

Federal Tax Procedure

**Southern Methodist University
Dedman School of Law**

Class 1

Exhibits

CHALLENGE THE IRS—A How-To Manual on Tax Controversies

By *Larry Jones*

Larry Jones' article provides a how-to manual on tax controversies and takes the fear and confusion out of challenging the IRS.

An Overview of the IRS

A. Introduction

There is a general misconception about what the IRS can and cannot do. Owing money to the IRS is not like owing any other creditor. The IRS is one of only a few creditors that can seize and sell your home even though state law may prohibit other creditors from doing the same. No one should be afraid to challenge the IRS.

Dealing with the IRS can be confusing, time-consuming and risky for someone who is not familiar with IRS procedures. Most taxpayers are not very successful in handling their own affairs with the IRS, and therefore representation before the IRS by an enrolled agent, certified public accountant, or tax attorney is necessary. The primary reason taxpayers need representation is because of the extremely complicated procedures of the IRS, and most taxpayers do not understand how to protect their interests. In addition, some taxpayers become too emotionally involved which reduces their effectiveness in dealing with the IRS.

The IRS touches the lives of every American, either through the withholding of income taxes, the filing of returns, or an IRS audit. The IRS is the Superman of government agencies. At some point, all individuals, earning any amount of income, will be subjected to the rules and regulations of the IRS. Most taxpayers have a great fear of this enormous agency, and know little about how it actually works. The IRS benefits by this ignorance.

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The fact is the IRS wants taxpayers to fear its power so they will comply with the law and file correct tax returns. A former Commissioner of Internal Revenue has stated that the only way the IRS can keep taxpayers honest and paying their taxes is to keep them afraid. If an audit is mishandled, a taxpayer could be required to pay additional taxes. If a taxpayer owes taxes and does not know his rights, the IRS may seize and sell his property to pay the taxes. Being represented by someone who understands the inner workings of the IRS and how to deal with the IRS can greatly increase a taxpayer's chance of solving his problems with the IRS.

The IRS Mission Statement is as follows:

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.¹

1. Systems Modernization of the IRS²

The IRS Restructuring and Reform Act of 1998 (RRA 98) mandated that the IRS place a greater emphasis on serving and meeting the needs of taxpayers. In order to do this, the IRS created a new structure that is organized around four major taxpayer groups: Wage and Investment taxpayers (W&I), the Small Businesses and Self-Employed (SB/SE), Large and Mid-Size Businesses (LMSB), as well as tax-exempt and government entities (TE/GE). To achieve the IRS' mission, high-quality, efficient and responsive information services are required. Thus, dramatic improvements in service to taxpayers are heavily dependent on modernizing core computer business systems of the IRS. Updating technology has been an ongoing challenge for the IRS, and will continue for

years to come. The current modernization effort began in 1999 with an expected total cost of \$8 billion over fifteen years. Through fiscal year 2007, the IRS received nearly \$2.5 billion for contractor services and management efforts.

2. Tax Compliance Initiatives³

The IRS's goal of providing world-class service to taxpayers hinges on the theory that, if the IRS provides the right mix of education, support, and up-front problem solving to taxpayers, the overall rate of voluntary compliance with tax laws will increase. The challenge to IRS management is to establish a tax compliance program that identifies those citizens who do not meet their tax obligations, either by not paying the correct amount of tax or by not filing proper tax returns, and then can effectively be able to bring those taxpayers into compliance. As part of the reorganization, the IRS embarked on a mission to revamp its business processes to stabilize the traditional compliance activities. In doing so, the tax compliance program is now composed of two functions to further the aforementioned goals: (1) the Examination function, which examines taxpayers' returns and (2) the Collection function, which collects tax liabilities.

The Examination function examines tax returns to ascertain whether taxpayers have correctly determined their tax liability. The overall percentage of tax returns scrutinized by the IRS has risen slightly for individual tax returns in recent years. This is largely a result of an increase in the number of correspondence examinations, which are completed primarily for verification of the Earned Income Tax Credit. However, the number and percent of examinations of corporate and other business returns continued to decrease, as did the field examinations of all types of individual and miscellaneous tax returns, such as estate and gift, fiduciary, excise, and employment tax returns. Because of the concerns around declining program results, the Small Business/Self-Employed (SB/SE) Division of the IRS initiated an in-depth effort to re-engineer its examination processes, products, and services. This includes streamlining the examination process, increasing the effectiveness and timeliness in examining tax returns, and decreasing and redirecting expenditures within the SB/SE Division.

The Collection function is responsible for promptly collecting the proper amount of federal tax due from taxpayers, including securing tax returns that are not filed, in order to determine the tax due. In 2006, the

level of compliance activities and the results obtained in many Collection function areas continued an upward trend over previous years. Enforcement revenue collected also continued to rise (to \$48.7 billion), but the total dollar amount of uncollected liabilities increased to \$271 billion. However, the gap between new delinquent accounts and account closures narrowed slightly during 2006. The use of Collection enforcement tools including liens, levies, and seizures all increased from 2000 to present.

3. Complexity of the Tax Law⁴

According to a report of the Taxpayer Advocate, Tax law complexity is the highest-ranking problem individual and business taxpayers encounter with the IRS. However, the RRA 98, which was signed into law on July 22, 1998, contains 71 provisions that increase or help protect taxpayers' rights.

B. Organization of the IRS⁵

The IRS is one of a number of components of the United States Department of the Treasury. In recent years, the IRS began the process of reorganization. The top official of the IRS was, and continues to be, the Commissioner of Internal Revenue. Additionally, most of what has been seen in the past will continue into the future as we will still be dealing with Revenue Agents and Revenue Officers. However, other aspects of the IRS' organization have changed.

Previously, the IRS was divided into a national office, regional offices, and district offices. The function of the national office was to administer the tax laws through the supervision of the regional offices. The district office, which was headed by a local District Director, was the office with which most taxpayers had contact in the past. Now, the IRS no longer has District Directors. Further, there is no longer Examination, Collection, or Customer Service Divisions. As the IRS reorganized several years ago, these components of the old IRS disappeared. The changes have given rise to many questions about the IRS and more changes than were expected.

Instead of having a District Director heading up functional divisions that serve all taxpayers in a particular geographic area, there are four nationwide operating divisions designed to serve different types of taxpayers, and each nationwide operating division will have an organization that covers the entire country. These will be headed by a commissioner, with areas, territories, and groups below the commissioner. The four operating divisions are:

Small Business and Self-Employed (SB/SE), Wage and Investment Income (W&I), Large and Mid-Size Business (LMSB), and Tax Exempt and Government Entities (TE/GE).

1. Small Business/Self-Employed (SB/SE) Division⁶

The mission of the Small Business/Self-Employed (SB/SE) Division is to provide SB/SE customers top-quality service by educating and informing them of their tax obligations, developing educational products and services, helping taxpayers understand and comply with applicable laws, and to protect the public interest by applying the tax law with integrity and fairness to all.

The SB/SE Division is organized to serve approximately 55 million individuals and businesses that report business related transactions. These include those individuals who file Form 2106 for unreimbursed travel and entertainment expenses; Schedule C filers for profit or loss from a business; Schedule F filers who report farm-related profits and losses; Schedule E filers who report rents, royalties, and flow-through transactions from investments in businesses; and all other businesses with assets under \$10 million. Additionally, the SB/SE Division may serve businesses that have assets over \$10 million, but operate more like a small business.

The SB/SE Division serves this taxpayer segment through five organizations:

- **Collection.** The mission of Collection is to collect delinquent taxes and secure delinquent tax returns.
- **Compliance Services Campus Operations.** This division oversees operations of the Brookhaven, Philadelphia, Cincinnati, Memphis and Ogden Campuses.
- **Examination.** It is the function of the Examination Division to make checks of returns filed and select returns for audit based on various criteria.
- **Specialty Taxes.** Currently, there are four market segments for which this division has responsibilities: Employment Tax, Excise Tax, Estate and Gift Tax and International tax issues.
- **Communications, Liaison and Disclosure (CLD).** CLD's mission is to develop and deliver integrated

strategic communications and educational products to employees, taxpayers and key partners in tax administration including federal, state and local government agencies, practitioners, and industry groups. CLD is also responsible for the administration of IRC §6103, the Freedom of Information Act and Privacy Act.

2. Wage and Investment (W&I) Division⁷

The mission of the Wage and Investment Division is to provide top quality service by helping taxpayers understand and comply with applicable tax laws and to protect the public interest by applying the tax law with integrity and fairness to all. The W&I Division has been designed to enable IRS employees to focus on educating and assisting taxpayers in all phases of interactions with the IRS, through the following key organization offices:

a. Communications, Assistance, Research, and

Education (CARE). CARE provides customers with the information, support, and assistance they need to understand and fulfill their tax obligations. CARE is focused on educating and helping taxpayers before they file their returns, assisting in filing returns, and offering face-to-face assistance after filing through a three-prong strategic approach: (1) the Media and Publication office focuses on developing plain language notices, forms and publications that facilitate tax administration and ease of compliance by taxpayers, as well as supply media production services to customers; (2) the Stakeholder Partnerships Education and Communication (SPEC) office provides assistance to W&I customers by building and maintaining partnerships through key stakeholder groups, as well as developing educational materials for customers; and (3) the Field Assistance office owns and manages Taxpayer Assistance Centers that provides assistance to taxpayers via phone, written correspondence, and face-to-face meetings.

b. Customer Account Services (CAS). CAS is responsible for taxpayer relationships through filing, including processing submissions and payments; providing taxpayers with information on the status of their returns; and resolving the majority of problems and inconsistencies. CAS provides trouble-free filing, faster refunds, and efficient resolution of inquiries and

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issues. CAS is composed of the Submission Processing office, the Accounts Management office, and the Joint Operations Center.

c. Compliance. Compliance is focused on a relatively limited range of issues, concentrating on dependent exemptions, credits, filing status, and deductions. Compliance also assists taxpayers in the determination and fulfillment of their tax obligations by providing accurate and consistent application of the tax law and by using a risk-based approach to exam and collection. It is supported by the following functions: Filing & Payment Compliance and Report Compliance. Filing & Payment Compliance carries out strategies pertaining to Collection programs in coordination with the filing process, education, outreach, and assistance to address the needs of taxpayers. Conversely, Reporting Compliance carries out strategies pertaining to Examination programs while balancing the objectives of each and ensures the appropriate integrated mechanisms are in place to implement and deliver programs.

d. Electronic Tax Administration and Refundable Credits. Electronic Tax Administration and Refundable Credits oversee all aspects of the growing exchange of electronic information between the IRS and individual taxpayers, businesses and practitioners. The four divisions established are the Development Services Division (DSD), the Internet Development Services Division (IDS), the Strategic Services Division (SSD), and the Earned Income Tax Credit Division (EITC).

- The Development Services Division (DSD) supports the Service's Business Operating Divisions (BODs) in the achievement of their electronic initiatives. By working closely with the BODs and MITS, DSD develops and delivers electronic tax administration products and services.
- The Internet Development Services Division (IDS) plays a key role in portraying a "one IRS" presence across the operating divisions' suite of Web-based capabilities. Their mission includes managing and coordinating the development of a comprehensive suite of Web-based informational and transactional services that meet the business needs of external and internal customers and encourages increased use of the IRS portals.
- The Strategic Services Division (SSD) provides expertise and guidance to internal and external customers to enable the development of e-government strategies and policies to achieve viable electronic tax administration solutions.

This includes stewardship for agency-wide electronic tax strategy; serving as the subject matter expert for emerging business products and solutions; and providing a single point of contact for National Accounts.

- The Earned Income Tax Credit Division (EITC) provides oversight and guidance to the functions that administer some portion of the EITC through an approach that encourages maximum participation among eligible taxpayers while minimizing error and fraud. The goal is to strengthen the coordination and links among these functions, so that interactions are seamless.

3. Large and Mid-Size Business (LMSB) Division⁸

The mission of the LMSB Division is to be a world class organization responsive to the needs of customers in a global environment, while applying innovative approaches to customer service and compliance.

This division applies the tax law with integrity and fairness through a highly skilled workforce, and fosters an environment of inclusion where each employee can make a maximum contribution to the mission of the team. The LMSB Division serves corporations, Subchapter S corporations, and partnerships with more than \$10 million in assets. Therefore, the largest business taxpayers will deal with LMSB. Most of these taxpayers have in-house tax departments. The major issues involved with the LMSB Division are tax law interpretation, and accounting and regulation issues.

The LMSB Division focuses on the following industries: retailers, food, pharmaceuticals, and healthcare; financial services; natural resources and construction; communications, technology, and media; heavy manufacturing and transportation; and field specialists.

4. Tax Exempt and Government Entities Division (TE/GE)⁹

The TE/GE Division was established in late 1999 as part of the modernization effort of the IRS. This Division replaces the former Assistant Commissioner (Employee Plans and Exempt Organizations) function.

The TE/GE Division is designed to serve the needs of three very distinct customer segments: Employee Plans, Exempt Organizations, and Government Entities. The customers range from small local community

organizations and municipalities to major universities, huge pension funds, state governments, Indian tribal governments, and participants of complex tax exempt bond deals. These organizations represent a large economic sector with unique needs and are governed by complex, highly specialized provisions of the tax law. For example, in the employee plans and exempt organizations areas, these provisions are not designed to generate revenue, but rather to ensure that the entities fulfill the policy goals that their tax exemption was designed to achieve.

The TE/GE Division was created to address four basic key customer needs: education and communication; rulings and agreements; examination; and customer account services. Education and communication efforts focus on helping customers understand their tax responsibilities with outreach programs and activities tailored to their specific needs. Rulings and agreements efforts provide a strong emphasis on up-front compliance programs, such as the determination, voluntary compliance, and private letter ruling programs. Examination initiatives will identify and address non-compliance through customized activities within each customer segment. Customer Account Services will provide taxpayers with efficient tax filings as well as accurate and timely responses to questions and requests for information.

C. Appeals¹⁰

The mission of Appeals is to 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 IRS.

1. Strategic Priorities¹¹

Appeals ensures that each taxpayer has the right to resolve a dispute in an independent and timely administrative process, without going to court. It is the goal of Appeals to reduce the length of the Appeals process while spending the right amount of time with each taxpayer; improve taxpayer awareness of Appeals process and their rights within the process; increase taxpayer awareness of alternative dispute

resolution programs; improve IRS processes to meet customer needs and expectations; and promote employee productivity, engagement, and satisfaction.

2. Appeals Organization¹²

Appeals provides taxpayers with an independent and impartial review of their cases after an audit is completed or collection action is proposed. It is the last opportunity for the IRS and the taxpayer to agree before a case goes to court. Appeals plays a critical role in ensuring that taxpayers have an opportunity to resolve their disputes.

Keys to the success of the Appeals function include three factors: its independence, impartiality, and fairness. Taxpayers will continue to receive high-quality service from the offices that serve them now. To ensure improved customer satisfaction, Appeals will focus on streamlining its processes and offering new services.

3. Appeals Today¹³

The new Appeals organization is designed to improve taxpayer service through conferences with Appeals and Settlement Officers (via telephone, correspondence, or face-to-face), as well as mutual commitments to complete cases timely. Case transfer is expedited through co-location at IRS campuses, while field teams continue to work in much the same way as they always have.

D. Office of Chief Counsel¹⁴

The mission of the Office of Chief Counsel (Counsel) is to serve America's taxpayers fairly and with integrity by providing correct and impartial interpretation of the internal revenue laws and the highest quality legal advice and representation for the IRS.

The Chief Counsel is appointed by the President of the United States with the advice and consent of the U.S. Senate. As the chief legal advisor to the IRS Commissioner on all matters pertaining to the interpretation, administration and enforcement of the Internal Revenue Laws, as well as all other legal matters, the Chief Counsel provides legal guidance and interpretive advice to the IRS, Treasury, and taxpayers.

The Office of Chief Counsel is designed to assist the IRS in applying the law correctly and consistently

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for all taxpayers. Counsel will continue to maintain a centralized group of tax law experts in the National Office organized on the basis of Internal Revenue Code subject matter. The National Office will continue its traditional functions (e.g., drafting regulations and other published guidance; issuing private letter rulings and technical advice). Some parts of the National Office will undertake an internal reorganization primarily designed to enhance service to the field.

The Office of Chief Counsel consists of all offices headed by the Chief Counsel and Deputies Chief Counsel, Division Counsel, Associates Chief Counsel, Special Counsels, Assistants Chief Counsel, Area Counsel, Area Managers, Branch Chiefs, and other heads of component offices. The Associate Chief Counsel General Legal Services, Associate Chief Counsel Finance and Management, and all Division Counsels maintain area offices as well as headquarters offices. The area offices are headed by Area Counsels, Associate Area Counsels, and Area Managers.

E. Taxpayer Advocate Service¹⁵

The mission of the Taxpayer Advocate Service is to help taxpayers resolve problems with the IRS and recommend changes to prevent the problems.

The Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98) amended Internal Revenue Code Secs. 7803 and 7811, creating the position of the National Taxpayer Advocate and strengthening the Taxpayer Advocate organization by making it independent within the IRS. In the spirit of the legislation and the modernization of the IRS, the Advocate Organization was restructured, the Mission Statement revised, and the organization renamed the Taxpayer Advocate Service (TAS).

The organization fulfills its mission through taxpayer casework and through advocacy initiatives. TAS handles not only cases in which a taxpayer is suffering or about to suffer a significant hardship, but also cases in which the taxpayer, while not experiencing a hardship, would benefit from the involvement of TAS. Where TAS cannot provide a remedy for taxpayers because of deficiencies in administrative procedures or barriers imposed by the tax law, TAS will propose administrative solutions or legislative changes, as appropriate.

If a taxpayer has an ongoing issue with the IRS that has not been resolved through normal processes, or a client has suffered, or is about to suffer a significant hardship as a result of the administration of the tax laws, we should contact the Taxpayer Advocate Service. However, the Taxpayer

Advocate Service is not a substitute for established IRS procedures or the formal Appeals process. The Taxpayer Advocate Service cannot reverse legal or technical tax determinations.

F. Criminal Investigation Division (CI)¹⁶

The design of the new CI organization is based in part on recommendations made in the Webster Report, an independent study conducted by former FBI and CIA Director, William Webster.

The new CI organization functions as a separate line organization reporting directly to the Commissioner. The chain of command consists entirely of CI personnel, and flows from the front line to the organizational head. The management team for CI includes the Chief, Criminal Investigation; Deputy Chief, Criminal Investigation; program heads with the title of Director; and territory managers known as Special Agents in Charge.

A key change in CI Headquarters operations is the establishment of the IRS Office of Director of Strategy. This office is responsible, along with the operating divisions, for developing an IRS compliance strategy that supports increasing voluntary compliance.

Five principles were followed to design the new field footprint and operating guidelines:

- Align the reporting structure with IRS Area Boundaries and U.S. Judicial Districts to improve stakeholder interfaces.
- Increase operational focus and accountability.
- Increase consistency in the application of national compliance strategy.
- Increase the efficient use of resources and eliminate duplicity in case review and approval.
- Ensure that the best cases are pursued through a collaborative effort between CI, Chief Counsel, and the Department of Justice in the case management process.

G. IRS Campuses (Formerly Service Centers)¹⁷

Service Centers are the data processing arm of the IRS. The ten Service Centers are located in Andover, Atlanta, Austin, Brookhaven, Cincinnati, Fresno, Kansas City, Memphis, Ogden, and Philadelphia. In the past, each Service Center has performed similar functions for various geographic areas. The Service Centers are now called Campuses.

Campuses are responsible for sending various notices for delinquent taxes and tax returns. We will discuss how to handle these responses in a future

chapter. Never, Never underestimate the power of the IRS, its computers, and its employees.

In the past if you lived in Texas you dealt with the Austin Service Center for almost all types of matters. That has now changed. The IRS previously said that the changes would be invisible to taxpayers, but that has not been the case. The 10 centers receive and process tax and information returns, manage taxpayer accounts, and conduct simple audits through correspondence and other enforcement actions. The past system of the IRS was to assign these activities to a specific center based on the taxpayer's geographic location, without regard to the type of return. Under the reorganization, these activities are now assigned to a center based on three factors: (1) Whether the return is an individual or business return; (2) the taxpayer's geographic location; and (3) the division to which the center will report.

This move places each center under the direct authority of either the Wage and Investment or Small Business/Self-Employed Division.

Five centers, Andover, Atlanta, Austin, Fresno and Kansas City, are aligned with the new W&I Division. Five centers, Cincinnati, Ogden, Memphis, Philadelphia and Brookhaven, are aligned with the Small Business/Self-Employed Division. SB/SE will also handle center-based activities for tax-exempt, government entity and approximately 210,000 large and mid-size business filers.

Eight centers will handle the receipt and processing of individual returns. They include the five W&I centers and the Brookhaven, Memphis and Philadelphia centers. Cincinnati and Ogden will handle the receipt and processing of business returns. Business returns include employment, estate and gift tax returns.

Duties of IRS Officials¹⁸

1. Office of the Commissioner of Internal Revenue¹⁹

The Office of the Commissioner consists of the Commissioner, Deputy Commissioner Operations, Deputy Commissioner Modernization, and their immediate staffs. The Commissioner is the chief executive officer for the IRS. The Commissioner is responsible for overall planning and for directing, controlling, and evaluating IRS policies, programs, and performance.

2. Deputy Commissioner Operations²⁰

The Deputy Commissioner Operations is the highest career official in the IRS. The Deputy Commissioner Operations provides executive leadership

for customer service, processing, tax law enforcement and financial management operations, and is also responsible for overseeing IRS operations and for providing executive leadership on policies, programs and activities. The Deputy assists and acts for the Commissioner in directing, coordinating and controlling the policies, programs and the activities of the IRS; in establishing tax administration policy; and in developing strategic issues and objectives for IRS strategic management.

3. Deputy Commissioner Modernization²¹

The Deputy Commissioner Modernization is a special appointment that is not to exceed four years. The Deputy is responsible for establishing and managing the modernization teams developing the reorganization of the IRS. Additionally, the Deputy assists and acts for the Commissioner in directing, coordinating and controlling the policies, programs and the activities of the IRS; in establishing tax administration policy; and developing strategic issues and objectives for IRS strategic management. The Deputy Commissioner Modernization also establishes and supervises modernization teams responsible for the future reorganization of the IRS.

4. Chief Counsel²²

The Chief Counsel is the chief law officer for the IRS and an Assistant General Counsel for the Treasury, with duties and responsibilities prescribed by the Secretary of the Treasury and by law. The Chief Counsel is responsible for advising the Commissioner on legal matters and ensuring that the Office of Chief Counsel provides top-quality legal support to all offices within the IRS. The relationship of the Secretary, Commissioner, General Counsel, Chief Counsel, and Chief Counsel staff is further defined in 31 U.S.C. 301(f)(2) and Code Sec. 7803(b).

5. Chief, Communications and Liaison Division²³

The Chief, Communications and Liaison Division, heads the Communications and Liaison Division and is the principal advisor to the Commissioner on the effective presentation of policy positions and issue responses. The Chief, Communications and Liaison Division, serves as national spokesperson for the IRS; establishes strategies, practices, procedures, standards and controls for planning and managing communications to IRS employees and the public; coordinates congressional communications; and

maintains communications and relationships with customer groups. The Chief, Communications and Liaison Division, represents and serves as liaison from the IRS, as designated by the Commissioner, to other executive branch agencies, the Congress, other tax authorities and the public on communications and legislation to facilitate their understanding of IRS activities.

6. National Taxpayer Advocate²⁴

The National Taxpayer Advocate heads the Office of the Taxpayer Advocate and advises the Commissioner regarding avoidance and resolution of problems taxpayers encounter in dealing with IRS. The National Taxpayer Advocate is responsible for implementing the functions of the Office of the Taxpayer Advocate specified in Code Sec. 7803(c). The National Taxpayer Advocate reports directly to the Commissioner; supervises local taxpayer advocates nationwide; serves as national spokesperson on taxpayer advocacy matters; establishes strategies, practices, procedures, standards and controls for activities to mitigate taxpayer problems; and prepares and submits to Congress annual Objectives and Activities reports.

7. Chief Information Officer²⁵

The Chief Information Officer heads Modernization and Information Technology Services (MITS) and is the principal advisor to the Commissioner on information technology, including strategic technology planning, data administration, technology standards, privacy assurance, and telecommunications. The Chief Information Officer is the principal IRS official with authority over and responsibility for information technology, including information systems resources, technology modernization activities, and tax systems re-engineering efforts. The Chief Information Officer reports to the Office of the Commissioner of Internal Revenue.

8. Chief, Appeals Division²⁶

The Chief, Appeals Division, heads an independent function in conformance with Section 1001 of RRA 98; supervises the Appeals Division; advises the Commissioner on Service wide policies and programs regarding the administrative resolution of tax disputes; and provides alternative techniques to resolve cases without litigation. The Chief, Appeals Division, directly manages Appeals' national and field programs and reports to the Office of the Commissioner of Internal Revenue.

9. National Headquarters

The National Headquarters consists of the following organizations reporting to the Office of the Commissioner of Internal Revenue: Senior Counselor to the Commissioner; Equal Employment Opportunity and Diversity; Chief Financial Officer; Commissioner's Complaint Processing and Analysis Group; Research, Analysis, and Statistics of Income; Office of Tax Administration Coordination; and Strategic Human Resources.

10. Commissioner, Wage and Investment Division²⁷

The Commissioner, Wage and Investment (W&I) Division, is responsible for supervising the activities of the Wage and Investment Division, which serves over 100 million individual taxpayers, including those who file jointly, with wage and investment income only. This official is responsible for the entire range of tax administration activities that pertain to this group of taxpayers, ranging from educating and assisting these taxpayers in all interactions with the IRS to developing and implementing compliance strategies best suited to W&I taxpayers. The Commissioner, Wage and Investment Division, reports to the Deputy Commissioner, Services and Enforcement.

11. Commissioner, Small Business and Self-employed Division²⁸

The Commissioner, Small Business and Self-Employed (SB/SE) Division, is responsible for supervising the activities of the Small Business and Self-Employed Division, which serves taxpayers who own small businesses, are fully or partially self-employed, file estate and gift tax returns, file fiduciary returns, or report foreign source income or deductions. This official is responsible for the entire range of tax administration activities that pertain to this group of taxpayers, from developing targeted educational materials which assist taxpayers in fulfilling their tax obligations to developing and implementing compliance strategies best suited to SB/SE taxpayers. The Commissioner, Small Business and Self-Employed Division, reports to the Deputy Commissioner, Services and Enforcement.

12. Commissioner, Large and Mid-Size Business Division²⁹

The Commissioner, Large and Mid-Size Business (LMSB) Division, is responsible for supervising the activities of the Large and Mid-Size Business Division, which serves large and mid-size business taxpayers, including corporations with assets over \$10 million.

This official is responsible for the entire range of tax administration activities that pertain to this group of taxpayers, from developing targeted educational materials which assist taxpayers in fulfilling their tax obligations to developing and implementing compliance strategies best suited to LMSB taxpayers. The Commissioner, Large and Mid-Size Division, reports to the Commissioner of Internal Revenue.

13. Commissioner, Tax Exempt and Government Entities Division³⁰

The Commissioner, Tax Exempt and Government Entities (TE/GE) Division, is responsible for supervising the activities of the Tax Exempt and Government Entities Division, which serves the tax exempt sector including pension plans, exempt organizations and governmental entities. This official is responsible for the entire range of tax administration activities that pertain to this group of taxpayers, from developing targeted educational materials which assist taxpayers in fulfilling their tax obligations to developing and implementing compliance strategies best suited to TE/GE taxpayers. The Commissioner, Tax Exempt and Government Entities, reports to the Commissioner of Internal Revenue.

14. Chief, Agency-Wide Shared Services Division³¹

The Chief, Agency-Wide Shared Services Division, is responsible for supervising the division that provides support, agency wide, for common administrative services such as personnel, facilities, and procurement. The Chief, Agency-Wide Shared Services Division, reports to the Deputy Commissioner for Operations and Support.

15. Chief, Criminal Investigation Division³²

The Chief, Criminal Investigation Division, is responsible for supervising the division that investigates potential criminal violations of the Internal Revenue Code and related financial crimes and enforces the criminal statutes relative to tax administration in a manner that fosters confidence in the tax system and compliance with the law. The Chief, Criminal Investigation Division, reports to the Commissioner of Internal Revenue.

I. IRS Employees

Within the IRS there are three IRS employees the average taxpayer is likely to encounter—the Revenue Agent, the Revenue Officer, and the Special Agent.

If a taxpayer is lucky, he will never come in contact with the latter two.

1. The Revenue Agent³³

The Revenue Agent is responsible for enforcing the civil tax laws through the examination of tax returns. The Revenue Agent determines whether a taxpayer has correctly reported all of his income and deductions. The Revenue Agent has the power, subject to review within the IRS, to adjust a taxpayer's income and deductions, which may result in the taxpayer owing additional taxes, penalties and interest. The Revenue Agent will determine one of three things with respect to the taxpayer's tax return: (a) that the return is correct; (b) that the taxpayer paid the IRS too much in taxes and is entitled to a refund; or (c) that the taxpayer did not pay enough in taxes and owes additional money to the IRS. The Revenue Agent handles field audits while the Office Auditor is the IRS employee the taxpayer deals with in an office audit.

2. The Revenue Officer³⁴

The Revenue Officer is responsible for the collection of delinquent taxes and obtaining delinquent returns; in other words, he is the government's "bill collector." The Revenue Officer has a wide arsenal of weapons to facilitate collection, including the seizing and selling of a taxpayer's home and other assets. Never, never underestimate the power of the Revenue Officer. Unlike other creditors, the IRS does not have to go to court to collect monies owed to it.

3. The Special Agent³⁵

The Special Agent is responsible for enforcing the criminal tax laws. He is special because he carries a badge and a gun. Contact by a Special Agent means there is a strong possibility a taxpayer is suspected of criminal violations of the tax laws and could go to jail. Never, never talk to a Special Agent who wants to interview you or one of your clients without first retaining a competent criminal tax attorney to represent you.

Problems

- John and Jane Doe have received a 30-day letter from the IRS setting forth adjustments to their income tax return for 1999. The IRS is proposing an additional tax of \$25,000, plus penalties in the amount of \$5,000. What advice will you give John and Jane?

- Sam and Betty Wilson have received a 90-day letter. The IRS contends that they owe an additional \$10,900 for their 1998 tax year. Their Tax Court petition is due on October 1, 2001. What advice would you give them?
- Sam and Betty Wilson come to see you after

October 1, 2001. They have a 90-day letter from the IRS which states that a Tax Court Petition must be filed by October 1, 2001. They contend that they owe nothing to the IRS and have documentation to substantiate their contention. What are their options at this time?

ENDNOTES

- ¹ Internal Revenue Service, The Agency, Its Mission and Statutory Authority, <http://www.irs.gov/irs/article/0,,id=98141,00.html>.
- ² Restructuring and Reform Act of 1998 (P.L. 105-206), §§ 1001, 1002; Internal Revenue Service, IRS Modernization, <http://www.irs.gov/newsroom/article/0,,id=98159,00.html>; Treasury Inspector Gen. for Tax Admin., Annual Audit Plan: Fiscal Year 2008, at 1, 6, http://www.treas.gov/tigta/auditplans/auditplans_fy2008.doc; Memorandum from Pamela J. Gardiner, Acting Inspector Gen., to Sec'y O'Neill 2 (Oct. 15, 2002), available at http://www.treas.gov/tigta/congress/congress_03122003_attach.pdf.
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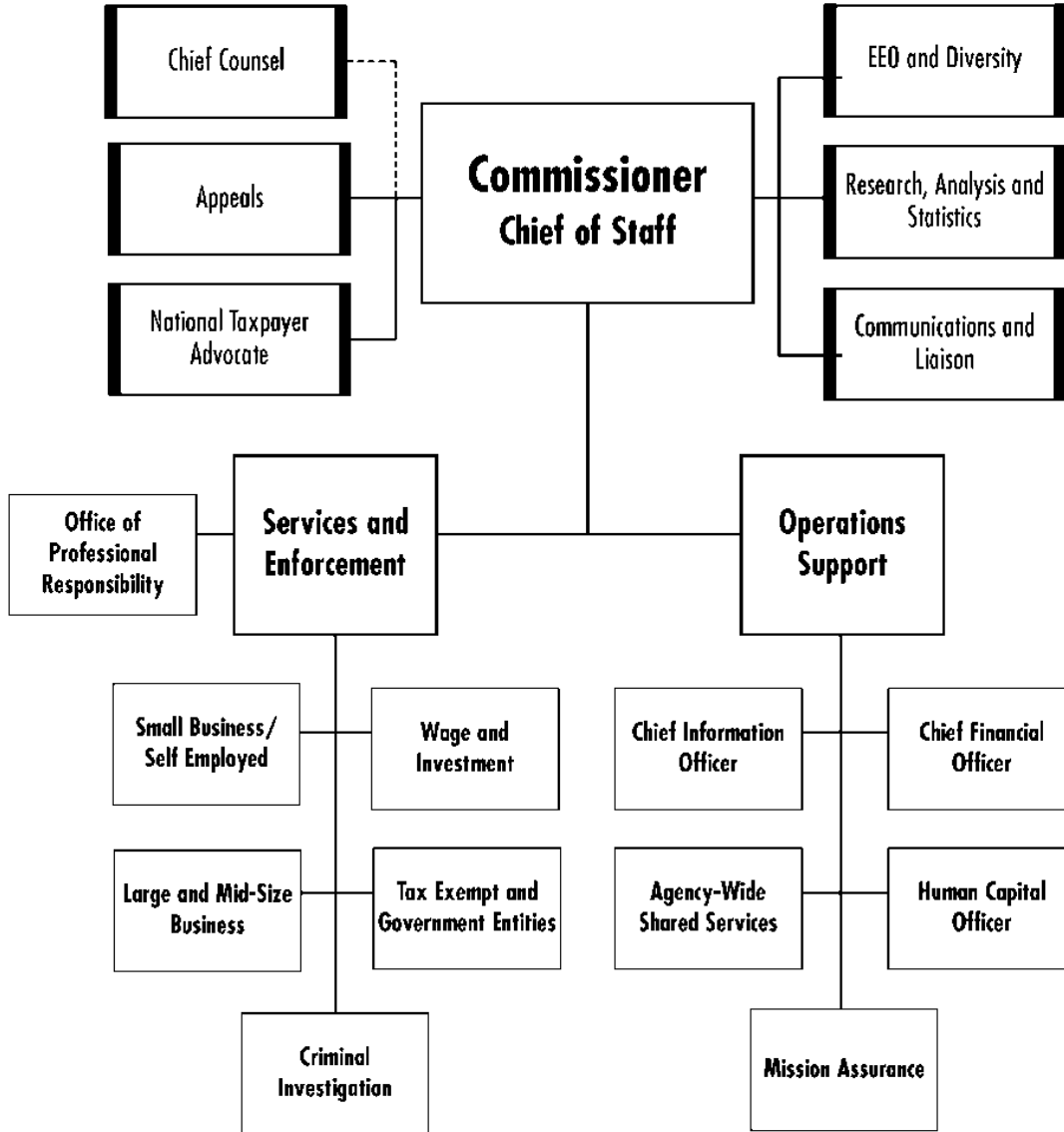


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Part 1. Organization, Finance and Management

Chapter 1. Organization and Staffing

Section 1. IRS Mission and Basic Organization

1.1.1 IRS Mission and Basic Organization

- 1.1.1.1 [The IRS Mission](#)
- 1.1.1.2 [Statutory Authority](#)
- 1.1.1.3 [Structure of the IRS](#)
- Exhibit 1.1.1-1 [IRS Organization Chart](#)

1.1.1.1 (03-01-2006) The IRS Mission

1. The mission of the IRS is to " ***Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.*** "
2. This mission statement describes IRS' role and the public's expectation about how IRS should perform that role.
 - In the United States, the Congress passes tax laws and requires taxpayers to comply.
 - The taxpayer's role is to understand and meet his or her tax obligations.
 - The IRS' role is to help the large majority of compliant taxpayers with the tax law, while ensuring that the minority who are unwilling to comply pay their fair share.

1.1.1.2 (03-01-2006) Statutory Authority

1. The IRS is organized to carry out the responsibilities of the secretary of the Treasury under IRC § 7801. The Secretary has full authority to administer and enforce the internal revenue laws and has the power to create an agency to enforce these laws. The IRS was created based on this legislative grant. IRC § 7803 provides for the appointment of a Commissioner of Internal Revenue to administer and supervise the execution and application of the internal revenue laws.

1.1.1.3 (03-01-2006) Structure of the IRS

1. The IRS structure is organized around four operating divisions responsible for the major customer segments:
 - Wage & Investment (W&I) - Serves approximately 120 million taxpayers, including those who file jointly, with wage and investment income only.
 - Small Business/Self-Employed (SB/SE) - Serves the approximately 45 million small business/self-employed filers who are fully or partially self-employed individuals and small businesses.
 - Large & Mid-Size Business (LMSB) - Serves corporations with assets greater than \$10 million.
 - Tax Exempt & Government Entities (TE/GE) - Serves three distinct taxpayer segments - Employee Plans, Exempt Organizations, and Government Entities.
2. Among the other principal IRS offices are:

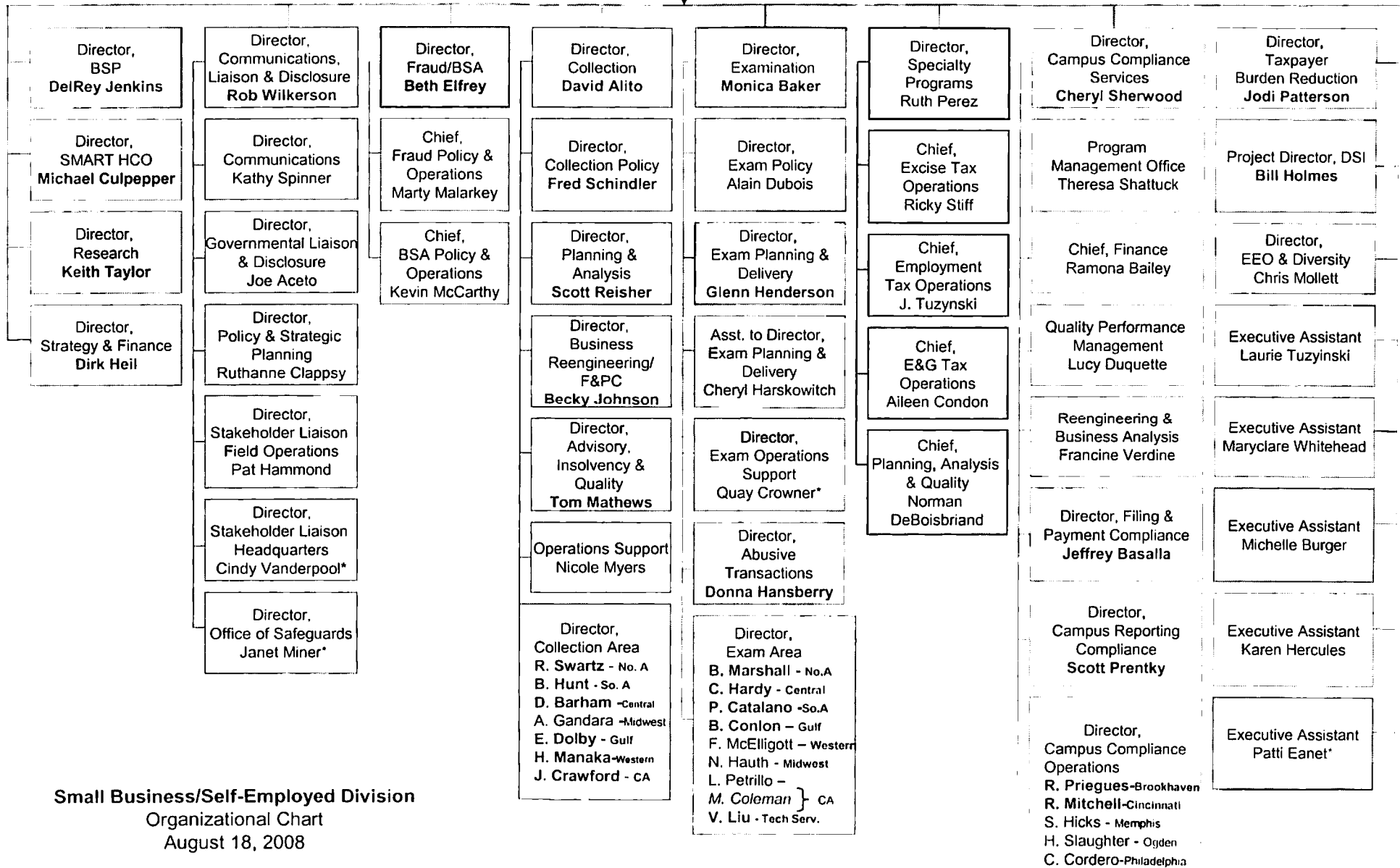
- A. Appeals - Resolves tax controversies without litigation on a basis that is fair and impartial to both the taxpayer and the Government.
 - B. Taxpayer Advocate Service - Helps taxpayers resolve problems with the IRS and recommends systemic changes.
 - C. Criminal Investigation (CI) - Investigates potential criminal violations and financial crimes in a manner that fosters confidence in the tax system.
 - D. Communications & Liaison (C&L) - Provides IRS employees, legislative, executive, state, business, and professional stakeholders with a better understanding of the IRS mission and goals.
 - E. Agency-Wide Shared Services (AWSS) - Provides complete, professional services in the areas of Real Estate and Facilities, Procurement, EEO & Diversity Field, Competitive Sourcing and Employee Support to all organizational entities within IRS.
 - F. Chief Financial Office (CFO) - Manages a portfolio of corporate-wide activities including strategic planning, performance measurement, budget formulation, budget execution, accounting, financial management, and internal controls.
 - G. Human Capital Office (HCO) - Provides human capital strategies and tools for recruiting, hiring, developing, and retaining a highly skilled and high performing workforce to support IRS mission accomplishments.
 - H. Equal Employment Opportunity and Diversity (EEO) - Provides strategic planning, management, direction, and execution of the full range of activities related to the EEO and Diversity function.
 - I. Chief Information Office (CIO) - Manages Servicewide information resources and technology management and the Service's long-range objectives and strategies for improving tax administration through modernizing tax administration systems.
 - J. Mission Assurance and Security Services (MA&SS) - Assists all IRS Divisions and Functions in maintaining secure facilities, technology, and data.
 - K. Research, Analysis and Statistics Division (RAS)- Provides strategic Servicewide research, analysis, studies, and support to internal and external stakeholders,
 - L. Office of Professional Responsibility (OPR) - Administers the laws and regulations governing the practice of tax professionals before the Department of Treasury and Internal Revenue Service.
 - M. Chief Counsel (Counsel) - Provides legal interpretation and represents the IRS with complete impartiality, so that taxpayers know the law is being applied with integrity and fairness. The Chief Counsel reports to the Commissioner of Internal Revenue on tax matters and reports to the Treasury General Counsel on other matters.
3. For additional information, see [IRS.gov](http://irs.gov), individual "functional statements " in the IRM 1.1 series, and the IRS Strategic Plan (FY 2005 - 2009), Publication 3744.
 4. Exhibit 1.1.1-1 contains a chart depicting the IRS as it is organized today. See *Exhibit 1.1.1-1*.

Exhibit 1.1.1-1 (03-01-2006)
IRS Organization Chart

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**ACTING COMMISSIONER – CHRIS WAGNER
ACTING DEPUTY COMMISSIONER – FARIS FINK**



**Small Business/Self-Employed Division
Organizational Chart
August 18, 2008**

* Acting/Detail



Small Business/Self-Employed Division At-a-Glance

Mission

The mission of the Small Business/Self-Employed (SB/SE) Division is to provide SB/SE customers top-quality service by educating and informing them of their tax obligations, developing educational products and services, and helping them understand and comply with applicable laws, and to protect the public interest by applying the tax law with integrity and fairness to all.

Strategic Priorities

- Address the Underreporting Tax Gap
- Address the Underpayment Tax Gap
- Address the Nonfiling Tax Gap
- Improve Service to Our Customers: Improve Business Processes and Systems; Reduce Burden; Enhance Stakeholder Relations
- Develop Human Capital to: Address Strategies; Promote Productivity; Improve Employee Engagement

Headquarters

SB/SE Headquarters
5000 Ellin Road
Lanham, MD 20706

Leadership Team

Kathy Petronchak, Commissioner
Chris Wagner, Deputy Commissioner

Compliance Area HQ Offices

Area	Collection	Examination
North Atlantic	Manhattan	Boston
South Atlantic	Baltimore	Jacksonville
Central	Detroit	Philadelphia
Midwest	Chicago	St. Paul
Gulf States	Nashville	Dallas
Western	Seattle	Denver
California	Oakland	Los Angeles

Taxpayer Profile

- Approximately 55 million taxpayers.
- About 40 million self-employed persons.
- About 9 million small businesses with assets of less than \$10 million.
- About 6 million filers of employment, excise, estate and gift returns.

The SB/SE Division will serve this taxpayer segment through five organizations:

- **Collection** – The mission of Collection is to collect delinquent taxes and secure delinquent tax returns.
- **Compliance Services Campus Operations** – This division oversees operations of the Brookhaven, Philadelphia, Cincinnati, Memphis and Ogden Campuses.
- **Examination** – It is the function of Examination Division to help taxpayers understand and meet tax responsibilities and apply the tax law with integrity and fairness through Field and Office Audit examinations.
- **Specialty Taxes** – Currently there are four market segments for which this division has responsibility. They are Employment Tax, Excise Tax, Estate and Gift Tax and International Tax issues.
- **Communications, Liaison and Disclosure (CLD)** – CLD’s mission is to develop and deliver integrated strategic communications and educational products to employees and taxpayers and to our key partners in tax administration including federal, state and local government agencies, practitioners, and industry groups. CLD is also responsible for the administration of IRC §6103, the Freedom of Information Act and Privacy Act.

[Stakeholder Liaison \(SL\) Local Contacts](#)

[Governmental Liaison Contacts](#)

[IRS Disclosure Offices](#)

The Small Business/Self-Employed Division will serve both of the following types of taxpayers:

- Individuals filing Form 1040 (U.S. Individual Income Tax Return), Schedules C, E, F or Form 2106 (Employee Business Expenses)
- All other businesses with assets under \$10 million

Comparison of Small Business/Self-Employed (SB/SE) customers to Large and Mid-Size Business (LMSB) customers:

SB/SE

- Small businesses (part-time, start-ups)
- Small businesses without employees (service providers, contractors)
- Small businesses with employees
- Taxpayers with rental properties
- Taxpayers with farming businesses
- Individuals investing in businesses (partnerships, S-Corps)
- Corporations, S-Corporations, & Partnerships with assets under \$10M
- Approximately 55 million customers

LMSB

- All 1120 and 1120-S corporations and 1065 partnerships with assets \$10 million or more
- Approximately 210,000 customers

Special Situations

Some businesses may meet the under \$10 million asset test for SB/SE yet be more like a large or midsize business in every other way. These businesses may need the technical expertise of an international examiner, engineer or appraiser. In these situations, the business may be serviced by the Large and Mid-Size Business Division.

Other businesses may have assets over \$10 million yet be more like a small business. These customers may be serviced by the Small Business/Self-Employed Division.

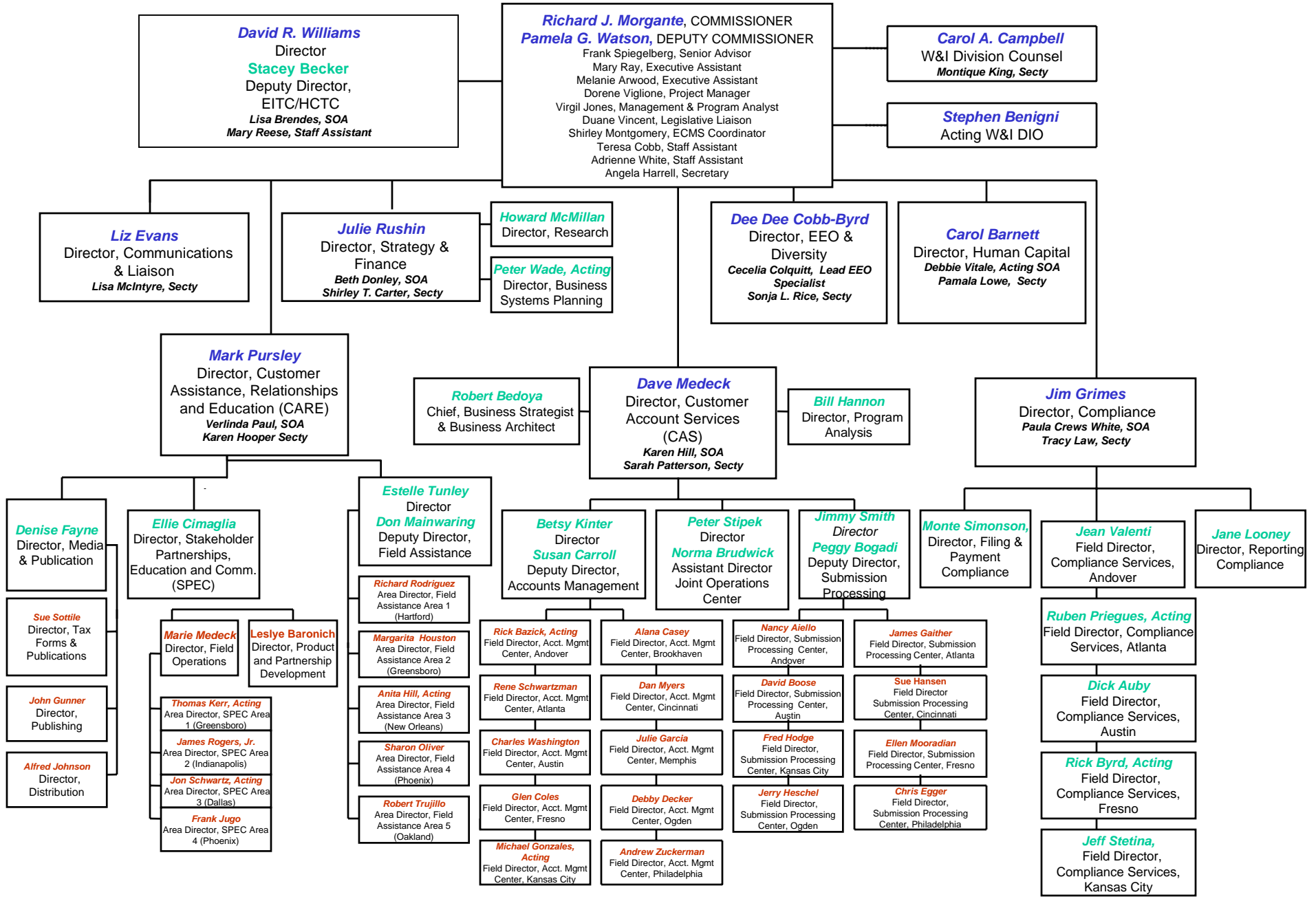
Over time, IRS expects to develop a comprehensive set of criteria to ensure that the servicing of particular businesses reflects the technical merits of the tax return and the best interests of the business taxpayer.

Key Contacts

Contact List	Telephone	Fax
Kathy Petronchak Commissioner	202-622-0600	202-622-5046
Chris Wagner Deputy Commissioner	202-622-0600	202-622-5046
DelRey Jenkins Director, Business Systems Planning	202-283-2520	202-283-2837
David Alito Director, Collection	202-283-7660	202-283-2240
Cheryl Sherwood Compliance Campus Services Operations	202-283-2200	202-283-4544
Thomas R. Thomas Division Counsel (SB/SE)	202-283-2450	202-283-0557
Christina Mollett Director, EEO and Diversity	202-283-7550	202-283-1391
Monica Baker Director, Examination	202-283-2170	202-283-4545
Beth Elfrey Director, Fraud/BSA	202-622-4699	202-622-4099
Michael Culpepper		

Director, SB/SE SMART Human Capital Office	202-283-7640	202-283-0055
Jodi Patterson Director, Office of Taxpayer Burden Reduction	202-283-3933	202-283-0926
Ruth Perez Director, Specialty Programs	202-283-2150	202-283-7081
Dirk Heil Director, Strategy and Resource Management	415-848-4751	415-848-4758
Rob Wilkerson Director, Communications, Liaison and Disclosure	972-308-1681	972-308-1679

INTERNAL REVENUE SERVICE - WAGE & INVESTMENT DIVISION





Wage & Investment Division At-a-Glance

Mission

To provide top quality service by helping taxpayers understand and comply with applicable tax laws and to protect the public interest by applying the tax law with integrity and fairness to all.

Strategic Priorities

The Wage and Investment Division supports the IRS' strategic goals and objectives through initiatives that:

- Address the increasing demand for timely, accurate service, and reducing taxpayer burden
- Address the increasing demand for electronic products and services
- Improve enforcement programs to reduce the risks of non-compliance
- Balance compliance and outreach activities to enhance delivery of EITC initiatives
- Leverage new technology and reengineer business processes to maximize delivery of new business services
- Ensure human capital strategies contribute to quality and productivity
- Continue to evaluate the tax administration support needs of individual taxpayers as part of its overall management of their portfolio of services and delivery channels
- Increase preventive and corrective actions to reduce vulnerability to identity theft
- Balance compliance and outreach activities to ensure cost effective delivery of the health coverage tax credit

Headquarters

401 W. Peachtree Street, NW
Atlanta, GA 30308

Management Team

Richard E. Byrd, Jr., Commissioner
Pamela G. Watson, Deputy Commissioner

Taxpayer Profile

- Most pay taxes through withholdings
- More than half prepare their own returns
- Most interact with the IRS once a year
- Most receive refunds

W&I Headquarters provides overall strategic and operational direction and manages internal support processes. The Headquarters Operations and functional operations work together to manage the full cycle of interaction with W&I customers. They have the authority, responsibility, and expertise to oversee current operations and improve business practices and strategies.

The headquarters of W&I provides only those services that cannot be provided practically at lower levels of the organization. This philosophy reflects the IRS organizational direction of moving accountability closer to the front line.

Critical operations of W&I headquarters include:

- Strategy and Finance
- Equal Employment Opportunity and Diversity
- Communications and Liaison
- Business Modernization Executive

Key W&I offices include:

Customer, Assistance, Relationships and Education (CARE) provides customers with the information, support and assistance they need to understand and fulfill their tax obligations. CARE is focused on educating and assisting taxpayers before they file their returns, assisting in filing returns and offering face-to-face assistance after filing through a three-pronged strategic approach:

- **Media and Publications** — This office focuses on meeting customer needs through the development of plain language notices, forms and publications, which facilitate tax administration and ease of compliance by taxpayers, and to supply media production services to customers.
- **Stakeholder Partnerships Education and Communication (SPEC)** — This office provides assistance to W&I customers by building and maintaining partnerships with key stakeholder groups. This unit also is

responsible for developing educational materials for use in pre-filing, filing and post-filing customer interactions and developing products for use in marketing and working with local and national media to ensure that our customers are aware of tax law changes and IRS services.

- **Field Assistance** — This office owns and manages the Taxpayer Assistance Centers located throughout the country. Field Assistance provides comprehensive face-to-face assistance to taxpayers as well as assistance through telephone and written correspondence.

Customer Account Services (CAS) is responsible for taxpayer relationships through filing, including processing submissions and payments; providing taxpayers with information on the status of their returns and resolving the majority of problems and inconsistencies. CAS provides trouble-free filing, faster refunds, and efficient resolution of inquiries and issues. It is composed of the following offices:

- **Submission Processing** processes tax returns, related documents and payments at seven processing centers — Andover, Atlanta, Austin, Cincinnati, Fresno, Kansas City and Ogden.
- **Accounts Management** responds to taxpayer inquiries for advice on a variety of tax law and procedural questions, account inquiries and adjustments, and responses to notices that are received via the telephone, correspondence and e-mail at 25 Account Management sites.
- **Joint Operations Center (JOC)** provides service, support and technology for Operating Divisions and Functional Organizations to achieve their desired service levels for all telephone, correspondence and electronic media inquiries within agreed resource and staffing parameters.

Compliance assists taxpayers in the determination and fulfillment of their tax obligations by providing accurate and consistent application of the tax law and by using a risk-based approach to exam and collection. It is supported by the following functions:

- **Filing & Payment Compliance** carries out strategies pertaining to Collection programs in coordination with the filing process, education, outreach, and assistance to address the needs of taxpayers.
- **Reporting Compliance** carries out strategies pertaining to Examination programs while balancing the objectives of each and ensures the appropriate integrated mechanisms are in place to implement and deliver programs.

Electronic Tax Administration and Refundable Credits oversees all aspects of the growing exchange of electronic information between the IRS and individual taxpayers, businesses and practitioners. The three divisions established are:

- **Development Services Division (DSD)** supports the Service's Business Operating Divisions (BODs) in the achievement of their electronic initiatives. By working closely with the BODs and MITS, DSD develops and delivers electronic tax administration products and services.
- **Internet Development Services Division (IDS)** plays a key role in portraying a "one IRS" presence across the operating divisions' suite of Web-based capabilities. Their mission includes managing and coordinating the development of a comprehensive suite of Web-based informational and transactional services that meet the business needs of external and internal customers and encourages increased use of the IRS portals.
- **Strategic Services Division (SSD)** provides expertise and guidance to internal and external customers to enable the development of e-government strategies and policies to achieve viable electronic tax administration solutions. This includes stewardship for agency-wide electronic tax strategy; serving as the subject matter expert for emerging business products and solutions; and providing a single point of contact for National Accounts.
- **Earned Income Tax Credit (EITC)** provides oversight and guidance to the functions that administer some portion of the EITC through an approach that encourages maximum participation among eligible taxpayers while minimizing error and fraud. The goal is to strengthen the coordination and links among these functions, so that interactions are seamless.

Key Contacts and Taxpayer Assistance

Taxpayers may order current and prior year forms, instructions and publications by calling 1-800-TAX-FORM (1-800-829-3676). Taxpayers may ask tax questions by calling the toll-free customer service line at 1-800-829-1040. TTY/TDD users may call 1-800-829-4059 to ask tax questions or to order forms and publications.

IRS Taxpayer Assistance Centers are a source for personal [face-to-face tax help](#) and solutions to tax problems, every business day.

Wage & Investment (W&I) Contact List	Telephone	Fax
Richard Byrd, Jr. W&I Commissioner	(404) 338-7060	(404) 338-7054
Pamela Watson W&I Deputy Commissioner	(404) 338-7006	(404) 338-7054
Carol Campbell	(202) 622-5777	(202) 622-5622

W&I Division Counsel		
Stephen Benigni W&I Division Information Officer	(202) 283-7768	(202) 283-4226
Liz Evans Director, W&I Communications and Liaison	(404) 338-7009	(404) 338-9036
Julie Rushin Director, Strategy and Finance	(404) 338-8865	(404) 338-7557
Larry Mayfield Director, Equal Employment Opportunity and Diversity	(404) 338-7999	(404) 338-7998
Mark Pursley Director, Taxpayer Service Program Management Office	(404) 338-7102	(404) 338-8427
Dave Medeck Business Modernization Executive	(202) 283-0863	(202) 283-4856
Jim Grimes Director, Compliance	(404) 338-9904	(404) 338-9905
Brady Bennett Director, Filing and Payment Compliance	(202) 283-7144	Not Available
Joe Wilson Director, Reporting Compliance	(404) 338-7088	(404) 338-7219
Pete Stipek Director, Customer Account Services (CAS)	(404) 338-8910	(404) 338-8924
Jane Looney Director, Accounts Management	(404) 338-9003	(404) 338-8831
Peggy Bogadi Director, Submission Processing	(859) 669-5552	(859) 669-5811
Peter Wade Director, Joint Operations Center	(678) 530-6493	(678) 530-5043
Susan Carroll Director, Customer Assistance, Relationships and Education (CARE)	(404) 338-7100	(404) 338-8427
Denise Fayne Director, Media & Publications	(202) 622-9375	(202) 622-9695
Julie Garcia Director, Stakeholder Partnerships, Education & Communication (SPEC)	(404) 338-8826	(404) 338-9037
Beth Tucker Director, Field Assistance	(404) 338-7141	(404) 338-8741
David Williams Director, Electronic Tax Administration	(202) 622-7990	(202) 622-6264
Norma Brudwick Deputy Director, Electronic Tax Administration	(202) 622-3256	(202) 622-6264
Crystal Philcox Director, Health Coverage Tax Credit	(202) 283-9834	(202) 283-2937
Debra Holland Director, Earned Income Tax Credit	(404) 338-8727	(404) 338-8427
Phyllis Gattos Acting Director, Strategic Services	(202) 283-4790	(202) 283-4885
Jim Weaver Acting Director, Internet Development Services	(202) 283-4881	(202) 283-4885
Paul Mamo	(202) 283-0315	(202) 283-4786

Acting Director, Development Services		
---------------------------------------	--	--



Large & Mid-Size Business Division At-a-Glance

The Large and Mid-Size Business (LMSB) Division serves corporations, subchapter S corporations, and partnerships with assets greater than \$10 million. These businesses employ a large number of employees, deal with complicated issues involving tax law and accounting principles, and conduct business in an expanding global environment.

LMSB is organized along five industries and one examination support function.

- Communications, Technology, and Media
- Financial Services
- Heavy Manufacturing and Transportation
- Natural Resources and Construction
- Retailers, Food, Pharmaceuticals and Healthcare
- Field Specialists

Strategic Initiatives:

- **Abusive Tax Avoidance Transactions** — Combat abusive tax avoidance transactions (ATAT) by providing early-investing guidance, addressing shelters at the promoter level, and increasing the strength of ATAT issue development.
- **Compliance Risk** — Identify and address LMSB compliance risks for the increasingly global LMSB taxpayer.
- **Re-engineering and Issue Management** — Re-engineer and institutionalize issue management strategies and compliance processes.
- **Compliance Information Management** — Use partnerships, processes and legislative changes to provide timely data to effectively assess the reporting compliance risks in the LMSB population.
- **Human Capital** — Recruit, develop and retain a highly skilled and satisfied workforce.

[LMSB Leadership and Organizational Information](#)



Tax Exempt & Government Entities Division At-a-Glance

Mission:

To provide TE/GE customers top quality service by helping them understand and comply with applicable tax laws and to protect the public interest by applying the tax law with integrity and fairness to all.

TEGE's Strategic Priorities are Aligned with the IRS Strategic Goals:

- Strengthen Enforcement Activities
- Advance the Public Interest
- Enable a Paperless Environment
- Promote Self Guidance, Self Assistance and Self Correction
- Enhance Customer Satisfaction
- Foster Proactive Partnerships
- Employ a Highly Qualified, Diverse, and Motivated Workforce

Customer Profile:

- Approximately three million customers that range from small local community organizations and municipalities to major universities, huge pension funds, state governments, and participants of complex tax exempt bond transactions
- Pay more than \$220 billion in employment tax and income tax withholding
- Control \$8.2 trillion in assets
- Employee Plans taxpayers represent private and public retirement plans with approximately \$4 trillion in assets.
- Exempt Organization taxpayers represent more than 1.6 million tax exempt organizations – including about 400,000 religious organizations – with approximately \$2.4 trillion in assets.
- Government Entities taxpayers include outstanding tax exempt bonds with a total value of approximately \$1.8 trillion, 88,000 federal, state, and local entities, and over 550 federally recognized Indian tribes.

The Tax Exempt and Government Entities Division was established in late 1999 as part of the Internal Revenue Service's modernization effort. This Division replaces the former Assistant Commissioner (Employee Plans and Exempt Organizations) function, which was established as a result of the Employee Retirement Income Security Act (ERISA) of 1974.

The Division is designed to serve the needs of three very distinct customer segments: Employee Plans, Exempt Organizations, and Government Entities. The customers range from small local community organizations and municipalities to major universities, huge pension funds, state governments, Indian tribal governments and participants of complex tax exempt bond transactions. These organizations represent a large economic sector with unique needs. Although generally paying no income tax, this sector does pay over \$220 billion in employment taxes and income tax withholding and controls approximately \$8.2 trillion in assets. Governed by complex, highly specialized provisions of the tax law, this sector is not designed to generate revenue, but rather to ensure that the entities fulfill the policy goals that their tax exemption was designed to achieve.

The TE/GE Division was created to address four basic key customer needs: education and communication, rulings and agreements, examination, and customer account services. Education and communication efforts will focus on helping customers understand their tax responsibilities with outreach programs and activities tailored to their specific needs. Rulings and agreements efforts will provide a strong emphasis on up-front compliance programs, such as the determination, voluntary compliance, and private letter ruling programs. Examination initiatives will identify and address non-compliance, through customized activities within each customer segment, and Customer Account Services will provide taxpayers with efficient tax filings as well as accurate and timely responses to questions and requests for information.

The Commissioner of the Tax Exempt and Government Entities Division is responsible for the uniform interpretation and application of the Federal tax laws on matters pertaining to the Division's customer base. In addition, the Commissioner provides advice and assistance throughout the Service, to the Department of the Treasury, other government agencies, including state governments and Congressional committees, and maintains a particularly close liaison with the Department of Labor and the Pension Guaranty Corporation.

TEGE is Comprised of Three Distinct Business Divisions:

- Employee Plans (EP)
- Exempt Organizations (EO)
- Government Entities (GE)

Leadership Team:

Contact	Telephone	Fax
Steven T. Miller, Commissioner	(202) 283-2500	(202) 283-9973
Joseph Grant, Deputy Commissioner	(202) 283-2500	(202) 283-9973
Michael Julianelle, Director, Employee Plans	(202) 283-2100	(202) 283-9525
Lois G. Lerner, Director, Exempt Organizations	(202) 283-2300	(202) 283-8858
Clifford J. Gannett, Acting Director, Government Entities	(202) 283-9738	(202) 283-9760

Employee Plans (EP) (www.irs.gov/ep)

Mission: To provide Employee Plans customers top quality service by helping them to understand and comply with applicable tax laws, and to protect the public interest by applying the tax law with integrity and fairness to all.

The EP Activities Cover:

- Employee plans (including the qualification of pension, annuity, profit-sharing, and stock bonus plans, individual retirement arrangements, simplified employee pensions, saving incentive match plans for employees, tax sheltered annuities and IRC 457 plans) and related trusts
- Tax treatment of participants and their beneficiaries
- Deductions for employer contributions and procedural and administrative provisions with respect to such plans

Exempt Organizations (EO) (www.irs.gov/eo)

Mission: To provide Exempt Organizations customers top quality service by helping them to understand and comply with applicable tax laws, and to protect the public interest by applying the tax law with integrity and fairness to all.

Exempt Organizations Include:

- Organizations exempt from income tax under IRC 501 (including private foundations and organizations described in IRC 170(b)(1)(A)(except clause (v))
- Political organizations described in IRC 527
- Organizations described in IRC 4947(a)
- Prepaid legal plans described in IRC 120
- Welfare benefit funds described in IRC 4976

Government Entities (GE) (www.irs.gov/gevt)

Mission: To provide Government Entities customers top quality service by helping them to understand and comply with applicable tax laws, and to protect the public interest by applying the tax law with integrity and fairness to all.

GE Includes:

- Federal, State and Local Governments (www.irs.gov/govts)
- Indian Tribal Governments (www.irs.gov/tribes)
- Tax Exempt Bonds (www.irs.gov/bonds)

03-22-07

Deceased TP:
 -Form 56 & documentation
 -Estate becomes TP
 -Executor is the Fiduciary
 -Prior POA is invalid

Circular 230
 Title 31 Code Fed. Regs.
 Subtitle A Part 10
 Money & Finance:
 Treasury
 (NOT Title 26 - Fed. Income Tax)

Power of Attorney Form 2848 (See Pub 947)
 - Circular 230 Practitioners:
 CPA, Attorney, Enrolled Agent
 Other- See Part II designations

Misconduct Referrals: Practitioners
 - CPA
 - Attorney
 - Enrolled Agents
Unenrolled Preparers

Return Preparer Coord. (2)
 Gulf States Area
 Program Action Cases (PAC)
 Rosalyn Virgil (Atlanta)
 404-338-8467
 Lucy Garcia (Houston)
 713-209-4032

Enrolled Agents:
 -Current Area List
 -Exam Qualified Candidates
 -Former Employees (Form 23)
 -Enrolled Practitioner Unit
 Detroit Computer Center

Office of Professional Responsibility (OPR)
 (old Director of Practice)
 Area 5 - Coordinator:
 Gulf States Area
 TX,OK.AR.LA,TN.MS,AL.GA
 Ronnie Clark – Austin, TX

Unenrolled Preparers:
 -Limited "practice"
 Only before Exam & Customer Ser.
 -Form 2848 category "h"
 -Circ. 230 10.2(f) defines return preparer
 -Under authority of Territory Exam
 -Rev. Proc 81-38 (See Pub 470)

Special Enrollment Examination
 -To be an Enrolled Agent
 -Contracted out
 -Handled by EPP -in Detroit
 -No longer a once a year opportunity

OPR National Office:
 -Director
 -Attorneys
 -Support functions
 -Enrolled Practitioner Unit
 (Detroit Computing Ctr.)

Disclosure Office

Taxpayer Information Authorization (TIA):
Form 8821- IRC § 6103 - Anyone is eligible
 Dallas-Stephanie Young 512-460-4430 (@ AUSC)
 AUSC- " " " " "
 Houston-Nesbit Parker 713-209-4011
 Ok. City-Mahlon Blagg 405-297-4049

INTRODUCING THE . . .

TREASURY **I**NSPECTOR **G**ENERAL FOR **T**AX **A**DMINISTRATION

INFORMATION ABOUT THE TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

The Treasury Inspector General for Tax Administration (TIGTA) was established in January 1999 in accordance with the Internal Revenue Service Restructuring and Reform Act of 1998 (RRA 98) to provide independent oversight of Internal Revenue Service (IRS) activities. As mandated by RRA 98, TIGTA assumed most of the responsibilities of the IRS' former Inspection Service.

TIGTA consists of approximately 960 auditors, investigators, attorneys and support staff to execute the duties and responsibilities of an Inspector General organization on matters relating to the IRS. TIGTA is organizationally placed within the Department of the Treasury, but is independent of the Department and all other Treasury offices, including the Treasury Office of the Inspector General (OIG). TIGTA's focus is devoted entirely to tax administration, while Treasury OIG is responsible for overseeing the other Treasury bureaus.

TIGTA provides leadership and coordination and recommends policy for activities designed to:

- promote economy, efficiency, and effectiveness in the administration of the internal revenue laws; and,
- prevent and detect fraud and abuse in the programs and operations of the IRS and related entities.

TIGTA is committed to serving the public by conducting audits and investigations that improve IRS operations.

INFORMATION ABOUT OUR CLIENTS, TAXPAYERS AND THE INTERNAL REVENUE SERVICE

The IRS collects over \$1.7 trillion annually to fund the nation's government. This requires the processing of over 200 million tax returns,

issuing over 90 million refunds, distributing over 1 billion tax forms and publications, and assisting over 130 million taxpayers. The IRS must continually strive to achieve these tasks while maintaining the highest level of integrity and ensuring taxpayer privacy. In addition to these demands, IRS implements tax law changes and must enforce tax laws to ensure that all parts of the taxpaying public pay the proper amount of tax.

In addition to these daily challenges, IRS is in the midst of tremendous change. RRA 98 mandates changes to the way IRS does business, and will result in enhanced taxpayer protection and rights, and organizational changes intended to achieve a more efficient and responsive IRS.

To assist IRS in meeting these challenges and to provide effective oversight for the Congress, TIGTA maintains comprehensive audit and investigative programs, including a strategic enforcement program emphasizing deterrence and detection approaches to ensure the highest degree of integrity and ethics in the IRS workforce. Audit and investigative activities are supported by TIGTA's Offices of Chief Counsel, Information Technology, Management Services and Strategic Development.

THE AUDIT PROGRAM

The Office of Audit identifies opportunities to improve the administration of the nation's tax laws by conducting comprehensive, independent performance and financial audits of IRS programs, operations, and activities to:

- assess efficiency, economy, effectiveness and program accomplishments;
- ensure compliance with applicable laws and regulations; and,
- prevent, detect, and deter fraud, waste, and abuse.

The Audit program is comprised of reviews mandated by statute or regulation, as well as reviews identified through Audit's planning and evaluation process. The Office of Audit strategically evaluates IRS programs, activities and functions so that resources are expended in the areas of highest vulnerability to the nation's tax system. TIGTA's Audit program is presented in the Annual Audit Plan which is published at the beginning of each fiscal year.

The Audit Process

Engagement Letter. IRS' Legislative Affairs Division coordinates audits between TIGTA and IRS management. Audits are initiated through an engagement letter. Engagement letters present the objectives of the

review, offices included in the review, deliverables and estimated completion dates, the TIGTA executive liaison and other contact points.

Opening Conference. Legislative Affairs Division personnel coordinates an opening conference with TIGTA and IRS managers to discuss the overall objectives of the review. Under certain circumstances, audit activities do not warrant an engagement letter or formal opening conference. These situations can include planning and research activities (e.g., audit surveys, gathering information for Congressional requests, annual audit planning, etc.) and integrity projects. In these instances, the Audit staff schedules meetings with IRS managers and technical personnel as needed.

Fieldwork. The Audit staff conducts interviews with IRS personnel, reviews files and documents, and conducts audit tests of systems and processes in accordance with government auditing standards. Issues are discussed with IRS management throughout the audit. Memoranda are issued when necessary to formally solicit management action, obtain agreement to the facts or provide audit information.

Discussion Draft Report. At the conclusion of fieldwork, a discussion draft report is prepared summarizing the audit findings, conclusions and recommendations.

Exit Conference. The Audit staff discusses audit results, conclusions, recommendations and outcome measures with IRS management. The exit conference is also held to verify the information gathered is accurate and obtain management's perspective on the issue(s).

Formal Draft Report. A formal draft report is issued from the Deputy Inspector General for Audit to the IRS Commissioner for formal response.

Agency Response. Legislative Affairs Division personnel coordinates and facilitates the response process. In general, the IRS Commissioner is requested to respond to the draft report within 30 calendar days. However, under certain circumstances, a shorter time frame may be required.

If a response is not provided within a reasonable time frame the final report may be issued without management's response.

Final Report. In most cases, the final report incorporates management's formal response and is issued to the IRS Commissioner. Copies of the report are distributed to appropriate IRS officials and made available to the public as appropriate.

THE INVESTIGATIVE PROGRAM

The Office of Investigations investigates activities related to fraud, waste, abuse and mismanagement concerning activities of the IRS and related entities (the IRS Oversight Board and Chief Counsel). The Office of Investigations also protects the IRS against attempts to corrupt or threaten its employees. This mission is completed through proactive and reactive investigative programs.

Field Offices. The field offices conduct investigations involving criminal wrongdoing and administrative misconduct by IRS employees. Examples of investigations include bribery, embezzlement, unauthorized use or disclosure of tax information, conflict of interest and abuse of taxpayer rights. The Office of Investigations also investigates outside individuals who attempt to interfere with or corrupt the administration of the federal income tax system. This includes investigations of bribery, assaults, threats, impersonations or other unlawful actions that may impact IRS employees and impede tax administration. Investigations may also include unauthorized disclosure or misuse of tax information by non-IRS employees, complaints against tax practitioners and accidents involving IRS personnel or property.

Special Inquiries and Inspection Division. The Division conducts sensitive investigations involving allegations of misconduct by TIGTA personnel, IRS Criminal Investigation personnel, IRS officials at the GS-15 level and above, and members of the IRS Oversight Board. The Division also has oversight responsibilities for TIGTA field offices, and conducts annual reviews of each field office.

Strategic Enforcement Division. The Division is responsible for TIGTA's proactive approach to identifying fraud and other wrongdoing that would otherwise go undetected. The Strategic Enforcement Program is managed by the Office of Investigations, with support from the Office of Audit and TIGTA's Office of Information Technology. The objective of the program is aggressive detection and deterrence of fraud. Techniques such as matching computer files are used to identify potential fraud or misuse. TIGTA also conducts awareness presentations for IRS employees which focus on ethics and integrity and include examples of weak internal controls and employee fraud that occurred as a result.

Complaint Management Division. The Office of Investigations operates a toll-free hotline and a central post office box where anyone can anonymously report suspicions of fraud, waste, abuse or misconduct. The allegations are received at TIGTA's Complaint Management Division, which acts as a national center to process and track allegations of wrongdoing. In order to assure that TIGTA has all of the relevant

information available to evaluate a complaint, complainants are interviewed by TIGTA personnel, to the extent possible. All complainants are provided with a complaint number which can be used to track the complaint's disposition.

The Investigative Process

Initiating an Investigation. Each investigation begins with the receipt of an allegation or complaint, which can be received from a variety of sources including: IRS employees, taxpayers, law enforcement agencies, other federal agencies or referrals from Congress. The TIGTA Hotline, which is available to IRS employees and the general public, is a vehicle for reporting complaints and allegations. Investigations are also initiated as a result of proactive analysis, such as matching computer files to identify potential fraud and misuse of IRS information. This includes unauthorized access to taxpayer accounts (UNAX) by IRS employees.

Each allegation received is analyzed to determine appropriate investigative action. Although not every allegation results in an investigation, every allegation is reviewed and TIGTA actions are documented. All reports concerning threats, assaults and bribery attempts require immediate response. Allegations of employee misconduct and those concerning taxpayer protection and rights also receive high priority status.

Conducting an Investigation. An investigative plan is developed to guide the Special Agent in gathering information, documentation and evidence to substantiate or refute a complaint or allegation of criminal violations or employee misconduct. Routine investigative steps include conducting interviews and reviewing and analyzing records and documents. The Special Agent completes the steps required to resolve the allegation.

Issuing a Report of Investigation. The Office of Investigations issues a Report of Investigation. Investigations that substantiate sufficient evidence of criminal violations are referred to the Department of Justice or local authorities for prosecution. All misconduct investigations concerning IRS employees that substantiate or refute administrative misconduct allegations are referred to IRS management for administrative action.

Results of some investigations and audits can be found in the Semiannual Report to the Congress on the TIGTA Web Site.

CHIEF COUNSEL TO THE INSPECTOR GENERAL

The Office of Chief Counsel provides legal guidance for the full range of TIGTA's activities. Legal guidance may involve the scope and exercise of TIGTA's authorities and responsibilities; audit and investigative techniques

and procedures; the impact of proposed and existing legislation and regulations on IRS and TIGTA programs and operations; and, legal issues that arise in the conduct and resolution of audits and investigations.

Chief Counsel also provides legal advice related to internal administration and operations and reviews subpoenas issued by TIGTA.

INFORMATION TECHNOLOGY

This office supports information technology products and services that facilitate the collection, management, analysis and dissemination of data and information for TIGTA. Information Technology is also responsible for maintaining internal management documents, inventories and information, physical and personnel security.

MANAGEMENT SERVICES

This office coordinates TIGTA's resource management needs. This includes personnel and administrative support, budget formulation and execution, acquisitions and training. Management Services is also responsible for strategic planning, performance management as required by the Government Performance and Results Act, and Inspector General reporting requirements.

STRATEGIC DEVELOPMENT

This office manages TIGTA's new organizational initiatives, special emphasis programs, media relations and Congressional requests.

IRS EMPLOYEE ASSISTANCE IS IMPORTANT

TIGTA's ability to serve the public is dependent on the diligence of IRS employees in reporting wrongdoing. Any indication of fraud, waste, mismanagement or abuse should be reported to TIGTA directly or through the employee's supervisor. IRS managers are responsible for ensuring that all allegations they receive are promptly reported to TIGTA.

Information provided in an allegation should include as much information as possible, including:

- an accurate statement of facts;
- names, addresses and office locations of applicable individuals;
- dates and times when the wrongdoing occurred or is expected to occur;

- how you became aware of the situation; and,
- names of or information about others who may know about the alleged activity.

Allegations may also be made anonymously through the TIGTA Hotline or by letter. Federal law prohibits reprisal or retaliation against an employee who reports wrongdoing.

**To report fraud, waste or abuse
Call toll free 1-800-366-4484
or write to
Treasury Inspector General
for Tax Administration Hotline
P.O. Box 589
Ben Franklin Station
Washington, DC 20044-0589**

To obtain copies of audit reports, semiannual reports and other TIGTA products, please contact our Congressional and Media Liaisons at (202) 622-6500 or visit our web site at: <http://www.treas.gov/tigta>



- 7 Notices and communications.** Original notices and other written communications will be sent to you and a copy to the first representative listed on line 2.
- a** If you also want the second representative listed to receive a copy of notices and communications, check this box
- b** If you do not want any notices or communications sent to your representative(s), check this box

8 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same tax matters and years or periods covered by this document. If you **do not** want to revoke a prior power of attorney, check here.

YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

9 Signature of taxpayer(s). If a tax matter concerns a joint return, **both** husband and wife must sign if joint representation is requested, otherwise, see the instructions. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED.

Signature	Date	Title (if applicable)
Print Name	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> PIN Number	Print name of taxpayer from line 1 if other than individual
Signature	Date	Title (if applicable)
Print Name	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> PIN Number	

Part II Declaration of Representative

Caution: *Students with a special order to represent taxpayers in qualified Low Income Taxpayer Clinics or the Student Tax Clinic Program (levels k and l), see the instructions for Part II.*

- Under penalties of perjury, I declare that:
- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
 - I am aware of regulations contained in Circular 230 (31 CFR, Part 10), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others;
 - I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there; and
 - I am one of the following:
 - a** Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b** Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c** Enrolled Agent—enrolled as an agent under the requirements of Circular 230.
 - d** Officer—a bona fide officer of the taxpayer’s organization.
 - e** Full-Time Employee—a full-time employee of the taxpayer.
 - f** Family Member—a member of the taxpayer’s immediate family (for example, spouse, parent, child, brother, or sister).
 - g** Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
 - h** Unenrolled Return Preparer—the authority to practice before the Internal Revenue Service is limited by Circular 230, section 10.7(c)(1)(viii). You must have prepared the return in question and the return must be under examination by the IRS. See **Unenrolled Return Preparer** on page 1 of the instructions.
 - k** Student Attorney—student who receives permission to practice before the IRS by virtue of their status as a law student under section 10.7(d) of Circular 230.
 - l** Student CPA—student who receives permission to practice before the IRS by virtue of their status as a CPA student under section 10.7(d) of Circular 230.
 - r** Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. See the Part II instructions.

Designation—Insert above letter (a–r)	Jurisdiction (state) or identification	Signature	Date

TOWNSEND & JONES

ATTORNEYS AT LAW

A Registered Limited Liability Partnership

8100 Lomo Alto, Suite 238

Dallas, Texas 75225

214-696-2661

Fax 214-764-3320

1-800-780-2661

www.tjtaxlaw.com

Lawrence R. Jones, Jr.

Board Certified • Tax Law

Texas Board of Legal Specialization

larry@tjtaxlaw.com

Houston Office

713-521-9977

July 7, 2008

Internal Revenue Service

Disclosure Office 9

MS 7000 AUSC

P.O. Box 2986

Austin, Texas 78768

Re: Request Pursuant to the Freedom of Information Act and the Privacy Act of 1974--

Taxpayer: John Doe - SSN 111-11-1111
Type of tax: Form 1040 for 2004 and 2005

Gentlemen:

We represent the above-named taxpayer, and have enclosed a copy of a Power of Attorney regarding our representation.

Pursuant to the provisions of the Freedom of Information Act, 5 U.S.C., Section 552, as amended, and the Privacy Act of 1974, we wish to obtain copies of the following records of the Internal Revenue Service on behalf of the above-named taxpayer for the years set forth above:

1. Complete file of the Internal Revenue Service as it relates to an audit by the Examination Division of the IRS with respect to the above-named taxpayer including but not limited to items set forth below;
2. History sheets of the Revenue Agent;
3. All documents obtained by the Internal Revenue Service from any other source that relates to the liability of the taxpayer whether obtained voluntarily or pursuant to the issuance of a summons;

000037

4. All memoranda, correspondence, or notes of any Internal Revenue Service employee who interviewed the taxpayer or any other person in connection with the audit;

5. Records and workpapers showing the adjustments proposed by the Revenue Agent;

6. All correspondence, notes, and other memoranda relating to the adjustments proposed by the IRS; and

7. Transcripts of account for 2004 and 2005.

In accordance with the IRS Statement of Procedural Rules, Reg. Sec. 601.702(c)(3), we agree to pay charges incurred in locating and copying the requested documents, to an upper limit of \$100.00.

If you determine that any portion of a requested record is exempt from disclosure under the Act, we request that you provide us with copies of the remaining, non-exempt portion of the record. In addition, to the extent that access is denied to any part of the requested records, please provide us with an index and a detailed description of the deleted material and a statement of the statutory basis for withholding each such document.

Under penalties of perjury I declare that my status as a requester is that of "other requester" in that I represent the above-named taxpayer. Enclosed is a copy of the taxpayer's driver's license.

In accordance with the provisions of the Act, we will expect to receive a reply within ten (10) working days. Any notification or questions concerning this request may be sent to the address set forth in the letterhead at the top of this letter.

Sincerely,

Lawrence R. Jones, Jr.

cc: John Doe



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

AUG 03 2005

TOWNSEND & JONES
ATTORNEYS AT LAW
8100 LOMA ALTO, SUITE 238
DALLAS, TX 75225

Re: [REDACTED]

Dear Mr. Jones:

We need more time to locate and consider releasing the Internal Revenue Service records covered in your Freedom of Information Act (FOIA) request dated July 8, 2005. We are sorry for any inconvenience the delay may cause.

The Freedom of Information Act, 5 USC 552(a)(6)(B) and 26 CFR 601.702(c)(11) allow agencies to extend the 20 business day time limit for responding to requests by an additional 10 business days. This extension is permitted when additional time is needed to search for, collect the requested records from other locations, review a large volume of records that are responsive to your request, or consult with business submitters about proprietary information.

Although the FOIA and its implementing regulations permit the extension of time, we will not be able to respond to your request by August 22, 2005. Therefore, we must ask for additional time to respond to your request. We plan to provide you with our response by September 30, 2005.

IF YOU AGREE TO THIS VOLUNTARY EXTENSION

If you agree to this extension of time, no reply to this letter is necessary. You will still have the right to file an appeal of our determination if we subsequently deny your request. You may want to consider limiting the scope of your request so that we can process it more quickly. If you want to limit your request, please contact the person whose name and number are shown below.

The FOIA process is not an additional avenue of recourse during tax administrative proceedings. It solely provides for access to records. Your agreement to extend the time for our response to your FOIA request will have no bearing on any ongoing tax matter such as Collection Due Process or examination appeal.

000039

IF YOU DO NOT AGREE TO THIS VOLUNTARY EXTENSION

If you do not agree to this extension and do not want to modify the scope of your request, you may not appeal this letter administratively to the IRS. You may, however, file suit. See 5 USC 552(a)(6)(C)(I), 26 CFR 607.702(c)(10).

To file suit, you must petition the U.S. District Court in the district in which you live or work, or where the records are located, or in the District of Columbia, to obtain a response to your request. You may file suit no earlier than August 22, 2005. Your petition will be treated according to the Federal Rules of Civil Procedure, which may apply to actions against any agency of the United States. These procedures require that the IRS be notified of the pending suit, through service of process, which should be directed to:

Commissioner of Internal Revenue Service
Attention:CC:PA
1111 Constitution Avenue NW
Washington, DC 20224

If the court concludes you have reasonably refused to limit your request or to accept the alternate time frame for response, it may find that our failure to meet the statutory time frames in the FOIA is justified. See 5USC 552(a)(6)(C)(iii).

We hope you will agree to allow us more time to process your request. If you wish to contact us, please call me at 214-413-5480, or I can be reached by mail at Internal Revenue Service, Dallas Disclosure Office, 1100 Commerce Street, MC 7000 DAL, Dallas, Texas 75242. Please refer case number 18-2005-02486.

Sincerely,



Sue Wilson
Senior Disclosure Specialist
Dallas
Badge # 75-11306