

Reason To Participate in LIFE

The LIFE process is available only to taxpayers who are cooperative participants in the examination process and demonstrate an upfront commitment. The benefits include:

Increased Communication between Service and Taxpayer

- Increased involvement in the planning phase of the examination
- Information Document Request (IDR) should be discussed prior to being issued - may result in fewer IDRs being issued
- Issues should be discussed at the earliest point of the examination to allow for resolution at the lowest level
- Use of all Issue Resolution tools is encouraged to resolve issues at the earliest opportunity
- Memorandum of Understanding outlines key aspects of the examination and sets the roles and responsibilities of each party

Scope is Less than in a Traditional Examination

- Waiver of otherwise mandatory items that are performed in a traditional examination.
- Raised materiality threshold resulting in a limited number of significant items being examined.
- Examination scope cannot be expanded without the express approval of the manager.

Time Span of the Examination is Reduced Due to:

- Increased communication and interaction between taxpayer and Service
- Increased involvement of taxpayer in planning
- Elevated materiality threshold
- Limited number of issues to be addressed
- Waiver of some “mandatory” examination steps

All of this should result, with the taxpayer's assistance, in an atmosphere where the examination process is less difficult, less time consuming, less expensive, and less contentious for all involved.