_____

_____

43. ☐ Filing Status if Changed in Original Audit D, (if disallowed)	√	**With Recon Request**	**Response to Acknowledgement**	**Response to 1st request**	**Response to 2nd request**	**Response to 3rd request**
43a. Divorce decree or separation agreement.		☐	☐	☐	☐	☐
43b. Lease agreements/utility bills/letter from clergy or social services to verify spouse did not live with you for the last 6 months of the year.		☐	☐	☐	☐	☐

APPENDIX I

Appendix I-2 - EXAM Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

43c. Form 1040X showing filing status MFJ(2)	☐	☐	☐	☐	☐
43d. Other: _____ _____	☐	☐	☐	☐	☐

44. If any above docs were not allowed: 44. Write line # then Reason
Why?_____

45. ☐ Documentation sent for reason other than listed in Q 39- 47. D, (if disallowed) √	**With Recon Request**	**Response to Acknowledgement**	**Response to 1st request**	**Response to 2nd request**	**Response to 3rd request**
45a:_____ **To Verify:** _____	☐	☐	☐	☐	☐

46. If any above docs were not allowed: Why? 46. Write line # then Reason
_____

Outcome of Audit Reconsideration

47. Date of closing contact with Taxpayer. _____ ☐ Phone ☐ Mail: letter #_____
47. P9984 (Exam Activity Record)

48. Date case closed in Exam._____
48. P9984 - last line (Exam Activity Record)

49. TC 290 Date: _____ Amount: $_____
TC 291 Date: _____ Amount: $_____
49. TXMOD / IMFOLT near end (latest dates)

50. Reason code _____
50. TXMOD / IMFOLT right under TC 290

51. Number of EITC children allowed after recon: ☐ **0** ☐ **1** ☐ **2**
51. P4700 (Exam work papers for Recon)

Appendix I-2 - EXAM Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

52. Refund issued (TC 846)Date:_____ Amount $_____.
52. TXMOD / IMFOLT (after TC290/291 date)

53. EITC amount allowed (TC764): $_____
53. TXMOD / IMFOLT after latest 290/1date. Write "0" if none.

54. Interest paid (TC776): $ _____
54. TXMOD / IMFOLTA . Write "0" if none

55. Recertification Indicator on case at time of this review? ☐ **Yes** ☐ **No**
55. Current ENMOD/ IMFOLE ? /INOLE

56. Filing Status after recon : ☐**S(1)** ☐**MFJ(2)** ☐**MFS(3)** ☐**HOH(4)** ☐**QW(5)**
56. Exam workpapers for recon F4700.... back

THANK YOU!

* **Exam only Question.**

APPENDIX I

Appendix I-3 - TAS Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

Appendix I -3 - TAS Data Collection Instrument (DCI)

TAS Campus ID# __ __ **BOD_____**
Any TAS correspondence TXMOD/IMFOLT top right / ENMOD or INOLE bottom

SSN: _ _ _ - _ _ - _ _ _ _
TAS Section I, # 14a / Front of Folder

Original Return Information

1. Tax year_____ **2. Date of TC150 _____** **3. TC 150 amount $_____**
1. F1040 or F4700, top right (exam w/p) # 2. & 3. TXMOD: return transaction section / IMFOLT

4. Withholding per return (TC806)$_____** **5. Amount of EITC per return (TC 768/764)$_____
4. TXMOD/IMFOLT 5. TXMOD/IMFOLT

6. Exam Project Code_____ **7. Date of TC 570/ 810/ 841/ 424/ 420 (refund frozen)_____**
6.TXMOD/IMFOLT (after TC424) 7. TXMOD/IMFOLT (Please circle applicable TC)

8. Refund per return $_____
8. TXMOD/IMFOLT TC 846 with same date as TC150, if none, write 0

9. Paid Preparer? ☐ **Yes** ☐ **No**
9. F1040 / RTVUE, page 1 / TRDBV F1040

10. Number of EITC children claimed per return: ☐ **0** ☐ **1** ☐ **2**
10. RTVUE, page E1 / TRDBV sch EIC

11. Filing Status per return: ☐ **S(1)** ☐ **MFJ(2)** ☐ **MFS(3)** ☐ **HOH(4)** ☐ **QW(5)**
11. RTVUE, page 1 / TRDBV F1040

Correspondence Information - Original Examination

12. POA involvement? ☐**Yes** ☐**No.** **12x. Original examination – Campus ID# _____.**
12. CFINK or F4700, top right (Exam work papers) 12x. TXMOD/IMFOLT; right of TC300/301..first 2 digits of DLN.

13. Date" first" contact letter issued: _____ **14. What letter?** ☐**566** ☐**566-B** ☐**525**

☐**other____**
13 & 14. F9984 - Activity Record (from original audit papers) (Letter 525 is "first" letter sent out if case is a report or a pick-up)

15. Related issues examined. ☐**Filing Status** ☐**Dependents** ☐**Other**
15. F4700 – each listed on back (Exam work papers) Check all that apply

16. Was statutory notice of deficiency issued? ☐**Yes (If yes, date_____)** ☐**No**
16. F9984 - Exam Activity Record

Outcome - Original Examination

17. Why was EITC disallowed? ☐**Relationship to child** ☐**Age of child** ☐**Residency of child**

☐**Income (Schedule C)** ☐**FS3** ☐**other_____**
17. F4700 - each one listed on back (Exam work papers) Check all that apply. FS=filing status

18. TC 300/301 date: _____, Amount $_____
18. TXMOD/IMFOLT. Please circle one.

19. TC 300/301 Disposal code (DC) _____ **20. Technique code _____**
19. TXMOD/IMFOLT 20. F5344 line 30 (Exam closing record)

21. Refund amount issued (TC 846): $_____

Appendix I-3 - TAS Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

21. TXMOD/IMFOLT after TC 300/301
22. EITC amount denied (TC765): $_____
22. TXMOD/IMFOLT (after TC 300/301)

23. Interest paid (TC776): $ _____
23. TXMOD/IMFOLT (next to TC846)

24. Number of EITC children Allowed: ☐ 0 ☐ 1 ☐ 2
24. F4700, back-top (Exam work papers)

25.Filing Status allowed: ☐ S(1) ☐ MFJ(2) ☐ MFS(3) ☐ HOH(4) ☐ QW(5)
25. F4700 (Exam work papers)

Audit Reconsideration Information

26. TAS Major Issue Code:* _____
26. TAMIS F5543 Section II, #6. NOTE: F5543 IS NOW CALLED F911H

27. Date audit recon received at IRS_____
27. Postmark of mail requesting recon

28. Date audit recon request received by Exam _____
28. Original case TXMOD "control base and history information" or stamped Exam Rec'd date on correspondence

29. Date audit recon request received by TAS* _____
29. F5543/F911H Beginning of history section

30. Who contacted TAS?* ☐ Taxpayer ☐ Exam
30. F5543/F911H TAMIS history screen

31. Taxpayer requested Exam Audit Recon because:

- ☐ **Original Return was a Substitute for Return (SFR).** 31. TXMOD (top right) IMFOLT
- ☐ **TP had sent Partial Information** 31. F4700 (Exam work papers)
- ☐ **TP did not respond, or responded too late to Exam notices because:** 31. F4700 (Exam work papers)
  - ☐ **TP did not understand Exam notices** ☐ **TP unaware of examination**
  - ☐ **Other Reason for no response or late response (please specify)** _____
  - ☐ **Reason not given**
- ☐ **Other reason Recon requested (please specify)**_____

32. Taxpayer initiated TAS contact because:* 32. F5543/F911H TAMIS history

- ☐ **TP did not receive notification of Original Audit.**
- ☐ **TP sent verification docs for Original Audit and has not received any information**
- ☐ **TP sent verification docs for Original Audit after the due date on a notice.**
- ☐ **TP requested a Reconsideration from Exam and has not received any information.**
- ☐ **Other.** _____

33. TAS Criteria Code _____ *

APPENDIX I

Appendix I-3 - TAS Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

33. F5543 section I: #13

IV. Correspondence Information – Audit Reconsideration

34.POA involvement for TAS? ☐**Yes** ☐**No**

34. TAS F5543 Section I: #4

V. 35.TP Initiated Audit Recon by ☐Phone ☐Mail ☐FAX Date_____

35. F5543/F911H History

VI. 36. TAS Acknowledgement of Recon Request by ☐Phone ☐Mail: letter #_____

36. F5543/F911H History

37. Requests for Additional Documentation from TP 37. Must read through history section of F5543 Subsequent Requests refer to communication sent after TP response due date passes OR TP sends documentation.	Request With Acknowledgement Contact	1st request	2nd request	3rd request (if applicable)
37a. Phone calls to TP • **How many?** In top box, Tally, then circle total #. • **Date** Latest date in lower part of box				
37b.Correspondence mailed. • **Letter #** Top half • **Date Bottom** half	_____	---------- -	---------- --	---------- --
37c. Due Date for TP's response.				
37d. Due date for TP response extended? Y/N **To?** Date; if applicable	----------	---------- --	---------- --	---------- --
37e.Phonecalls from TP • **How many?** In top box, Tally, then circle total #. • **Date** Latest date in lower part of box				

38. Was additional documentation requested more than the 3 times shown above? ☐**Yes** ☐**No**

If yes, how many more than the three?_____

Questions 39 through 50 Refer to Verification Documentation sent in by Taxpayer. These documents MUST correspond to Q 17: "why disallowed?".

Place check mark where applicable in charts: Then write "D" if the documentation was disallowed. Must read through history section of TAS F5543 /F911H

Appendix I-3 - TAS Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

39. ☐ Relationship to child √ D. (if disallowed)	With Recon Request	Response to Request with Acknowledgement	Response to 1st request	Response to 2nd request	Response to 3rd request
39a. SS card of TP & that of Spouse if MFJ (FS 2)	☐	☐	☐	☐	☐
39b. Name, address and SSN of each child's mother and Father (if other than you)	☐	☐	☐	☐	☐
39c. List of person(s) who lived with child during year. Include name, relationship, SSN, and the number of months each person lived with the child.	☐	☐	☐	☐	☐
39d. Dates child lived with TP	☐	☐	☐	☐	☐
39e. SS cards to verify son, daughter, great/grand child; also brother, sister, stepbrother/sister or descendent whom you "cared for as your own".	☐	☐	☐	☐	☐
39f. Birth certificates to verify son, daughter, great/grand child; also brother, sister, stepbrother/sister or descendent whom you "cared for as your own".	☐	☐	☐	☐	☐
39g. Marriage certificate to verify step-relations mentioned in preceding line	☐	☐	☐	☐	☐
39h. Letter from authorized adoption agency to verify eligible foster child placed with you by an authorized placement agency whom you "cared for as you would your own" or a pending adoption.	☐	☐	☐	☐	☐
39i. Other documentation: _____ To verify what relationship? _____ (e.g. cared for as your own/ niece)	☐	☐	☐	☐	☐

40. If any above docs were not allowed: Why?__40. Write line # then Reason. e.g. 39f. Does not match SS card sent
_____

APPENDIX I

Appendix I-3 - TAS Data Collection Instrument (DCI)

2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

41 ☐ Age of child √ D, (if disallowed)	With Recon Request	Response to Acknowledgement	Response to 1st request	Response to 2nd request	Response to 3rd request
41a. Official school transcripts showing 5 months full time (child is less than 24 at end of tax year)	☐	☐	☐	☐	☐
41b Letter from doctor, healthcare provider, or social service program (any age – disabled).	☐	☐	☐	☐	☐
41c.Other: _____	☐	☐	☐	☐	☐

42. If any above docs were not allowed: Why?____ ?42. Write line , then Reason.

_____

_____

43☐ Residency of child √ [lived with TP more than half year or foster child lived with TP entire year. D, (if disallowed)	With Recon Request	Response to Acknowledgement	Response to 1st request	Response to 2nd request	Response to 3rd request
43a. School Records or Daycare Records	☐	☐	☐	☐	☐
43b. Medical records	☐	☐	☐	☐	☐
43c. Social Service Records.	☐	☐	☐	☐	☐
43d. Letter on official letterhead from school, medical provider, church	☐	☐	☐	☐	☐
43e. Postal form 1093 (if address on Return is a PO Box).	☐	☐	☐	☐	☐
43f. Other: _____	☐	☐	☐	☐	☐

Appendix I-3 - TAS Data Collection Instrument (DCI)
2003 TAS/ Exam Audit Reconsideration Case Review
last 4 digits of SSN_____

44. If any above docs were not allowed: Why?_____44. Write line #, then Reason

45. ☐Income (Schedule C) √ D, (if disallowed)	With Recon Request	Response to Acknowledgement	Response to 1st request	Response to 2nd request	Response to 3rd request
45a. Form 1099 or Names and Addresses of persons who paid you.	☐	☐	☐	☐	☐
45b. Ads, commissions paid, wages paid, license permits, insurance, costs of goods sold to verify existence of business	☐	☐	☐	☐	☐
45c. Other: _____	☐	☐	☐	☐	☐

46 If any above docs were not allowed: Why? 46.Write line # , then Reason

47. ☐Filing Status if Changed in Original Audit √ D, (if disallowed)	With Recon Request	Response to Acknowledgement	Response to 1st request	Response to 2nd request	Response to 3rd request
47a. Divorce decree or separation agreement.	☐	☐	☐	☐	☐
47b. Lease agreements/utility bills/letter from clergy or social services to verify spouse did not live with you for the last 6 months of the year.	☐	☐	☐	☐	☐
47c. Form 1040X showing filing status MFJ (2)	☐	☐	☐	☐	☐
47d. Other: _____	☐	☐	☐	☐	☐

48. If any above docs were not allowed: 48. Write line # then Reason
Why?_____

APPENDIX I

Appendix I-3 - TAS Data Collection Instrument (DCI)

2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

49. ☐ Documentation sent for reason other than listed in Q 39- 47. D, (if disallowed) √	With Recon Request	Response to Acknowledgement	Response to 1st request	Response to 2nd request	Response to 3rd request
49a:_____ To Verify:	☐	☐	☐	☐	☐

50. If any above docs were not allowed: Why? 50. Write line # then Reason

_____

51. Date(s) of OAR to Exam:_____, _____, _____
51,52,53, TAS F5543 history/F911H

52. Date(s)OAR Returned to TAS_____

53. TAO Issued? ☐Yes ☐No

Outcome of Audit Reconsideration

54. Date of closing contact with Taxpayer. _____ ☐ Phone ☐ Mail: Letter #_____
54. F5543 History/F911H

55. Date Case closed in TAS.*_____
55. F5543 Section II # 5

56. Reason TAS case closed: 56. F554 History /F911H

☐ No reply ☐ Documents not acceptable ☐ Appeals Determination

☐ Exam has settled case Prior to TAS involvement

☐ Other Reason for closing._____

57. Exam Status (Audit Recon) * ☐ Open ☐ Closed
57. F5543 history /F911H

58. TC 290 Date: _____ Amount: $_____
TC 291 Date: _____ Amount: $_____
58. TXMOD/IMFOLT near end (latest dates)

59. Reason code _____
59. TXMOD/IMFOLT right under TC 290

60. Number of EITC children allowed after Recon: ☐ 0 ☐ 1 ☐ 2
60. Exam workpapers for recon F4700.... back

Appendix I-3 - TAS Data Collection Instrument (DCI)

2003 TAS/ Exam Audit Reconsideration Case Review

last 4 digits of SSN_____

61. Refund issued (TC 846)Date:_____ Amount $_____
61. TXMOD/IMFOLT after 290/1date If no TC846, write "0" in amount.

62. EITC amount allowed (TC764): $_____
62. TXMOD/IMFOLT after latest 290/1 date. Write "0" if none.

63. Interest paid (TC776): $ _____
63. TXMOD/IMFOLTA . Write "0" if none.

64. Recertification Indicator on case at time of this review? ☐ **Yes** ☐ **No**
64. Current ENMOD/ IMFOLEF /INOLE

65. Filing Status After Recon : S(1) ☐ **MFJ(2)** ☐ **MFS(3)** ☐ **HOH(4)** ☐ **QW(5)** ☐
65. Exam workpapers for recon F4700.... back

66. Taxpayer sent information after TAS closed case.* ☐ Yes ☐ No
66. F5543 History/F911H and

67. TAS case re-opened.* ☐ **Yes** ☐ **No**
67. F5543 History/F911H and

THANK YOU!

***TAS only question.**

APPENDIX I

APPENDIX II – DATA

GENERAL FACTS

REASONS FOR AUDIT RECONSIDERATION

SUPPORTING DOCUMENTATION SUPPLIED

AUDIT RECONSIDERATION RESULTS

EXAM PROJECT CODES

EXAM CLOSING ACTION

APPENDIX II

GENERAL INFORMATION

Interesting facts collected during the sample review process about EITC audit reconsideration taxpayers are detailed below. The consolidated final volume of cases reviewed was 679 (TAS cases totaled 339 and Examination 340).[61]

The Children:

- Approximately 1,100 children were identified as "qualifying children for EITC" on the Schedule(s) EIC and the original tax return.
- After the original audit, over 1,080 children were "disallowed" as qualifying children for EITC.
- Over 460 of those children were "allowed" as "qualifying children for EITC" after the EITC audit reconsideration.

The Taxpayers:

- Head of household (HOH) filing status was claimed on over 86 percent of these returns as submitted for original return processing.
- 61 percent of these taxpayers relied on paid preparers to prepare their returns.[62]
- Less than 10 percent identified a power of attorney (POA) for processing of the original return.
- Over 15 percent identified a POA during the audit reconsideration case processing.

EITC $:

- $1,770,323 of EITC was claimed per the original tax returns (average EITC claimed $2,607).
- $1,749,803 of EITC was disallowed at the completion of the original audit/examination.
- $721,429 of EITC was allowed as a result of the EITC audit reconsideration process.

[61] Not all documents requested for the review packets were available during the data gathering phase of the project. Various factors influenced this but primarily resulted from documents missing from the Campus Files Operation, the Federal Record Centers or the TAS offices.

[62] "EITC claimants continued to rely on the use of paid preparers to file their tax returns; in greater percentages than the average filing population (67 percent EITC compared to 59.4% of the general population)." *Earned Income Tax Credit (EITC) Program Effectiveness and Program Management FY 2002- FY 2003,* August 8, 2003, page 4. Of the approximately 160,000 pre-refund returns selected (by the Dependent Database processing) for EITC examination in 2002, through mid-October nearly 67 percent were preparer-filed returns. IRS Wage and Investment Office of Research, *"Measuring Effectiveness of EITC Dependent Database – PY2002 (Project # 5-02-12-3-004/CR-33A)",* Interim Report #2 (November 2002).

Audit Facts:

- Eleven different tax years were identified in the sample, ranging from 1990 to 2001.
- Only 4 percent of the sample was from the anticipated 2001 tax year (the rest were prior tax years).[63]
- Tax years 1999 and 2000 accounted for the largest percentage of cases at 65.5 percent.
- 99 percent of the audit reconsideration cases were processed by the ten IRS Campus locations.
- 46 different Examination Project Codes (issues) were identified as the basis of the original examinations/audits.[64]
- 86.9 percent of the original examinations (590 cases) were closed by Examination with a Disposal Code 10 – DEFAULT.[65]
- Over 42 percent of the original examinations closed with Disposal Code 10 received EITC at the end of the audit reconsideration process.
- Less than 5 percent of the original examinations were closed as Undeliverable (Disposal Code 13 – UNDELIVERABLE 90-DAY LETTER).[66]
- Over 300 of the taxpayers in the sample (44.5%) had a code (recertification indicator) on their account, at the time of review, signifying a requirement to demonstrate or recertify their eligibility for EITC before a subsequent EITC claim could be considered.[67]

63 This indicates that the audit and the audit reconsideration process took longer than expected when planning this study.

64 An examination project code is a three-digit number indicating that a case belongs in a special program or category of issues under examination. Project codes can be used to monitor inventory and other information throughout the examination process. *See* Appendix II for a listing of study project codes.

65 A disposal code is a two-digit code used to indicate the disposition of an examination. Disposal Code 10 – DEFAULT applies only to returns if the taxpayer fails to reply after the issuance of a 90-day letter. There is a strong correlation between defaulted statutory notices and subsequent requests for reconsideration of the assessment (and a significant number of deficiency assessments are based on defaulted statutory notices of deficiency). *Reconsideration Task Force Report, Executive Summary,* April 22, 1999, p.6.

66 Disposal Code 13 – UNDELIVERABLE 90-DAY LETTER – applies to returns closed after the issuance of the 90-day letter if the letter is returned as undeliverable. *See* Appendix II for a disposal code summary.

67 IRC § 32(k) authorizes disallowance of EITC by the IRS (EITC either denied or reduced) for any tax year after 1996 if the taxpayer is ineligible (for reasons other than mathematical or clerical error) under deficiency procedures. It also requires the taxpayer to demonstrate (recertify) their eligibility for the credit in a subsequent year, in the manner determined by the Secretary of the Treasury. Current IRS recertification procedures normally include the completion of Form 8862 (Information to claim Earned Income Credit after Disallowance) as well as substantiating documentation (upon request by the IRS).

APPENDIX II

APPENDIX II – 2 - REASON FOR AUDIT RECONSIDERATION

BASIS FOR EITC AUDIT RECONSIDERATION						
Reason	Combined Volume	Combined %[68]	TAS Volume	TAS %[69]	Exam Volume	Exam %[70]
DOCUMENTATION DIFFICULTIES						
TP Sent Partial Info	279	45.2%	151	47.6%	128	42.7%
COMMUNICATION CHALLENGES						
TP Did Not Respond	212	34.4%	102	32.2%	110	36.7%
TP Responded Late	50	8.1%	26	8.2%	24	8.0%
ADDITIONAL CATEGORIES						
TP Disagreed with Original Audit	26	4.2%	11	3.5%	15	5.0%
TP Responded to Original Audit – No Exam Reply	10	1.6%	8	2.5%	2	0.7%
New Information	9	1.5%	4	1.3%	5	1.7%
TP Signed "Agreed" in Error	8	1.3%	2	0.6%	6	2.0%
Other Reasons[71]	23	3.7%	13	4.1%	10	3.3%
Reasons Unknown *(Unable to Determine)*	62		22		40	
Totals	679		339		340	

* Detail may not add to 100% due to rounding

[68] Percentage calculated by dividing number of entries by 617 (679 Combo - (62 Unknown)).

[69] Percentage calculated by dividing number of entries by 317 (339 TAS - (22 Unknown)).

[70] Percentage calculated by dividing number of entries by 300 (340 Exam - (40 Unknown)).

[71] "Other reasons" totaled less than 5 of each of the following categories: IRS error; unclaimed mail/delivery issues; taxpayer requesting IRS info to facilitate audit reconsideration; taxpayer did not understand (ESL); taxpayer did not understand (not ESL); and taxpayer disagreed with previous audit reconsideration.

APPENDIX II – 3 - SUPPORTING DOCUMENTATION SUPPLIED

Supporting Documentation Furnished by Taxpayers

Type of Documents	Eligibility Issue Documentation Attempts to Address						
	Relationship	Age of Child	Residency	Schedule C Income	Filing Status	Other	Total
Birth Certificate for Qualifying Child	346	12	-	-	-	-	358
Social Security Card for Qualifying Child	322	-	-	-	-	-	322
School/Daycare Records or Transcript	-	43	261	-	-	-	304
Medical Records	-	20	160	-	1	1	182
Official Letter from School, Medical, or Church	-	-	76	-	59	-	135
Court Records	21	-	27	-	70	7	125
Housing Records / Receipts: Rent, Mortgage, Interest, Lease, or Tax	-	-	35	-	77	2	114
Letters from: Friends, Ex-spouses, Landlords, etc (some notarized)	21	1	60	2	19	7	110
Social Security Card for Taxpayer (an/or spouse)	105	-	-	-	-	2	107
Utility Bills / Records	-	-	17	-	67	11	95
Listing of Persons Who Lived With Child During Tax Year	82	-	-	-	-	-	82
Tax Forms (1040, 1040X, F8332, and F8862) and Notices Received from IRS	8	-	5	2	16	30	61
Name, Address and SSN of Child's Parents (Other Than Taxpayer)	49	-	-	-	-	-	49
Dates Child Lived With Taxpayer	47	-	-	-	-	-	47
Social Services Documents / Church Records	-	-	45	-	-	-	45
Other Documents[72]	13	1	21	2	-	3	40
Voter Registration Cards, Driver's License, State Residence Documents	16	-	11	-	-	5	32
Financial Records: Bank Statements, Cancelled Checks, and Retail Receipts	4	1	4	1	7	4	21
Marriage Certificates for Step Relations	15	-	-	-	-	-	15
F1099 or Documents from Payor	-	-	-	13	0	0	13
Postal Form 1093	-	-	11	-	-	-	11
Letter from Adoption Agency or Authorized Placement Agency	9	-	-	-	-	-	9
Documents from Businesses: Ads, Permits, Insurance, and Cost of Goods Sold	-	-	-	8	-	-	8
Sum of Documents Sent	**1058**	**78**	**733**	**28**	**316**	**72**	**2285**

[72] Other documents included: paternity documents, governmental financial assistance (public assistance or SSA), home or health insurance, yellow pages listing, magazine subscription receipts, retail store ID cards, work schedules, earnings statements, copies of child support payments, and affidavits of employment business.

APPENDIX II

APPENDIX II – 4 - ANALYSES OF THE OUTCOMES OF AUDIT RECONSIDERATION CASES

As shown in figures 1and 2, very few taxpayers requesting audit reconsideration for EITC were allowed any amount of original EITC. Additionally, taxpayers who went to TAS for assistance averaged more EITC than those who solely worked with Exam.

FIGURE 1: NUMBER OF CASES

	TAS Review # of Cases	Exam Review # of Cases	Combined # of Cases
Requested EITC (per tax return)	339	340	679[1]
PARTIAL EITC Allowed (at original audit)	15 (4.4%)	26 (7.6%)	41 (6%)
NO EITC Allowed (at original audit)	324 (95.6%)	314 (92.4%)	638 (94%)
Received EITC (AFTER Audit Recon)	154 (45.4%)	137 (40.3%)	291 (42.9%)

FIGURE 2: DOLLAR AMOUNTS

	TAS Review	EXAM Review	Combined Reviews
$ EITC per Return	$ 893,410 (Avg.= $2,635)	$ 876,913 (Avg.= $2,579)	$ 1,770,323
Original Audit: $ EITC - Allowed	$ 7,358 (Avg.= $491)	$ 13,162 (Avg= $506)	$ 20,520
Original Audit: $ EITC - Denied	$ 886,052 (A vg.= $2614)	$ 863,751 (Avg.= $2540)	$ 1,749,803
Audit Recon: $ EITC - Allowed	$ 400,653 (Avg.= $2602)	$ 320,776 (Avg.= $2341)	$ 721,429
Original Audit:& Audit Recon: $ EITC Allowed (total)	$ 408,011	$ 333,938	$ 741,949
% of "TOTAL $ EITC ALLOWED (original audit & audit recon)" to "$ EITC per RETURN"	45.7%	38.1%	41.9%

[73] The study database contained 679 cases (339 TAS and 340 Exam cases) for this calculation.

APPENDIX II - 5 - EXAMINATION PROJECT CODES

PLANNED TAS PERCENTAGE FOR CASE REVIEW				
PC	Project Code Literal	Volume Reviewed (by PC)	Vol. w/ "Favorable Outcome"	% w/ "Favorable Outcome"
000	Valid Correction Entry	4	1	25%
021	(Literal not available)	2	1	50%
037	(Literal not available)	2	2	100%
041	(Literal not available)	2	0	0%
049	(Literal not available)	1	1	100%
097	Non EIC – Dependent / Dependent Match TIN	14	9	64%
098	Non EIC – Dependent / Primary Match TIN	5	3	60%
099	Dependent Database	90	45	50%
175	Local Definition	2	2	100%
185	Local Definition	1	0	0%
188	Local Definition	1	0	0%
200	Local Definition	1	0	0%
204	Training Return	1	0	0%
215	Multiple Duplicate Dependent (DUP TIN Greater Than 5)	2	0	0%
502	Local Definition	1	1	100%
600	RPS EIC Unsubstantiated	17	10	59%
601	RPS Informant	1	1	100%
605	RPS Return Preparer	1	0	0%
606	RPS EIC Ineligible	13	3	23%
607	RPS Ineligible – Other	14	3	21%
608	Schedule C & EIC	14	4	29%
610	AEITC Filing Status	9	3	33%
611	EITC Questionable Refund Program	2	0	0%
612	EITC Schedule C Preparer (TY 99)	31	14	45%

APPENDIX II

PLANNED TAS PERCENTAGE FOR CASE REVIEW				
PC	Project Code Literal	Volume Reviewed (by PC)	Vol. w/ "Favorable Outcome"	% w/ "Favorable Outcome"
613	EITC Ineligible Preparer (TY 1999)	90	36	40%
614	EITC Ineligible (TY 99)	22	10	45%
615	EITC Schedule C (TY 99)	11	4	36%
616	EITC Schedule C Preparer (TY 2000)	10	4	40%
617	EITC Ineligible Preparer (TY 2000)	46	23	50%
618	EITC Ineligible (TY2000)	29	13	45%
620	Forward for Classification – Dependent Database (DDb) Schedule C	2	0	0%
621	DDb Post Refund	1	0	0%
622	Federal Case Registry (FCR Study)	4	3	75%
623	EITC Disallow Schedule C Net Profit – DDb	2	1	50%
631	AMT	1	0	0%
642	RPS – Other (Misc. CIB Referrals)	8	2	25%
648	RPS Mixed / Missing / Invalid SSNs	1	0	0%
652	RPS Duplicate SSN	92	42	46%
671	Offshore Compliance Project	2	2	100%
694	EITC Recertification	53	24	45%
696	EITC Program Action Cases	2	1	50%
723	Local Definition	1	0	0%
725	Local Definition (EITC DUP TIN Repeater)	49	19	39%
740	Local Definition	1	0	0%
748	Local Definition	1	0	0%
762	Local Definition	1	1	100%
832	Compliance Team	1	0	0%
U	(Project code unknown)	18	3	17%

APPENDIX II - 6 – EXAMINATION CLOSING ACTION

ORIGINAL EXAMINATION RESOLUTION CLOSING ACTION SUMMARY								
		Disposal Code	Volume (by Examination Technique Code)[74]					
		Total	TC-1	TC-2	TC-3	TC-6	TC-7	U[75]
DISPOSAL CODE "01" No Change w / Adjustments – applies to no-change examined returns (even if a 30-day or 90 day letter was issued) if there is an adjustment to the tax base data such as income or deduction items but no change in tax liability or refundable credits.	DC 01	2	X	2	X	X	X	X
DISPOSAL CODE "03" Agreed – applies only to returns if an agreement is received prior to the issuance of a 30-day or 60-day letter. Also applies to claims allowed in full and agreed claims partially allowed.	DC 03	4	X	X	X	X	1	3
DISPOSAL CODE "04" Agreed – Applies only to returns if an agreement is received after the issuance of a 30-day or 60-day letter.	DC 04	29	X	24	X	X	1	4
DISPOSAL CODE "08" Other – Applies to other manner of closing after issuance of a 30-day or 60-day letter. Also applies to unagreed claims partially allowed and secured delinquent returns if a dummy TC150 is posted.	DC 08	1	X	1	X	X	X	X
DISPOSAL CODE "09" Agreed - Applies only to returns if an agreement is received after the issuance of a 90-day letter.	DC 09	22	X	16	X	X	X	6
DISPOSAL CODE "10" Default – Applies only to returns if the taxpayer fails to reply after issuance of a 90-day letter.	DC 10	590 (87%)	1	269	2	121	105	92
DISPOSAL CODE "13" Undeliverable 90-Day Letter – Applies to returns closed after the issuance of the 90-day letter if returned as undeliverable.	DC 13	31	X	1	X	X	21	9

[74] Examination Technique Codes identify the type of examination conducted. (IRM 4.4, Exhibit 4.4.1-1 Reference Guide, 9/1/2003, page 16).

[75] U = Unknown (information regarding the technique codes for these cases was not available)

APPENDIX II

APPENDIX III – FORM

OPERATIONS ASSISTANCE REQUEST FORM

APPENDIX III

Operations Assistance Request (OAR)

Section I – Taxpayer Information (*Completed by Taxpayer Advocate Service (TAS)*)

1. Taxpayer(s) Name	2. TIN	3. TAMIS Case File No.	**4. Criteria Code**
5. MFT(s)/Tax Period(s)	6. OAR Issue		7. Date Created

Section II – Originating TAS Office Information (*Completed by TAS*)

1. Employee's Name	2. Phone No.	3. Fax No.	4. Office Hours
5. Manager's Name		6. Manager's Phone Number	
7. TAS Group Mailing Address	8. TAS Office (Org Code and Location)		
9. Name of TAS Liaison		10. Phone No.	11. Fax No.

Section III – Responsible Operating Division/Functional Unit (OD/Func) Information (*Completed by TAS*)

1. BOD	2. Organizational Unit	3. Area	4. Location	5. Unit
6. Name of OD/Functional Liaison		7. Phone No.	8. Fax No.	9. Date OAR Sent to OD/Func. Liaison

Section IV – Specific Assistance Requested (*Completed by TAS*)

1. Description of Recommended Actions

2. Supporting Documents (*Indicate "None" if there is no supporting documentation.*)

3. Requested Completion Date	4. Negotiated Completion Date

Form 12412 (Rev. 3-2003) Catalog Number 28485V Department of Treasury-**Internal Revenue Service**

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APPENDIX III

FORM

1. Taxpayer(s) Name	2. TIN	3. TAMIS Case File No.	**4. Criteria Code**
5. MFT (s)/Tax Period(s)	6. OAR Issue		7. Date Created

Section V – OD/Func Acknowledgement and Assignment (*Completed by Operating Division/Functional Unit*)

1. Liaison Received Date	2. Liaison Acknowledge Date	3. Date Assigned	4. Relief Determination Date
5. OD/Functional Employee's Name		6. Phone Number	7. Fax Number
8. OD/Functional Group Mailing Address			
9. Manager's Name			10. Phone Number

Section VI – OD/Func Action Taken (*Completed by Operating Division/Functional Unit*)

1a. Assistance Action Completed *(Indicate all actions taken)*	2a. Reject/Return (Check appropriate box or boxes. Explain reasons for rejection/return in Item 2b below.)
	☐ OD/Function disagree with TAS recommended actions ☐ TAS has authority to complete requested action(s) ☐ OAR routed to wrong BOD/Organizational Unit/Area/Location/Unit ☐ Action requested in Section IV (1) is not clear ☐ Incomplete Form 12412 ☐ Supporting documentation not attached ☐ Other *(Explain in detail in space below)*
	2b. Reject/Return Explanation *(Note: If OAR misrouted, please indicate correct routing.)*
1b. Date assistance actions completed	2c. Date OAR rejected/returned to TAS

Section VII – Closing Information (*Completed by TAS*)

1. Date completed OAR received	2. Were all recommended actions completed? Yes ☐ No ☐

-2- Form **12412** (Rev. 3-2003)

APPENDIX III

Instructions

This form is used to request assistance from an Operating Division or Function to resolve Taxpayer Advocate cases.

Section I -Taxpayer Information *(Completed by TAS)*

1. Enter taxpayer's name as it appears *(or will appear)* in the TAMIS case file.
2. Enter the taxpayer's Taxpayer Identification Number *(TIN)*; Social Security Number *(SSN)* for an individual taxpayer or Employer Identification Number *(EIN)* for a business taxpayer.
3. Enter the TAMIS Case File Number of the underlying TAMIS case.
4. Enter the appropriate TAS case Criteria Code *(1,2,3,4,5,7 or 9)*.
5. Enter only the Master File Tax *(MFT)* category or categories and Tax Period(s) that relate to the OAR action(s).
6. Enter the tax issue that is the subject of the OAR.
7. Enter the date TAS prepared and completed Form 12412 (OAR).

Section II - Originating Office Information *(Completed by TAS)*

1-7. Enter name of TAS employee assigned the TAS case, his/her telephone and facsimile numbers, office hours, manager's name and telephone number and group mailing address.

8. Enter the Advocate Office Org. Code, name and location.

9-11. Enter the name, telephone and facsimile number of the TAS Liaison for the Advocate Office listed in Item 8.

Section III - Responsible Operating Division/Functional Unit (OD/Func) Information *(Completed by TAS)*

1-5. Enter Operating Division/Functional Unit entry information: BOD, Organizational Unit, Area, Location and Unit Codes.

6-8. Enter the name, telephone and facsimile numbers of the Operating Division/Functional Unit Liaison.

9. Enter the date TAS Liaison forwarded Form 12412 and Form 3210 *(Document Transmittal)* to the OD/Func Liaison.

Section IV -Specific Assistance Requested *(Completed by TAS)*

1. Provide a detailed narrative explanation and justification of all actions requested of the Operating Division/Functional Unit. Indicate how any attached taxpayer-provided or other documentation supports the carrying out of TAS recommended actions. If the request involves, for example, an account adjustment, specify the type and nature of the adjustment *(e.g. tax, penalty and/or interest abatement)* but do not provide a listing or breakdown of transaction codes and dollar amounts since the latter will be the responsibility of the Operating Division/Functional Unit after they receive the materials.
2. List all attached taxpayer-provided or other documents supporting TAS recommended actions. *(Note: supporting documents will generally* **not** *include copies of TAMIS screens, Form 911-H, Form 911, Form 3870 or similar internal forms)*
3. Enter the TAS requested completion date of all OAR recommended actions.
4. Enter the revised completion date mutually agreed to by both TAS and the Operating Division/Functional Unit when the latter indicates
additional time will be needed to complete all OAR recommended actions.

Section V - OD/Func Acknowledgement and Assignment *(Completed by Operating Division/Functional Unit)*

1. Enter the date the Operating Division/Functional Unit Liaison received Form 12412 and Form 3210 *(Document Transmittal)*.
2. Enter the date the Operating Division/Functional Unit Liaison acknowledged receipt of Form 12412.
3. Enter the date TAS OAR is assigned to Operating Division/Functional Unit employee.
4. Enter the date Operating Division/Functional Unit decided whether or not to comply with TAS relief/assistance request. *(This entry is only required for Criteria 1 through 4 cases.)*

5-10. Enter the name of the Operating Division/Functional Unit employee assigned the TAS OAR, his/her telephone and facsimile numbers, group mailing address and manager's name and telephone number.

Section VI - OD/Func Actions Taken *(Completed by Operating Division/Functional Unit)*

1a. Indicate all assistance actions taken by Operating Division/Functional Unit.

1b. Enter the date Operating Division/Functional Unit completed TAS recommended actions.

2a. Indicate/check off the reason(s) why Operating Division/Functional Unit did not complete OAR recommended actions.

2b. Explain in detail the reason(s) indicated in Item 2a for OAR rejection or return.

2c. Enter the date of OAR rejection/return by Operating Division/Functional Unit Liaison.

Section VII - Closing Information *(Completed by TAS)*

1. Enter the date TAS Liaison receives completed OAR package from Operating Division/Function Unit Liaison.
2. Indicate (Yes or No) whether Operating Division/Functional Unit completed all actions recommended by TAS.

-3-

APPENDIX IV – CONTRIBUTORS

LIST OF MAJOR STUDY CONTRIBUTORS

APPENDIX IV

MAJOR STUDY CONTRIBUTORS

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APPENDIX IV

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TAXPAYER ADVOCATE SERVICE

INTERNAL REVENUE SERVICE