



## Department of Taxation and Finance

**NONIE MANION**  
Executive Deputy Commissioner

June 5, 2017

Dear Tax Professional:

Thank you for your recent communications regarding the Department's audit programs and the information we are requesting as part of the audit process. We hope this letter will help to shed some light on the Department's audit programs and process and explain the Department's position on the issues you have raised.

As part of our continuing efforts to accurately administer the Tax Law and to combat tax fraud and identity theft, the New York State Department of Taxation and Finance carefully reviews all returns filed for potential inaccuracies. Using sophisticated technology, we identify items which are known to have a high error rate or have been the subject of fraudulent filing schemes and notify taxpayers that additional information or documentation is required to verify the information reported on their returns.

When your members and their clients receive notices from us, it is important to keep in mind the following information about our approach to the review of the selected returns:

- If we select a return for an audit, it does not mean that the taxpayer or tax preparer has done anything wrong. We want only to confirm the information on the return.
- The notice is not necessarily a bill. More commonly, our letters request additional information so that we can make a final decision.
- Read the notice carefully. It will identify the specific areas being reviewed, the actions we have taken (e.g., adjusted the refund claimed) and the response that is required for us to proceed.
- Keep good records. Taxpayers must keep detailed records to substantiate income, deductions, and credit claimed. The Tax Law requires that taxpayers provide upon request all records needed to verify the information on their returns (Sec. 6589(a)).

In recent years, we have also seen significant increases in cases involving identity theft, employer data breaches and even tax preparer data breaches. We also find that some

unscrupulous preparers are intentionally not signing returns they prepared or are submitting returns with a different preparer's name on them.

To help protect taxpayers from such practices and to ensure that we are dealing with the right person, we now require taxpayers to provide driver's license information with their filing. We also request that taxpayers provide or confirm information about their preparer when responding to our notices. Again, our request for information does not mean that the preparer has done anything wrong.

The Department remains committed to protecting compliant taxpayers and tax preparers from fraudulent schemes and from bearing the costs of erroneous and falsified filings. We encourage you to share this information with your members so that they too will understand our rationale and why these issues are so important.

We appreciate the partnership we have formed with your group and value the feedback that you have been providing. We look forward to working with you in the future and are available to discuss whatever concerns you may have.

Sincerely,

A handwritten signature in cursive script that reads "Nonie Manion".

Nonie Manion  
Executive Deputy Commissioner



**Department of  
Taxation and Finance**

Income/Franchise Desk Audit Bureau  
W A Harriman Campus, Albany NY 12227

Date: 12/31/9999

Tax year: 9999

DLN: X9999999999999999

**Response to Inquiry**

Audit case ID: X-999999999

X-999999999  
TNXX  
XX  
A1XX  
A2XX  
CXXXXXXXXXXXXXXXXXXXX SX 99999-9999

Use the space below or attach additional pages to provide any additional information regarding our audit inquiry:

Empty rectangular box with horizontal lines for providing additional information.

If not identified on your return, complete the questions below:

Did you pay someone to prepare your return? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please provide the following:

1. Name of tax preparer \_\_\_\_\_
2. Name of tax preparation business \_\_\_\_\_
3. Tax preparer's address \_\_\_\_\_  
\_\_\_\_\_

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