

It is my pleasure for today to present Juan Crespo and Brandi Joyner. Take it away, Brandi.

Brandi Joyner:

Thanks. Hello and greetings from the Independent Office of Appeals. It's hard to believe a year has gone by since the last tax form.

We are pleased to be able to talk about the IRS Independent Office of Appeals and our role in tax administration. Today we will be presenting various aspects of the Appeal function and share some of our current processes and programs. My name is Brandi Joyner and I am an Appeals Area Director located in Charlotte, North Carolina. I manage an area of settlement Officers who specialize in a variety of selection workstreams. With me today is Juan Crespo, an Appeals Team Manager located in Tampa, Florida.

He manages a team of Appeals Officers who specialize in a variety of exam issues and workstreams.

As you know, this year's nationwide tax form is being delivered differently than what we have done in the past. Please understand this presentation is designed to be general in nature and the scenarios provided are designed to be as realistic as possible. But the facts of each taxpayer's situation determine the outcome of a specific case.

Even though we are not able to answer questions following our presentation, we hope the information provided will address your issues and inquiries and give you a better understanding of how the Independent Office of Appeals operates.

Today we will provide information on the following topics: the Appeals process, Taxpayer First Act, examination Appeals workstreams, and collection Appeals workstreams.

Finally, we will provide answers to some of our most frequently asked questions.

Juan Crespo:

Thanks, Brandi. So, I'm on the Appeals' Purpose and Duties slide. So, I'm going to go and proceed over an overview. Since 1927 the Independent Office of Appeals, or simply Appeals, has been an independent dispute resolution function within the Internal Revenue Service.

Through conferences with taxpayers, Appeals objectively and independently assesses the facts, law, and litigation process of cases to negotiate fair and impartial settlement.

As you can see on the slide, Appeals' mission is to resolve tax controversies without litigation on a basis which is fair and impartial to both the government and the taxpayer in a manner that will enhance –

voluntary compliance and public confidence in the integrity and efficiency of the Service. Appeals accomplishes this mission by considering protested cases, holding conferences, and negotiating settlements in a manner which ensures Appeals employees act in accordance with the Taxpayer Bill of Rights in every interaction with taxpayers, –

will listen to both sides, consider and evaluate all arguments and available information, provide a prompt conference and an independent, high quality decision in each case.

Appeals serves a critical role in the administration of our nation's tax laws, and we occupy a unique position in tax administration. We are independent within the IRS.

In Appeals, when we talk about independence we mean Appeals is independent of the Service's Compliance functions that exam or investigate tax filings or initiate collection actions. Independence from the Service's Compliance functions is one of Appeals' most important core values. Our independence allows us to provide a fair and impartial review of the cases presented to us.

Brandi Joyner: As this next slide indicates, the Appeals office is structured into four operating business units or functions: collection Appeals, examination Appeals, specialized exam programs and referrals, and case and operations support. Each of these operating business units is overseen by an executive director and is comprised of field and campus administrative, technical, and managerial employees.

Managers report to area directors, or senior managers, who in turn report to their respective executive directors. Finally, our executive directors report to the chief and deputy chief of Appeals, who oversee the entire office of Appeals.

Juan Crespo: Let us take a look at how the process generally works, the Appeals process.

Step one: the taxpayer protests an IRS determination. Here the taxpayer's right to Appeal a determination is governed by law. When the IRS renders a determination that the taxpayer disagrees with, they will send the taxpayer or representative a letter explaining the Service's determination and the taxpayer's right to an Appeal.

It is important to follow the instructions in the letter as specific time frames exist, and the taxpayer's right to Appeal can expire if the instructions in the IRS's letter are not timely followed.

Step two: Let us assume that you follow the instructions in the IRS's letter and request consideration by Appeals. What happens next? The Appeals Technical Employee will receive the Appeals request from Compliance and contact you to schedule a conference.

Step three. The taxpayer and Appeals will discuss the facts, argument, and law during the conference. At the conference the Appeals Technical Employee will objectively and independently assess the facts, law, and litigation process of the case –

in an effort to negotiate a fair and impartial settlement. The conference format allows for an informal – without a formal court hearing – discussion to determine whether a basis for settlement can be reached to resolve the dispute.

Step four: Appeals finally will attempt to resolve the case of the taxpayer based on a fair and impartial review.

It is important to understand that Appeals does not continue the development of cases from Compliance, and it is not an extension of the Compliance function. Appeals' Technical Employees are not investigators or examiners, nor do they assist Compliance or the taxpayer with developing their position. And as an independent function, Appeals will not raise new issues –

but rather will only consider the issues raised by Compliance and the taxpayer.

Brandi Joyner:

We mentioned the words "impartial" and "independent" several times. The IRS Restructuring and Reform Act of 1998 required the IRS Commissioner to ensure an independent Appeals function. As a result, we take our independence and impartiality very seriously.

Special ex-parte roles limit the communications between Compliance and Appeals employees to the extent that such communications appear to compromise the independence of Appeals. Under ex-parte, Appeals employees – including Appeals and settlement Officers – are prohibited from communicating with Compliance employees about the substance of a case without giving the taxpayer or representative an opportunity to participate.

If the taxpayer chooses not to participate, the ex-parte communication rules do not apply. However, please note the ex-parte rules do allow employees to communicate with Compliance employees without having the taxpayer or representative present, but only if the communications are limited to ministerial, administrative, or procedural matters, and the originating function does not advocate for particular results.

Juan Crespo:

Conference methods. Appeals Officers conduct settlement conferences in many ways, including in person, by telephone, virtually, and by correspondence. Not surprisingly, most cases are resolved by telephone. However, if a taxpayer with a tax assigned to a local field office requests an in-person conference, –

Appeals will use its best efforts to schedule an in-person conference on a date and time and at a location that is reasonably convenient for the taxpayer or representative and Appeals.

Appeals has received favorable feedback on virtual conferencing using Cisco's WebEx meeting technology

WebEx allows taxpayers and Appeals employees to conduct an online meeting from their computer or smart devices with videoconferencing and screen sharing capability.

Now Brandi will provide information on last year's enacted Taxpayer First Act.

Brandi Joyner:

Thanks, Juan. The Taxpayer First Act was signed into law on July 1, 2019. A key provision of the Taxpayer First Act was to codify the independent Appeals process, resulting in new Internal Revenue Code Section 78.03(e), Independent Office of Appeals.

Since 1927, Appeals' mission to resolve tax disputes fairly and impartially has not changed. In 1998 Congress passed certain laws that added to the protection of Appeals' independent review of tax disputes, including the prohibition of ex-parte communications between Appeals Officers and other IRS employees to the extent that such communications appear to compromise the independence of the Appeals Officers.

The Taxpayer First Act codified Appeals' role in order to foster confidence in the integrity of the IRS and in the independence of its administrative proceedings and to encourage voluntary compliance. This provision contains new guidelines to reassure

taxpayers of the independence of the person providing the independent review.

It also changed Appeals' name from the IRS Office of Appeals to the IRS Independent Office of Appeals.

It further codified the Appeals mission statement with minor changes. The enhanced statement is "to resolve federal tax controversies without litigation on a basis which is fair and impartial to both the government and the taxpayer, promote a consistent application and interpretation of involuntary compliance with the federal tax laws, and enhance public confidence in the integrity and efficiency of the Internal Revenue Service.

The TFA added to the code language that provides that the Appeals resolution process shall be generally available to all taxpayers. The TFA also provides that Appeals shall have authority to obtain legal assistance and advice from the staff of the Office of Chief Counsel. In such circumstances, Chief Counsel is responsible for ensuring to the extent practicable that the assistance and advice it provides is provided by counsel staff who were not previously involved in the case –

and who are not involved in preparing such case for litigation.

Juan Crespo:

Taxpayer First Act: case file access. In addition, the Taxpayer First Act ensures that upon request Appeals provides specified taxpayers with a copy of the non-privileged contents of their case file no later than ten days before a scheduled Appeals conference.

Specified taxpayers include all individuals whose adjusted gross income does not exceed \$400,000.00 for the taxable year at issue. For other taxpayers, such as a corporation, this includes taxpayers whose gross receipts do not exceed \$5 million for the taxable year at issue. This provision applies to all conferences held on or after July 1, 2020.

The file contents will be provided to the taxpayer either by eFax, USB – also known as a flash drive, hard copy, or by secure e-mail. Taxpayers or practitioners should advise Appeals promptly if they want a copy of the file to ensure no delay.

Now we will provide information on various workstreams and examination Appeals.

Juan Crespo:

Thanks, Brandi. Examination Appeals Workstreams. Examination cases can come to Appeals either before petitioning US Tax Court – called a non-docketed case – or after a taxpayer petition to the US Tax Court for review of the case, called a docketed case.

A docketed case is a tax case assigned a docket number in US Tax Court. There are many types of docketed cases, also called pre-90 cases. Some of the most common types are reflected on the screen: Protested notice of proposed adjustment. A lot of – many of you will also know it as the 30-day letter. Claims and audit reconsiderations. Penalty Appeals. Interest abatement.

A docketed Appeals case is one where a statutory notice of deficiency or other notice with Tax Court rights has been issued and the taxpayer has filed a petition for review with the US Tax Court and lawyers from the IRS Office of Chief Counsel have referred the case to Appeals for consideration to attempt to resolve it administratively prior to trial.

Next slide.

Appeals Settlement Authority. Now that we talked about the Appeals mission, how cases come to Appeals, and the Appeals process, we will turn to case settlement consideration.

Appeals has the exclusive authority within the IRS to settle cases administratively based on hazards of litigation, which refers to the uncertainty of the outcome of the case if it were litigated. If Appeals is unable to settle a case, the taxpayer usually retains the right to judicial review in court.

A litigating hazard is a substantial uncertainty in the event of litigation as to –

how the courts would interpret and apply the law, what facts the court would find, or the admissibility of or weight that would be given to a specific item of evidence. In simple terms, hazard of litigation means the Appeals Officer can consider how a judge might look at the evidence.

As part of their review, Appeals Officers consider any statements or testimony provided by the taxpayer. In assessing the litigating hazards associated with a taxpayer's testimony, the focus is on whether the taxpayer's statements seem reasonable and credible. After an Appeals Officer evaluates the case he or she may attempt to resolve the case by negotiating and settling the issue based on the merits of the case.

If the analysis indicates the taxpayer was complete right, the issue would be conceded in whole. If the analysis indicates Compliance was completely right, the Appeals Officer would ask the taxpayer to concede in full. Or, if the analysis indicates the answer is somewhere in between, a compromise settlement would be proposed. This type of settlement would be based on the hazard of litigation.

For example, let's suppose that Compliance disallowed Schedule C business expenses due to lack of substantiation and the taxpayer disagrees. When analyzing the hazard of litigation the Appeals Officer may determine that it is appropriate to apply the so-called Cohan Rule, which is based on a court decision of the same name. Under the Cohan Rule a taxpayer may be able to deduct certain business expenses –

even if the taxpayer is unable to fully verify or substantiate all the expenses. The Cohan Rule does not apply to travel and meals expense deductions. For the rule to apply the taxpayer must be able to explain the expenses and their relationship to the business and to show that the expenses deducted are necessary and reasonable.

The essential finding in the Cohan case was that even in the absence of any documentation a business must have incurred some expenses in its operation, so an estimate can be determined. After review the Appeals Officer may be willing to agree to a partial settlement if the taxpayer can provide some evidence to support an estimate.

So, for best results and to move forward to a prompt resolution –

as a tax practitioner, you can help get your clients' cases as quickly as possible by understanding and engaging in the Appeals process as follows. Prepare an adequate protest that communicates all issues and reasons for the disagreement, along with the supporting law. Helping Appeals fully understand the taxpayer's positional arguments and the rationale for any settlement Officers early in the process is a productive approach.

Submit documentation and relevant case law as early as possible. Respond timely, adhering to the due dates for submission of documentation. Attend the settlement conference with a general idea of an acceptable resolution to the dispute. Make a good faith settlement offer. Consistent with our mission of being fair and impartial –
to both the taxpayer and the government and with the prohibition on ex-parte communication, Appeals will give the taxpayer representative an opportunity to participate in any communications between Appeals and Compliance involving the substance of the case.

Examination Appeals Scenario.

On her 2018 Form 1040 the taxpayer reported net profit of \$15,500.00 from her deli sandwich restaurant, a sole proprietorship. On Schedule C she reported gross receipts of \$300,500.00, cost of goods sold for food purchases of \$180,300.00, and expenses totaling \$104,700.00.

Total expenses consist of advertising, vehicle expense, insurance, legal and professional services, office expense, office supplies, rent, repairs, taxes and license, travel, and other expenses.

The Service examined the taxpayer's 2018 tax year and requested supporting documentation for the Schedule C deductions but no documents were provided.

The examiner determined that the cost of goods sold amount was reasonable in comparison to gross receipts and allowed this amount in full. The examiner fully disallowed the Schedule C expenses for lack of substantiation. The taxpayer timely protested the examiner's decision. The taxpayer has burden of establishing an entitlement to a deduction. In Appeals, the taxpayer provided documents to fully substantiate the deductions –

for rent, utilities, business license, and sales taxes. She gave credible oral testimony on how the business operated and the ordinary and necessary expenses regularly incurred in the business. She also provided sufficient evidence to establish a basis under the Cohan Rule for estimating the ordinary and necessary business expenses for supplies, advertising, and vehicle expense.

For travel expense she failed to meet the strict recordkeeping requirements that apply to this expense. Appeals reached a settlement agreement and resolved the case.

So, you're asking yourself, "What additional steps could the taxpayer have taken which might have resolved it in a better outcome?" Get bank and credit card records to support deductions claimed. Contact vendors for receipts and invoices to substantiate the expenses incurred.

Attempt to reconstruct expenses using source documents, such as credit card bills or hotel receipts, to substantiate the expenses incurred. Supply all invoices, receipts, cancelled checks, and reconstructive records to the examiner. If new information becomes available while the case is in Appeals, promptly submit it.

Note: tax law requires the disallowance of travel, meals, and entertainment and gift expenses if the taxpayer does not meet the strict recordkeeping requirement of Internal Revenue Code Section 274(d). The Cohan Rule doesn't apply to these expenses. You could also see IRS Publication 463, "Travel, Gift, and Car Expenses."

On another note, Appeals is not the finders of facts. If Appeals receives new information or new evidence not previously shared with the examiner, –

and in the judgment of the Appeals Officer the new evidence or new information requires additional analysis or investigative action, the Appeals Officer will return the case to the examination function to consider the new information.

Next, Brandi will provide information on workstreams within Collection Appeals.

Brandi Joyner:

Various IRS compliance actions may be Appealed through the following Appeals workstreams: Collection Appeals Program, Collection Due Process, Offer in Compromise, and Trust Fund Recovery Penalty.

The Collection Appeals Program, or CAP, provides an administrative Appeal for certain compliance or collection actions –

such as seizures, levies, liens, and rejected, modified, proposed-for-modification, terminated, and proposed-for-termination, installment agreements. The collection Appeals program is an option for taxpayers looking for a quick resolution of an administrative or procedural issue.

In a CAP hearing Appeals' consideration is strictly limited to whether the action taken or proposed by Compliance was appropriate based on the Internal Revenue manual and facts of the case.

For example, in a CAP levy case Appeals may determine the levy was not appropriate and direct Compliance to release the levy. On the other hand, following administrative review Appeals may sustain Compliance's actions. Appeals, however, will not consider collection alternatives in CAP cases. Decisions rendered by Appeals are binding on the taxpayer and Collections and there is no opportunity for judicial review.

This type of Appeal is requested via Form 9423 or its equivalent. While Form 9423 is recommended for CAP Appeals, any written request or oral request for a CAP hearing will be honored. Please reference IRM 8.24.1 for more information on how to request a CAP.

As outlined in IRC section 6320 and 6330 a Collection Due Process hearing, or CDP, –

directs Appeals to review specific collection actions such as a lien or a notice of intent to levy that were proposed or taken by Compliance. A taxpayer can request a Collection Due Process hearing if the taxpayer receives a collection notice that specifically states one has the right to a hearing. By law, Collection Due Process hearings are conducted by an Officer or employee who has had no prior non-CDP involvement with respect to the unpaid tax.

However, the taxpayer may waive the no-prior-involvement restrictions using the IRS Form 14041, "Waiver Form for Right to Request a New Settlement or Appeals Officer."

An Offer in Compromise, or OIC, is an agreement between a taxpayer and the government that settles the tax liability for payment of less than the full amount owed.

The IRS is authorized to compromise a liability on one of three grounds: doubt as to collectability, doubt as to liability, or to promote effective tax administrations. In a doubt as to collectability case the IRS will accept an offer if it is unlikely that the tax liability can be collected in full and the amount offered

reasonably reflects what the IRS would expect to collect from the taxpayer during the specified time frame.

A doubt as to liability offer may be submitted where the taxpayer believes there is a genuine dispute as to the existence or amount of the current tax liability under the law.

If it is determined that there is no basis to accept an offer under doubt as to collectability or doubt as to liability, the offer may still be accepted if it is determined that doing so would promote effective tax administration and not undermine other taxpayers' compliance with tax laws.

Offers considered under effective tax administrations, or ETA, contain information where the taxpayer presents special circumstances as the basis to accept the offer. Under ETA the taxpayer does not dispute being financially capable of paying the liability in full. To accept an ETA offer the taxpayer must establish that paying the tax liability in full would cause an economic hardship or compelling public policy –

or equity fairness considerations exist that would undermine public confidence that the tax laws are being administered in a fair and equitable manner if they were required to pay in full. These public policy or equity offers are sometimes referred to as non-hardship ETA offers. This type of Appeal is typically requested via a form 13711, "Request for Appeal of Offer in Compromise," –

but can be made via any written format and must be postmarked within 30 days from the date of the rejection letter providing the Appeal rights.

Finally, requests may come to Appeals when there is a dispute on a proposed Trust Fund Recovery Penalty assessment, or TFRP, under IRC section 6672 or under a "Denied Claim for Abatement of the Assessed Trust Fund Recovery Penalty." The TFRP is intended to serve as an alternative means for collection of unpaid trust fund taxes –

when not fully collectable from a business that failed to pay the taxes. The TFRP is a penalty against any responsible person required to collect, account for, and pay off taxes held in trust who willfully fails to perform any of these activities. IRC 6672 only applies to the employee's portion of the employment tax, mainly withheld income tax and the employee's portion of FICA.

It does not apply to the employer's portion of employment taxes. The TFRP may also apply to collected excise taxes.

This type of Appeal is requested via a formal written protest or letter as outlined in IRM 5.7.6.1.5 and must be made within 60 days from the date of the letter 1153 proposing the assessment. A timely claim must be submitted within 30 days from the claim denial letter.

Now I will provide additional information specific to the CDP workstream. As we previously stated, the purpose of the Collection Due Process hearing is for Appeals to review certain collection actions such as a lien or a notice of intent to levy that were taken or proposed by Compliance. A taxpayer can request a Collection Due Process hearing if the taxpayer receives a collection notice that specifically states one has the right to a hearing.

The request must be postmarked within 30 days from the date of the Notice of Intent to Levy and Notice of your Right to a Hearing or within 30 days after the 5-business-day period following the filing of the Notice of Federal Tax Lien. In the case of a filed notice of federal tax lien the final date to submit the request is clearly stated within the body of the letter 3172 providing the CDP rights.

During the conference the settlement Officer must consider all the requirements of any applicable law or administrative procedures, relevant issues the taxpayer or authorized representative wishes to discuss, and the employee will balance the IRS need for efficient tax collection and the taxpayer's legitimate concern that the collection action be no more intrusive than necessary. Additionally,

the settlement Officer will consider collection alternatives to levy, such as an installment agreement or an Offer in Compromise.

Although these collection options may not necessarily be considered an alternative to a notice of lien hearing, they may be discussed at the lien hearing. They will also consider challenges to the appropriateness of the collection action, spousal defenses when applicable a taxpayer may raise innocent spouse issues under the IRC section 6015 during a CDP hearing. They will consider challenges to whether you owe the amount due, but only if you did not receive a statutory notice of deficiency –

or have not otherwise had an opportunity to dispute your liability with Appeals, and any other non-frivolous issues that were raised.

To avoid delay in case resolution, Appeals may request taxpayer participation in a three-way or multiparty discussion, with Appeals, the taxpayer representative, and Collections all being present. If the taxpayer and Appeals cannot agree at the conclusion of the Collection Due Process case, Appeals will issue a notice of determination, –

or NOD, that sets forth the case resolution. This determination is then reviewable by the United States Tax Court if a petition is filed. This type of Appeal is requested via a Form 12153, "Collection Due Process or Equivalent Hearing" under IRC 6320 or 6330 or its equivalent. If the request for a hearing is not submitted within the prescribed time frame, then a formal request must be made for the equivalent hearing.

As previously mentioned, during the Appeals conference, collection alternatives may be raised and discussed. Generally, collection alternatives may include the account being placed into currently non-collectable status, an installment agreement, or an Offer in Compromise. Let's briefly review each of these alternatives.

While the surest way to avoid enforced collection is to pay taxes in full, –

the Service recognizes that this isn't always possible. However, if the taxpayer has assets that greatly exceed the tax liability, the Service may request payment to satisfy the liability. On the other hand, if the taxpayer has little or no assets to satisfy the liability, the Service has the option of placing the account into what is called "Currently not collectable"(CNC) status. Although listed as a potential collection alternative on the Form 12153 –

under the heading "I cannot pay," CNC status is not a true collection alternative. It is merely a postponement of collecting the liability.

The taxpayer may or may not remain in this status during the entire statutory collection period depending on the taxpayer's possible increase in asset values and/or ability to pay over time. Also, if a CDP liability is full paid, Appeals does not have jurisdiction to consider a collection alternative or CNC for non-CDP periods alone.

To better address this, the taxpayer will be asked to provide a collection information statement, or CIS, and supporting documents if a collection alternative is sought. This information, generally provided to Compliance, will be reviewed during the Appeals process. Any significant new information provided to Appeals may be sent to Collections for review and analysis before Appeals can consider it.

Collections will return the information to Appeals along with their analysis and Appeals will share that information with the taxpayer and their representative, giving them time to review and comment on the information before Appeals conducts its next conference.

This financial information, or CIS, can also allow Appeals to assess the taxpayer's ability to pay through an installment agreement.

A current CIS is required if the taxpayer requests this alternative to the collection action and does not qualify for a guaranteed, streamlined, in-business, trust fund express installment agreement or a CNC hardship status in limited situations. A CIS is current if it is dated 12 months or less from the date received in Appeals. Following the review of the CIS, Appeals may secure an installment agreement as a collection alternative in CDP if appropriate.

Appeals will review with the taxpayer which type of installment agreement will be recommended.

Finally, an Offer in Compromise, or OIC, may be a viable collection alternative in a CDP hearing. As previously explained, an OIC is an agreement between the taxpayer and the government that generally settles a tax liability in exchange for payment or less than the full amount owed or the determination to accept the offer would promote effective tax administration.

All new OICs submitted as alternatives to collection in CDP cases are initially reviewed by Compliance. When a taxpayer submits an OIC to Appeals the settlement Officer sends the information to the appropriate centralized OIC site so that Collections employees can investigate and verify the collection information statement submitted by the taxpayer. Once this is completed and returned to Appeals the settlement Officer will continue the OIC determination process.

Under consideration as to raising liability issues, an Officer may consider a doubt as to liability offer, or a DATL. A DATL offer will generally be evaluated by the Appeals Officer in the same manner as an audit reconsideration case. The Officer should consider the facts and law as well as the hazards of litigation in determining the degree of doubt as to the liability.

Appeals will consider these offers based on DATL where the offer was rejected by Exams, TEGE, a specialty group, or Collections. Assignment of such cases will usually be made to employees having expertise in the particular tax area for the liability in

dispute. IRC 7122(d)(3) provides that a DATL offer may not be rejected solely because the Service cannot locate the taxpayer's return or return information.

The Service is also prohibited from requesting a financial statement if an offer is based solely on a doubt as to liability. Finally, IRC Section 6320(c) and IRC Section 6330(c)(2)(B) provides that a taxpayer may challenge the underlying liability in a CDP hearing if the taxpayer did not receive a statutory notice of deficiency or had a prior opportunity to dispute the tax liability.

Examples of prior and not a prior opportunity to dispute the tax liability are provided in IRM 8.22.8.3(8) and (9). This also includes penalties that may be Appealed, including various filing and paying penalties, return-related, and return preparer penalties in the TFRP. Therefore, if a taxpayer had a prior opportunity to contest the underlying liability, then a DATL OIC will not be considered during the CDP hearing process.

To illustrate some of the information that's presented, here's a collection Appeal case scenario. In this case the taxpayers have a joint Form 1040 income tax liability and have timely submitted a CDP request contesting a filed notice of federal tax lien and proposed litigation for the tax year 2016. The taxpayers are seeking an OIC as a collection alternative.

The OIC unit proposes rejection based on the taxpayers' reasonable collection potential – or RCP – being greater than the offer amount. The taxpayers are disputing the Service's monthly income valuation and inclusion of a dissipated asset in the RCP. Appeals retains jurisdiction of this tax account under CDP. Once the settlement Officer receives the OIC calculations, including asset valuation, monthly income, and expense analysis calculations –

and the taxpayers' RCP, a review is conducted to either agree with or refute the OIC unit's computations. The taxpayers are then contacted to review and discuss these findings, leading to an eventual acceptance or rejection of the OIC as the collection

alternative. If the OIC has been rejected, then the taxpayers are provided an opportunity to formulate another collection alternative prior to the determination of the CDP request.

Next we will share information on the IRS.gov Independent Office of Appeals website.

Juan Crespo:

Thanks. In the past year the Appeals website has gone through significant changes to the format, structure, and content of the webpages in IRS.gov for Appeals.

Well, hopefully we have given you some insight into the Independent Office of Appeals, our walk processes and independent approach, the Taxpayer First Act, the various workstreams in Examination and Collection Appeals.

Again, for additional information visit IRS.gov under Appeals. And thank you for attending this session today. And most of all, thank you for your invaluable service to the taxpaying public.

I now hand it back to the moderator.

Rose Smith:

Okay. Unfortunately, it's all the time we have.

Unfortunately, it's all the time we have and we do not have time for questions and answers right now. Thank you for attending and we look forward to seeing you at future webinars.

[End of audio]

Glossary

Cohan Rule - A common law rule whereby taxpayers, when unable to produce records of actual expenditures, may rely on reasonable estimates provided there is some factual basis for it

Collection Appeals Program (CAP) – a program developed to improve the federal tax compliance of large corporate taxpayers by employing real-time issue resolution tools and techniques. In CAP, the IRS and taxpayer work together to achieve tax compliance by resolving issues prior to the filing of the tax return.

Collection Due Process (CDP) hearing - an opportunity to discuss alternatives to enforced collection and permits taxpayers to dispute the amount owed if a previous opportunity to do so was not afforded

Collection information statement (CIS) - a form used to obtain current financial information necessary for determining how a wage earner or self-employed individual can satisfy an outstanding tax liability

Currently not collectable (CNC) – an IRS determination that a taxpayer cannot afford to pay the debt at a particular time

Doubt as to liability offer (DATL) - exists where there is a genuine dispute as to the existence or amount of the correct tax debt under the law

Offer in Compromise (OIC) - an agreement between a taxpayer and the government that settles the tax liability for payment of less than the full amount owed.

Taxpayer Bill of Rights - outlines the 10 fundamental rights taxpayers have when working with the Internal Revenue Service

Taxpayer First Act (TFAO) – an Act which aims to broadly redesign the IRS to expand and strengthen taxpayer rights and to reform the IRS into a more taxpayer friendly agency by requiring it to develop a comprehensive customer service strategy, modernize its technology and enhance its cyber security

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