

CLIENT ALERT

Deputy Commissioner (LB&I) Flax Discuss Revised Procedures and Priorities During COVID-19 Pandemic

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On October 5, Nikole Flax, Deputy Commissioner, LB&I, provided an update on LB&I's revised procedures and priorities during the COVID-19 pandemic, including the CARES Act, electronic submissions and virtual interactions, the Large Corporate Compliance Program, LB&I Campaigns, and the CAP program. A video of Ms. Flax's presentation at the 34th Annual Crowell & Moring Managing Audits and Appeals Seminar [may be found here](#).

Ms. Flax discussed LB&I's recent announcement that it is considering rescinding Revenue Procedure 94-69. Rev. Proc. 94-69 provides special procedures for taxpayers that are subject to the former Coordinated Examination Program to show additional tax due or make disclosures to avoid the imposition of accuracy-related penalties for negligence, disregard of rules or regulations, or substantial understatement of income tax under IRC section 6662(b)(1) and (b)(2). Ms. Flax explained that Rev. Proc. 94-69 was written for an old program that no longer exists, so "[a]t a minimum, it needs to be cleaned up, because the words don't match right now." Ms. Flax stated that there is not a set timeframe for a decision and that the IRS would need time to consider the comments submitted by interested parties. Critics have noted that Rev. Proc. 94-69 creates disparity among LB&I taxpayers and fails to support the broader tax administration effort to improve the accuracy and reliability of returns at the time of filing.

Ms. Flax also discussed the rollout of a Large Partnership Compliance Program slated for 2021. She explained that it would be similar to the Large Corporate Compliance Program, including selecting entities for audit using data analytics. This announcement comes on the heels of the IRS's recent efforts to gear up for new BBA efforts, including the launch of a new BBA centralized partnership audit webpage, [available here](#). The webpage provides resources for taxpayers where they can find regulations and other guidance and instructions related to the Partnership Representative (PR), electing out of the centralized audit regime, Administrative Adjustment Requests (AARs) and what to expect during a BBA administrative proceeding.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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