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‘Fast Track’ Settlements Can Resolve IRS Disputes Quickly

If you are audited by the IRS and don't agree to proposed additional taxes you can protest them in writing. A protest will take you beyond IRS auditors to the IRS Appeals Office. See [Simple Rules For Tax Disputes](#). If you still can't resolve it with IRS Appeals, a Notice of Deficiency (also called a 90 day letter) will be issued and you can go to [Tax Court](#).



Alternatively, you can pay the tax, claim a refund, and if it's not granted, sue to get it. See [Choose Your Ground In Tax Disputes](#). Fortunately, most federal tax cases are settled at [IRS Appeals](#). But delay is another matter.

Many people complain that IRS Appeals is backlogged and takes too much time. As a result, the IRS has a “[Fast Track Settlement](#)” (FTS) process. Here are some key facts.

Who's Eligible? Fast Track is generally available for all cases within the Large Business and International Division of the IRS (LB&I), and some outside it. Fast Track can be used to settle most issues. Fast Track can't be used if the IRS says it wants to litigate an issue or if the taxpayer has submitted a request for Competent Authority assistance. Certain other issues are also excluded.

Two Hats? The IRS Auditor and the taxpayer meet with an IRS Appeals official. The Appeals official is acting as a neutral party. Of course, the mediator works for the IRS, but that's true in a full-blown appeal too.

Advantages. The advantages of using FTS include:

- Quick resolution (i.e., within 120 days) of audit issues;
- One-page [application](#);
- Consideration of the hazards of litigation;
- Preventing the accrual of the additional 2% interest imposed on large corporate underpayments;
- Withdrawal from the process at any time; and
- Retaining all traditional appeal rights.

Getting Started. Either the taxpayer or the IRS can suggest the FTS program. If the other party agrees, they contact the FTS Coordinator within LB&I or the Appeals FTS Program Manager to determine if FTS is appropriate. Both parties must complete an application.

The [Form 5701](#) and the taxpayer's written response should be included. Both the taxpayer and the taxpayer's representative must be present during FTS, and the taxpayer's representative must file a Power of Attorney.

Early Referral Option. An alternative to FTS is the Early Referral to Appeals. According to [Publication 4539](#), this option is best utilized early in the examination process.

Appeal Rights. If the parties can't resolve it, the case is closed but the taxpayer retains all appeal rights.

Success Rate? A reported 83% of cases accepted into FTS get resolved.

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