

Automated CP 2000

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What is a CP2000?

Computer generated Federal audit comparing payer information (W-2's, 1099's, K1's, etc...) to amounts reported on individual income tax returns, generating automatic assessments and refunds.

Iowa's CP2000 Processing System

- Homegrown – mainframe created in 1994
- 5 years displayed with two years being active – prior years stored
- Panels displaying various information
 - Name/Address, Adjustment Sheet, Federal Record Display, Billing Summary

How it Works

- Start with taxable income
- Adds the income or adjustment to arrive at corrected taxable income
- Withholding/Other Credits stay as previously reported
- Computes corrected penalty and interest

Two Types of Transactions

- Automatics – billing generated or audit closed without examiner touch
- Exceptions – need examiner to finalize

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Automatics

- Unreported Wages
- Forgiven Debt
- Other Unreported Income (Int/Div)
- Income Below Taxable

Exceptions

- No State Return
- Part Year/Non Resident
- A/R Match
- Others

Billing Information

Year	FY06(01)	FY07(02)	FY08(03)
Automatic	6,675	7,541	10,389
Total	9,622	10,912	15,379
Percentage	70.3%	69.1%	67.6%

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Established/Collected Figures

Year	FY06(01)	FY07(02)	FY08(03)
Established	\$5,380,139	\$7,272,544	\$5,368,868
Collected	\$4,057,688	\$3,811,133	\$4,554,088

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Pros

- Works
- Close to 70% are completed without examiner touch

Cons

- Stand Alone System
- Does not connect to Integrated Tax System
- 30% require touch
- Changes are difficult for IT staff

Questions / Answers

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