



Tax Reduction Letter

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Internal Revenue Manual 4.10.2.8.5

Repetitive Examinations (08-01-2007)

- (1) If a taxpayer (individual) responds to the initial contact by stating that an examination of the same issue(s) in either of the two preceding years resulted in no-change or a small tax change (deficiency or overassessment), the following action will be taken:
 - a. Ask the taxpayer for information which may help to determine if repetitive examination procedures apply, such as the prior year(s) audit reports, where the return(s) were filed and where the examination(s) were completed.
 - b. If an appointment has been set, advise the taxpayer that the appointment is postponed pending a review of our files to determine if the examination should be continued.
 - c. Secure an IDRS command code I/BMFOLZ print of the taxpayer's accounts. All individual returns closed as a no-change, require entry of an IMF no change issue code to allow AIMS to record the issues considered during the examination and no-changed. This print will display the no change issue(s). Classifiers will review this print if available during classification. See IRM 4.4.12 and visit <http://sbse.web.irs.gov/aims/docs/IMFissuecode.xls> for a list of IMF Issue Codes.

- (2) When the taxpayer provides records identifying the issues examined in prior years:
 - a. If the issues are the same as in the current year examination, and the I/BMFOLZ print indicates either no change or a small change to the taxpayer's liability, then the current examination can be closed. Send Letter 2684 (DO) to close the examination.
 - b. If a substantive tax change is shown for either year, the taxpayer will be informed that repetitive audit procedures do not apply and the examination will be continued. Letter 2685 (DO), Repetitive Exam Letter, will be used to notify the taxpayer and reschedule the appointment.

- (3) When the taxpayer does not furnish records to identify the issues examined in prior years, the examiner should pull a MFTRA and I/BMFOLZ print. The examiner should use the following techniques to determine whether repetitive audit procedures apply:
 - a. If the MFTRA print indicates a no-change or small tax change for both years, or for one of the years and no examination activity for the other year and the no

change issue codes on I/BMFOLZ print do not provide adequate information, then the return(s) and related files for the year(s) examined should be requisitioned. The requisitioned files should be reviewed to determine if the issues currently under examination are similar enough to the issues in the prior no change/small liability year(s) to warrant concluding the current examination.

- b. If a substantive tax change is shown for either year the taxpayer will be informed that repetitive audit procedures do not apply and the examination will be continued. Letter 2685 (DO) will be used to notify the taxpayer and reschedule the appointment.
- (4) In office examination, group manager approval must be obtained and documented on Form 9984-D before applying repetitive audit procedures. In field examination, managerial approval is not required on repetitive audit cases.
- (5) Cases qualifying for repetitive audit should be closed as follows:
- a. If the taxpayer's records were not examined, even though contact was made, the case may be closed using "survey after assignment" procedures. See IRM 4.10.2.5.2.
 - b. If the taxpayer's records were examined, the case will be closed using regular no-change procedures.