

***AUR:
IRS Automated
Underreporter
Program***

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Stakeholder Liaison Field Operation

Stakeholder Liaison Outreach



AUR and the Tax Gap

- **Difference between tax that should be paid and amount actually paid on a timely basis**
- **Three main components:**
 - **Nonfiling**
 - **Underpayment**
 - **Underreporting**
- **AUR program combats underreporting**



AUR Impact – FY 2005

- More than 4 million AUR notices were issued
- AUR generated increased tax assessments totaling more than \$3.9 billion



The AUR Program

- **Third parties including employers, banks, brokers provide information returns to the IRS**
- **IRS matches amounts reported on individual tax and information returns**
- **Initial match begins *after* original return due date - not a real-time process**



The AUR Program

- **Available AUR inventory is the resulting mismatches**
- **Cases selected from available inventory and reviewed by IRS technicians**
- **IRS issues CP 2000 notice to taxpayer for discrepancies that remain unaccounted**



Notice CP 2000

Notice CP 2000 proposes changes to:

- Income**
- Payments**
- Credits**
- Deductions**



If the IRS issues a Notice...

Verify that the taxpayer:

- ***Received*** the income in question
- ***Reported*** the income in question



Responding to the Notice

If the taxpayer agrees to the CP2000:

- **Do not file an amended return**
- **Check box “A” on the CP2000 response page**
- **Return the response page timely along with a check, money order or request for an installment plan**



Responding to the Notice

If the taxpayer disagrees with CP2000:

- **Respond in writing by due date**
- **Provide a detailed statement that details why taxpayer disagrees**
- **Attach relevant documents to support position**
- **Provide a contact number**



Reminders

- **Keep good records of all annual income**
- **Report all income and follow the form instructions for where to report it**
- **Review the return before it is filed to ensure it includes all income**
- **Make sure payers have taxpayer's most current address**



Questions?

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