

By: [Erik Martin](#)

IRS Audit Reconsideration Guide



Disagree with an Internal Revenue Service (IRS) audit and the additional tax the IRS says you owe in taxes? You can file for an audit reconsideration under certain circumstances **authorized by the Internal Revenue Code 6020(b)**. The request for reconsideration can help you resolve disputes you may have with IRS findings or a tax return filed on your behalf by the IRS. Learn more about the IRS audit reconsideration process, how, when, and where to submit and audit reconsideration request, the paperwork required, and what happens next.

What is an Audit Reconsideration?

When the IRS audits you or does an income tax examination, the agency may assess a tax liability and penalties, possibly based on inaccurate or incomplete information they have. They may send you a notice, such as [CP22E](#) detailing the additional balance owed, plus penalties and interest.

Or, if you fail to file a federal income tax return, the IRS has a right to file one on your behalf. In this scenario, the IRS will employ third-party information to decide your tax liability. Because the IRS is making the effort themselves without your input, the agency may not factor in credits, deductions, or other tax perks you may be eligible for. Consequently, you may be assessed a larger tax tab than you would typically owe.

But the good news is that reserve the right to challenge an IRS audit or a tax return filed by the IRS on your behalf. However, the audit reconsideration process can take time.

An audit reconsideration is a one-stop solution for individuals who did not submit their tax returns, per Internal Revenue Code 6020(b), or individuals who don't agree with an IRS audit of their tax return," explains [Lyle Solomon](#), an attorney and financial expert with Oak View Law Group in Rocklin, California.

According to [Agustin Arbulu](#), a Southfield, Michigan-based tax attorney, an audit reconsideration essentially is a request to reopen your case because you disagree with the results of the audit or examination changes and the time period for appeal has expired.

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[Robert Lyon](#), a partner/attorney with O'Connor & Lyon, LLP, in Durham, Connecticut, notes that taxpayers are not automatically entitled to an audit consideration.

"An audit consideration will generally be considered by the IRS if the taxpayer can demonstrate that the deficiency assessment made by the agency was inaccurate. This requires providing additional information that the IRS didn't consider before making its initial determination," says Lyon.

Who qualifies for an audit reconsideration request?

If a taxpayer disagrees with the result of a prior audit, they can request an audit reconsideration if they meet particular criteria.

"The taxpayer is eligible if they did not appear for their IRS audit, if they moved and did not receive correspondence from the IRS, if they have additional information to present that wasn't provided during the original audit, or if the taxpayer disagrees with the assessment from the audit," Arbulu says.

Additionally, your eligibility for an audit reconsideration will require that the tax return in question has already been filed, the additional tax you owe remains unpaid, and you can clearly state which part of the audit is being disputed. For example, you could dispute the audit showing that there was an IRS computational or processing error.

“If you can meet all of these criteria, you can send a written reconsideration request to the appropriate IRS office that last corresponded with you,” adds Arbulu. “Keep in mind that this request is in the sole discretion of the IRS to accept, review, modify, or reject – largely dependent on any new information you give to the IRS.”

In other words, it’s not a guarantee that the IRS will accept your audit reconsideration or amend its original findings. You can help your case by providing substantiation and appropriate documentation to support your claim that an audit reconsideration is warranted. For example, you may have supporting documentation to support a tax credit you claimed on a return filing that the IRS reversed. If you don't have the right financial documents, check out this post on [how to survive an audit without receipts](#).

When will the IRS not accept audit reconsideration requests?

If you submit a request for reconsideration with the IRS, they will not accept it if any of the following are true:

You Paid Already:

You previously agreed to pay the amount of tax you owe by signing a closing agreement such as Form 906, compromise agreement, or an agreement with the Appeals office

Final Partnership Item Adjustments:

The amount of tax you owe is the result of final partnership item adjustments under TEFRA, Tax Equity Fiscal Responsibility Act.

Final Determination Made:

The United States Tax Court has issued a final determination, or another court, has issued a final determination on your tax liability.

When, where, and how to submit an IRS audit reconsideration request

An audit reconsideration can be requested at any time after the IRS has assessed a deficiency or audit assessment for a particular tax year and before your tax bill has been paid in full. “Taxpayers can send their audit reconsideration request to the address shown on their IRS examination report,” recommends Paul Miller, managing partner and CPA of New York City-headquartered Miller & Co., LLP. If your region’s office is not listed on the examination report, use the [IRS website](#) to find it.

Two essential steps are required to properly file an audit reconsideration: gathering documentation and correctly submitting this documentation and information. “You’ll first need to examine your audit report to determine which issues you disagree with; then, you’ll need to compile the evidence to back up your claim. Keep in mind that you must give the IRS fresh information they haven’t seen before, and it must be pertinent to the tax year in question,” continues Solomon.

Also, statements should be prepared explicitly addressing the items of disagreement and referencing the documentation you submit to support the claim.

“Though not required, the Internal Revenue Service provides taxpayers with [Form 12661](#), which provides spaces to describe the issue or adjustment you disagree with and the reasons for disagreement,” says Lyon. However, space on that form is limited, so unless it is a simple item of disagreement, you might be better served putting together separate written correspondence to accompany the claim addressing each item in more detail. Your response should also include a copy of the audit report initially issued on [Form 4549](#), if available.

The process is a bit different when requesting an audit reconsideration for a [Substitute For Return \(SFR\)](#). In this case, it’s best to submit an original return to the IRS campus address designated to receive the original return, suggests Lyon.

What documentation needs to be submitted with the request?

Solomon advises submitting the following to the IRS:

- Copies of documentation that back up your claim. Typically, this includes [Form 1099](#), canceled checks, bank statements, loan documents or any other relevant documents that support your claim.
- Copies of documents you've already provided to the IRS
- IRS Form 12661, with your reason given for reconsideration
- [IRS Form 4549](#) and copies of your audit report.

Do not send IRS original document but only photocopies as originals will not be returned. If you're faxing documents, include your identifying information (such as your TIN and tax year) on each page. This is to ensure that all pages are associated with your case. "Always provide copies of your documents rather than the originals," cautions Solomon. "If you submit originals, the IRS will not accept them."

How long will the IRS audit reconsideration process take?

Patience is required when submitting an audit reconsideration to the IRS.

"This process can take anywhere from a few weeks to a few months, depending on how backed up the department is when your request is received," Miller points out. "Due to COVID and processing delays, expect it to take longer than you may think."

While you are likely to receive notice from the IRS that they've received your request and are working on it, getting an actual determination may take much longer.

"The length of time to receive a determination will generally depend on the complexity of your issues involved. Furthermore, requests for audit reconsiderations on older tax years seem to take longer to be processed than requests involving more recent tax years," says Lyon, who adds that your wait time may span eight to 12 months as a worst-case scenario.

What happens after the request for reconsideration is filed with the IRS?

Again, you may have to wait weeks to months for a response from the IRS after filing an audit reconsideration. Their first contact may be a simple confirmation that your request has been received.

Once the IRS has reviewed all of your information, you'll be notified. The IRS may do one or more of the following:

- Remove or abate the tax if it accepts the information provided.
- Remove or abate part of the tax if it accepts the information provided.
- Let the prior assessment or decision stand because they disagree and believe the additional information does not support the claim

“If the liability that is the subject of your reconsideration is the only balance you owe and is likely to be eliminated if the IRS agrees with your audit reconsideration, the agency may agree to place collection activity on hold while they review and process your request. But they are not required to do so,” Lyon explains. “In my experience, if you call in and request a hold on collections based on your audit reconsideration, the collection agency will only grant a hold for 60 days or so. Given the extended processing times for audit reconsideration requests, you may have to call in and request multiple collections holds to ensure that negative action isn’t taken on your account while the request is pending.”

If you have an installment agreement intact with the Internal Revenue Service when your IRS reconsideration request is submitted, note that you must continue to make payments in accordance with that agreement, or the agreement will default.

What are the chances of winning an IRS audit reconsideration?

The chances of winning an audit reconsideration largely depend on the grounds for the request. Generally, the IRS is more likely to grant a reconsideration request if there is evidence to support it. For example, if you can show that the auditor made an error in

their assessment, or that they misinterpreted the facts, your chances of winning are higher.

What if you disagree with the results of an IRS reconsideration request?

If you disagree with the results of an IRS reconsideration, you can appeal your case to the Appeals office and request a conference. If the claim is denied, the taxpayer can request an Appeals Conference or file a formal claim for a refund in U.S. district court or the Court of Federal Claims. You may need to hire a lawyer to represent you. However, it's important to remember that the IRS is legally required to give you a fair hearing, and if you feel that your case has not been given proper consideration, appealing your case may be best.

Should you file an audit reconsideration yourself or find representation?

Any taxpayer can pursue an IRS audit reconsideration on their own if they disagree with an audit assessment. Review [IRS Publication 3598](#) and [IRM 4.13](#) carefully for more detailed information and instructions on how to do so.

“However, especially in instances involving numerous items of disagreement or requiring nuanced tax and legal arguments, retaining a representative to prepare and submit the request on your behalf is recommended,” says Lyon.

[Herb Cantor](#), a CPA, and a recently retired 40-year IRS Appeals Officer and Large Case Revenue Agent in South Florida, agrees. He says that for an IRS audit reconsideration, you should hire a tax professional that has done this work before. “It is most important that your tax professional knows how to maneuver through the Internal Revenue Service system when dealing with the IRS. It is easy to become overwhelmed in talking to and sending the IRS information. In addition, you should know how to present the documentation you have to the IRS and how to negotiate penalties proposed against you.”

For more information, see [IRS publication 3598](#), or the [Taxpayer Advocate Service](#) informational page. To learn more, check out our [guide to IRS audit attorneys](#) or use TaxCure to search for audit representation near you today.