

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

UT Law 70th Annual Taxation Conference
November 30, 2022

Mary A. McNulty
Lee S. Meyercord

Holland & Knight

1

Overview

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

Holland & Knight

2

2

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?

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



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](#)

Issuance of IDRs

Form 4564	Department of the Treasury Internal Revenue Service Information Document Request	Request Number FP-065
To: [REDACTED]	Subject: Capital Gain - [REDACTED]	
	SAIN: 408-01	
	Submitted to: [REDACTED]	
	Date of Previous Request: 12/31/2013	
<p>Description of Documents Requested: If you have any questions with respect to this request, please contact the individual named below or the case manager. Either individual is willing to discuss the requested information.</p> <p>Transfer of information requested relates to date [REDACTED]</p> <p>Note: This IDR will be reviewed within 15 days and a response will be provided to you on whether the response satisfies my request.</p>		
[REDACTED]		
Information Due By:	At Next Appointment <input checked="" type="checkbox"/>	Mail In <input type="checkbox"/>
Name and Title of Requestor	FP&T Extension, Badge Number [REDACTED]	Date:
FROM:	Office Location: 4650 Alpha Road, Dallas, Texas 75244 MC: 4020NDAL	
	Tel: [REDACTED] Fax: [REDACTED]	Page 1
Form 4564		

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

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

Also available as part of the eCourse

[2022 Taxation eConference: Day 1 - Controversy](#)

First appeared as part of the conference materials for the
70th Annual Taxation Conference: Day 1 - Controversy session

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