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IRS identifies new LB&I “compliance campaigns”

The IRS Large Business and International (LB&I) division today announced 11 additional “compliance campaigns” to the first 13 identified in January 2017—thus, the “second wave” of LB&I’s issue-based compliance work. More campaigns are expected to be identified, approved, and launched in the coming months.

As noted on the [IRS website](#), the LB&I compliance campaigns focus on issue-based examinations and a compliance campaign process—that is, compliance issues “at risk” require certain responses from the IRS. The compliance campaigns reflect IRS efforts to redefine large business compliance work and build a supportive infrastructure inside LB&I.

The topics of the 11 additional campaigns are:

- Form 1120-F Chapter 3 and Chapter 4 withholding
- Swiss bank program
- Foreign earned income exclusion
- Verification of Form 1042-S credit claimed on Form 1040NR
- Agricultural chemicals security credit
- Deferral of cancellation of indebtedness income
- Energy efficient commercial building property
- Corporate direct (section 901) foreign tax credit (FTC)
- Section 956 avoidance

- Economic development incentives
- Individual foreign tax credit (Form 1116)

KPMG observation

This new group of 11 campaigns, much like the first 13 campaigns, are focused somewhat narrowly. Many are aimed at cross-border issues and likely derive from the restructuring of LB&I and the dedication of three of the five new subject-matter practice areas to international issues. While several of the newly identified campaigns suggest the potential for treatments other than examinations, there is no real specificity on what other techniques the IRS might employ to validate or mitigate the compliance risks that might be associated with the 11 identified issues. Further, a few of the newly announced campaigns involve issues on which the IRS has already directed its focus. Inasmuch as there has been only limited action and visibility associated with the 13 campaigns announced in January 2017, it is unclear how and when taxpayers might encounter these 11 new campaigns.

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