

# SB/SE Examination-Field



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**Date**

# SB/SE Examination

- General Information
  - Mission of SB/SE Examination
  - Six Examination functional operations

# SB/SE Examination-Field

- General Information
  - SB/SE Examination-Field mission
  - Seven geographic areas
    - Technical Services

# FY 2018 Field Exam Priorities

- Abusive Promoters and Transactions
- Research & Experimentation (R&E) Credit
- Flow-throughs
- Offshore Tax Evasion and OVDP
- National Research Programs
- Preparer Visits and Examinations
- Identify Theft

# Abusive Promoters and Transactions

- Lead Development Center (LDC)
- Conduct promoter/preparer investigations
  - Internal and external sources
  - Wage & Investment Division and Return Preparers Office
  - Criminal Investigation

# Abusive Promoters and Transactions, cont.

- Top three issues/investigations
  1. False or inflated business income/deductions
  2. Abusive Schedule A deductions
  3. EITC
- FY 2016 Injunctions
- FY 2017 Injunctions

# Research & Experimentation Credit

- IRC § 41
  - Credit Qualifications
    - IRC Section 174 Test
    - Technological Information Test
    - Business Component Test
    - Process of Experimentation Test
- PATH Act - December 2015
- IRS Notice 2017-23

# Flow-throughs

- Partnerships
  - Increase use of flow-through entities
  - Large percentage of SB/SE returns
  - Larger and more complex structures
  - Tiered structures
    - Tax Equality and Fiscal Responsibility Act (TEFRA)



# Offshore Tax Evasion and OVDP

- Stopping offshore tax avoidance
- Offshore tax avoidance cases resources:
  - Treaty exchange of information
  - Private banking initiative
  - Department of Justice's Swiss Bank Program
  - Cases from other sources
- Foreign Account Tax Compliance Act (FATCA)

# Offshore Tax Evasion and OVDP, cont.

- 2009 Offshore Voluntary Disclosure Program (OVDP)
  - March 13, 2018
    - 56,000 voluntary disclosures
    - About \$11 billion paid
- Miscellaneous Offshore Penalty
- Ramping down 2014 OVDP
  - Announced March 13, 2018
  - Program closes Sept. 28, 2018



# Offshore Tax Evasion and OVDP, cont.

- Streamlined Filing Compliance Procedures:
  - Effective Sept. 1, 2012 and expanded June 2014
  - Streamlined Domestic Offshore Procedures (SDO)
  - Streamlined Foreign Offshore Procedures (SFO)
  - Penalty provisions request

# Offshore Tax Evasion and OVDP, cont.

- Additional resources:
  - Webinar
    - Streamlined Filing Compliance Procedures – A Compliance Option for Some Taxpayers, webinar
  - News Release IR-2014-73, June 18, 2014
  - Fact Sheets
    - FS-2014-6 and FS-2014-7, June 2014

# National Research Program (NRP)

- On-going study since tax years 2006
- NRP data
  - Updating return scores
  - Tax Gap and compliance estimation
  - Improper Payments Elimination and Recovery Act (IPERA) of 2010
  - Issue and compliance modeling
  - Use by TIGTA, GAO, JCT, Treasury, etc.

# Preparer Visits and Examinations

- Enforcement focused visits
- EITC Knock & Talks
- EITC Pre-filing season
- EITC Real Time
- ERO (e-file monitoring)
- EITC/ERO combination

# Preparer Visits and Examinations, cont.

- FY 2017 EITC due diligence
- FY 2018 visit plans
- Stakeholder Liaisons
- SB/SE Examination-Headquarters and W&I collaboration
  - Wage and Investment Research and Analysis (WIRA)
- Visit referrals
  - Planning and Special Programs groups

# Identify Theft

- SB/SE Examination-Field
  - Preparers engaged in ID theft and other improper return preparation conduct
- Criminal Investigation Division
  - Preparers engaged only in ID theft improper conduct
- Specialized unit in Accounts Managements



# Fast Track Settlement Program

- SB/SE-Appeals Fast Track Settlement Program
  - Resolve disputed issues
  - SB/SE maintains case jurisdiction
- IRM 4.10.7, Issue Resolution
- Benefits
  - Quicker resolution
  - Reduced interest
  - Less burden

# ACA Information Returns

- Support new Affordable Care Act (ACA) regulations
- Form 1095-C, , Employer-Provided Health Coverage
  - 50 or more full time employees
  - Form 1094-C, transmittal form
    - February 28, 2018, paper returns
    - March 31, 2018, electronically
      - ACA Information Report (AIR) portal

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Questions?