

**Appeals Examination Issues**

December 2009

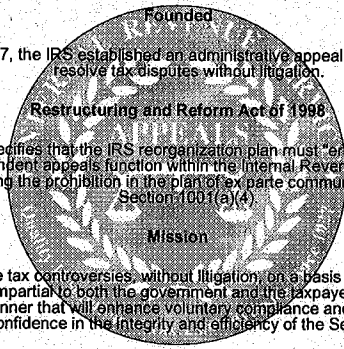
**Tax Controversy Study Group Meeting**

**12/10/2009**

### Topics for Discussion

- **What's New in Appeals**
- **Alternative Dispute Resolution Programs**
- **Differences in Processing Non Docketed & Docketed cases**
- **Open Topics**

OFFICE OF APPEALS 2



**Founded**

In 1927, the IRS established an administrative appeal process to resolve tax disputes without litigation.

**Restructuring and Reform Act of 1995**

Specifies that the IRS reorganization plan must "ensure an independent appeals function within the Internal Revenue Service, including the prohibition in the plan of ex parte communications..." Section 1001(a)(4)

**Mission**

Resolve tax controversies, without litigation, on a basis which is fair and impartial to both the government and the taxpayer and in a manner that will enhance voluntary compliance and public confidence in the integrity and efficiency of the Service.

OFFICE OF APPEALS 3

### What's New in Appeals

- **Two E&G Tax Specialty Teams will be Established in Appeals**
- **Most of FY 2010 New Hires will go to the Campuses**
- **Diane Ryan is the New Chief of Appeals**

OFFICE OF APPEALS 4

- Appeals Officers Working E & G Cases are now Integrated in General Field Operation Groups
- Many Offices do not have E & G Appeals Officers.
- Most Baltimore & DC E & G Cases Currently Worked in Philadelphia.

OFFICE OF APPEALS

6

	FY 2007	FY 2008	June FY 2009
Total Appeals Closures	104,429	108,722	83,129
Field Closures	66,049	64,268	48,537
Campus Closures	38,380	42,454	34,592
All Appeals:			
Collection Due Process	34,648	33,981	24,687
Offers-in-Compromise	11,289	10,311	7,774
Innocent Spouse	3,352	3,993	3,538
Penalty Appeals	10,180	9,139	6,719
Coordinated Industry Cases	529	429	276
Industry Cases	1,031	1,288	869
Examination	35,035	37,354	30,820
Other	8,385	10,227	8,446
Total Appeals Cases Received	102,268	115,819	98,083
Field Receipts	60,258	60,388	51,573
Campus Receipts	42,013	45,433	38,510

OFFICE OF APPEALS

8

- Non-Docketed**
- 30-Day Letters
  - Innocent Spouse Relief
  - Claims & Audit Reconsiderations
  - Penalty Appeals & Interest Abatements
- Docketed**
- S-Docketed
  - Regular

OFFICE OF APPEALS

7

- Examination Is Completed**
- Three Things Can Happen
- You Can Agree With the Examiners Proposed Adjustments
  - You Can Request an Appeal
  - You Can Do Nothing and a Statutory Notice of Deficiency Will be Issued

OFFICE OF APPEALS

8

### Pub 5 - Rules for Requesting an Appeal

Cases With Deficiencies > \$25,000 in any one tax year require formal protest.

- A list of the changes that you don't agree with, and why you don't agree.
- The facts supporting your position on any issue that you don't agree with.
- The law or authority, if any, on which you are relying.
- You must sign the written protest, stating that it is true, under the penalties of perjury

- Compliance forwards a complete administrative case file
- Case is received by Appeals
  - Assigned by Appeals Team Manager to an Appeals employee
  - "Welcome to Appeals" letter issued
- Quality review of case file by Appeals employee assigned the case

### Examination Issues a Statutory Notice of Deficiency

Taxpayer does nothing and tax is assessed.

Taxpayer Petitions the Tax Court

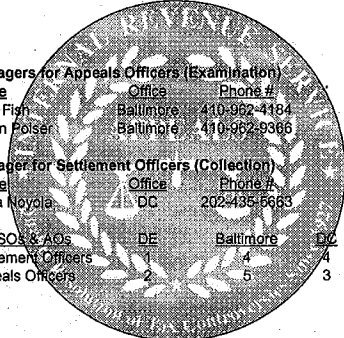
- The case is given a docket number by the Tax Court.
- Appeals Secures the Administrative File and Forwards the Case to Area Counsel for Answer.
- The Case is Returned to Appeals to Attempt Settlement (Rev Proc 87-24)

- Fast Track Mediation (Rev Proc 2003-41)
- Fast Track Settlement (Rev Proc 2003-40 & Announcement 2006-61)
- Early Referral – Industry Cases-LMSB (Rev Proc 99-28)
- Post-Appeals Mediation (Rev Proc 2009-44)
- Arbitration (Rev Proc 2006-44)

Alternative Dispute Resolutions	FY2006	FY2007	FY2008	June FY2009
<b>Closures:</b>				
Fast Track Mediation	49	48	49	12
Fast Track Settlement - LMSB	78	61	68	48
Fast Track Settlement - SBSE	2	53	32	45
Fast Track Settlement - TEGE	0	0	0	1
Post Appeals Mediation/Arbitration	34	22	16	19
OIC/TFRP	3	15	19	42
<b>Receipts:</b>				
Fast Track Mediation	43	56	40	11
Fast Track Settlement - LMSB	80	79	67	53
Fast Track Settlement - SBSE	0	57	41	45
Fast Track Settlement - TEGE	0	0	0	8
Post Appeals Mediation	35	36	32	25

OFFICE OF APPEALS

13



**Managers for Appeals Officers (Examination)**

Name	Office	Phone #
Sam Fish	Baltimore	410-952-4184
Glenn Polser	Baltimore	410-982-9366

**Manager for Settlement Officers (Collection)**

Name	Office	Phone #
Lydia Noyola	DC	202-435-5663

**# of SOs & AOs**

	DE	Baltimore	DC
Settlement Officers	1	4	4
Appeals Officers	2	5	3

OFFICE OF APPEALS

14