Dealing with Sticky Situations: Overbroad IDRs, Requests for Client Interviews, and Other Tricky Audit Situations

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Overview

- Opening Conference
- IDR Basics
- Strategy Considerations
- Tricky IDRs and Issues
- Acknowledgment of Facts (AOF) IDRs
- Summons Enforcement

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Opening Conference

- Initial meeting to discuss administrative matters of the audit
- Discuss audit plan and taxpayer is provided a copy
- Discuss issues, audit steps, timeline, and IDR practices
 - Establish communication strategy.
 - Select a single point of contact with the IRS
- What if auditor asks substantive questions during the opening conference?

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IDR Basics

- The IRS has the authority to examine any books, papers, records, or other data that may be relevant or material to determining tax liability
- IDRs are issued to gather information
- Does not include things that do not exist;
 IRS can't force taxpayer to create materials





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Issuance of IDRs

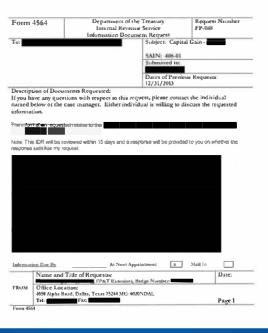
- Issue focused
 - One issue per IDR
 - Exception: IDR issued at beginning of examination that requests basic books and records and general information about a taxpayer's business
- Discussed with taxpayer before issuance
- Mutually agreed upon response date
- Date by which Exam must advise taxpayer as to whether the response is satisfactory

See Publication 5125, the LB&I Examination Process

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Issuance of IDRs



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Also available as part of the eCourse 2022 Taxation eConference: Day 1 - Controversy

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