

CLIENT ALERT

LB&I Tells Employees to Resume Normal Operations

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The IRS's Large Business and International Division recently revised its compliance priorities during the coronavirus pandemic. Although some taxpayers were hoping the IRS would extend key audit and appeals deadlines beyond the previous extension of July 15, LB&I announced its intention to resume normal operations.

Background

In response to the COVID-19 pandemic, the IRS had issued guidance suspending critical audit and appeals deadlines. In March 2020, the IRS temporarily suspended its IDR enforcement process through July 15 for taxpayers who were unable, due to the COVID-19 pandemic, to respond timely to an IDR. In April 2020, the IRS issued Notice 2020-23 which gave taxpayers until July 15, 2020 to perform "Specified Time-Sensitive Actions," which were due on or after April 1. These actions include the time for filing all petitions with the Tax Court, or for review of a decision rendered by the Tax Court, filing a claim for credit or refund of any tax, and bringing suit upon a claim for credit or refund of any tax.

For our prior coverage on these announcements, please see our prior alerts [Ten Things to Know about IRS Audits & Appeals During COVID-19 Pandemic](#) and [Tips for Managing Tax Audits During the COVID-19 Shutdown](#).

New Announcement

On June 26, 2020, the LB&I issued a [memorandum](#) revising its compliance priorities. The memo announces that LB&I will resume normal operations after July 15, 2020, subject to two exceptions. First, appointments (whether in-person or virtual) should be scheduled for August or later, depending on the circumstances of the taxpayer. LB&I said it will continue to support virtual appointments to accommodate employees and taxpayers who have concerns regarding in-person appointments, which may require the need for statute extensions. Second, LB&I will not open new cases based on the IRS's Discriminate Analysis Score (DAS is a computer model the IRS uses to score examination potential for corporate returns with total assets of \$10 million or more).

LB&I instructed its examiners and managers to consider all of the taxpayer's circumstances when scheduling appointments, response dates to IDRs, and whether to deviate from the IDR Enforcement Process.

Bottom Line for Taxpayers

Although taxpayers should expect to see LB&I activity increasing, LB&I appears to be acknowledging that the pandemic is not over and accommodations may be needed based on the taxpayer's circumstances.

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

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