IRS Examination Selection Process – What Happens to Tax Returns After They are Filed

**Instructor:** Stuart Sobel

**CPE Credit:** 2 Hours

There are some lotteries you want to win, but the IRS “audit lottery” is not one of them. Although to many tax practitioners the IRS seems to be a clandestine organization, the vast majority of its practices and procedures are public information. The IRS could do a much better job of educating its customers (tax practitioners) about the intricacies of the tax system.

Once the Internal Revenue receives a filed tax return for processing, many actions occur. First refunds are generated and balances due are processed. This course will unravel and demystify what happens next.

Your educator and guide through the Internal Revenue Service is an expert with 45 years of experience in IRS policies and practices. With 30 years of experience working for the IRS in examination and high-level management and 15 years in private tax practice, he has mastered the intricacies of the Internal Revenue Service. He is the author of four books dealing with federal tax law. One of his books, *The Top 50 Mistakes Practitioners Make and How to Fix Them: Dealing with the Internal Revenue Service*, has been used as a textbook for thousands of CPAs, attorneys, and other tax professionals throughout the United States. His books and teaching prowess make the tax system less taxing.

Computers, classifiers, referrals, informants, and many other sources generate IRS examinations. The IRS is selective in determining which tax returns it will examine, but many examinations could have been avoided if the tax returns themselves had provided a bit more information and clarification. This course is a **must** for practitioners who need more knowledge about the IRS’s ever-changing methods of audit selection.

**Who Should Attend:**

Tax practitioners involved in the planning and preparation of all types of tax returns.

**Topics Covered:**

* IRS initial processing of a tax return
* How to research in the Internal Revenue Manual
* DIF – Discriminate Information Function – overview of the IRS computer selection process
* IRS planning process – formation of the IRS examination plan and its impact on determining which returns are selected for examination
* IRS statistics relating to return selection
* IRS policy statements – determining the substantially correct amount of tax
* IRS classification process – what happens after the computer selects a return and what the (human being) classifier looks for when determining which returns are selected for audit
* Overview of IRS special programs – tax shelters, tax protesters, S corporation compensation issues, EITC, itemized deductions, exemptions, T and E, unreported income, and many others
* IRS confidential informant program and rewards
* Correspondence, office, or field audit – criteria for selection
* Examination manager and Revenue Agent/Tax Auditor/Estate Tax Attorney authority to terminate an examination

**Learning Objectives:**

* Understand the audit selection process
* Learn how to reduce the chances of the IRS selecting returns for examination
* Have improved comprehension of IRS terminology

**Level:** Basic