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cooperative and transparent interactions between the IRS and taxpayers before the filing of a return.

Isaac M. O'Bannon • Feb. 15, 2023



IRS

Department of the Treasury Internal Revenue Service

The Internal Revenue Service has announced changes to the Bridge phase of the [Compliance Assurance Process \(CAP\)](#) program. CAP is a cooperative pre-filing

program for large corporate taxpayers.

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compliance resources.

During the Bridge phase, the IRS will not accept any disclosures, conduct any reviews or provide any assurances. In the three years since its inception, the IRS has received consistent feedback from taxpayers that participation in the Bridge phase deprives them of the most important aspect of CAP – the review by the IRS.

Due to this feedback, the IRS has developed a new pilot phase called “Bridge Plus.” Taxpayers will be required to provide book-to-tax reconciliations, credit utilization and other supporting documentation shortly after their audited financial statement is finalized. An IRS team will risk-assess the documents to determine if the taxpayer is suitable for the Bridge Plus phase.

Taxpayers accepted into this new phase will be required to submit a draft return 30 days before filing. The IRS team will review the return for consistency with the taxpayer's prior submission. If the draft return is consistent, the taxpayer will be instructed to file a return. If the filed return is consistent with prior submissions, the taxpayer will be issued a full acceptance letter.

The pilot will be offered only to CAP participants that were in the Bridge phase for 2022 and have been recommended to participate in Bridge again in 2023. Acceptance into the program will be based on input from multiple IRS Large Business & International practice areas as well as the low-risk determination.

Consistent with its original purpose, CAP is a voluntary process where eligible taxpayers agree to engage in open, transparent and cooperative relations with the government. The shortened timeline of Bridge Plus is contingent on the framework of timely responses, cooperation and full transparency. The IRS will notify CAP taxpayers if they are eligible to participate in the pilot.

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