

ID: CCA_2009110411000564

Number: **200952042**

Release Date: 12/24/2009

Office:

UILC: 6664.01-00

From:

Sent: Wednesday, November 04, 2009 11:00:11 AM

To:

Cc:

Subject: RE: Thanks For Morsels of Wisdom - Rev Proc 94-69 and IC Taxpayers

I don't know that that was the only reason, but I think it played into the rationale.

Rationale:

Since IC taxpayers are not selected for audit in some years, they can play "audit roulette", i.e. take tax positions beyond reasonable bonds on the chance that they will not be selected for audit. (CIC taxpayers can not play audit roulette). For this reason, IC taxpayers can not amend returns once selected for audit. Allowing IC taxpayers to amend their returns after being selected for audit, pursuant to Rev. Proc. 94-69, is the equivalent of permitting audit roulette players to withdraw their bets - in the form of penalty - after the roulette ball falls into the audit pocket.