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IRS Contact in Examination Cases: Call Me...Maybe Not.

HIGHER EDUCATION, INTERNAL REVENUE SERVICE, NOT-FOR-PROFIT
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The IRS announced on May 20, 2016 that as of that date, all initial contacts with taxpayers to commence an audit examination must be made by mail, instead of the telephone, using official IRS initial contact letters. Until recently, making initial contact by telephone to schedule an appointment to initiate a field examination had been a long-standing policy and practice. The IRS has implemented the change in practice in response to the continuing threat of phone scams, phishing, and identity theft.

IRS employees have been instructed to use initial contact letters to notify a taxpayer when a return is selected for examination, and **will not** make **initial** contact by telephone. When a valid Form 2848, *Power of Attorney and Declaration of Representative*, or Form 8821, *Tax Information Authorization*, is on file for the taxpayer, the appropriate initial contact letter will be mailed to the taxpayer and a copy of the letter will be mailed to the representative with Letter 937, *Transmittal Letter for Power of Attorney*. After mailing the contact letter, and sufficient time has lapsed for the taxpayer to respond (14 calendar days from mailing the letter), IRS employees are permitted to initiate contact by telephone with the taxpayer as needed. The IRS is currently evaluating other contacts with taxpayers, outside of the examination context, to determine whether they present risks with respect to phone scams and other such threats.

In other examination news, Sunita Lough, IRS Commissioner of the Tax Exempt and Government Entities in public comments recently announced that examination agents will no longer determine the proper classification for federal tax exemption if the audit review finds that the exempt organization no longer qualifies for exemption under its current classification. Tax exempt organizations are instructed to use Form 8940, Request for Miscellaneous Determination, to request determinations (other than initial exemption applications) about their tax-exempt status. A user fee must accompany the form. The form is also to be used to obtain advance approval of certain activities and exemption from Form 990 filing requirements.

[Contact us](#) if you have questions regarding IRS Contact in Examination Cases and visit the ["Our Thoughts On" blog](#) for additional articles on related topics.

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After all, a dialogue is an exchange of ideas, and we'd like to hear from you. Email us at contactSD@schneiderdowns.com.

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