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IRS considering new CAP applications; publicly traded corporations must express interest by July 26

The IRS today announced that it may open the Compliance Assurance Process (CAP) to new participants in 2020, and that publicly traded corporate taxpayers that may want to participate in CAP need to provide a “statement of interest” by July 26, 2019.

According to information about CAP on the [IRS website](#), a statement of interest is a precursor to the formal application process that will take place in the fall of 2019.

Since 2015, the IRS has not accepted new applicants into CAP. Today’s IRS release—[IR-2019-113](#)—states that the IRS is working toward accepting new CAP applicants.

To help determine the approach for the 2020 CAP year, the IRS is seeking information about those taxpayers that may be interested in applying to the CAP program. To decide whether to accept new applicants in CAP, the IRS has issued its request for statements of interest. The IRS will use information provided in the statements of interest by potential CAP applicants to help determine the approach for expanding CAP in 2020.

Overview of CAP requirements

According to the IRS, the Compliance Assurance Process (CAP) is a program that resolves issues of corporate taxpayers in “real time” prior to the filing of their tax returns.

CAP requires a contemporaneous exchange of information related to a taxpayer’s proposed return positions and the completed events and transactions that may affect its federal tax liability. With successful conclusion of CAP, there is “an acceptable level of assurance regarding the accuracy of the taxpayer’s filed tax return and to substantially shorten the length of the post filing examination.”

The eligibility requirements for CAP reflect that the taxpayer must:

- Have assets of \$10 million or more

- Be a U.S. publicly traded C corporation with a legal requirement to prepare and submit Forms 10-K, 10-Q, and 8-K to the Securities and Exchange Commission (SEC)
- Not be under investigation by, or in litigation with, the IRS or another government agency that would limit the IRS's access to current corporate tax records
- If currently under examination, must not have more than one open filed return and one open unfiled return on the first day of the applicant's CAP year; unless an exception applies

For applicants without any IRS examination history in the last three tax years, the IRS may need to perform a review of the most recently filed returns to determine the scope of the taxpayer's material issues and whether they are suitable for resolution in the CAP timeframes

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