IRS Large Business & International Division (LB&I)

Visuals for Structure Rollout to Externals

September 18, 2015

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Large Business & International

Why does LB&I need to change?

- LB&I needs to change in order to create an organization that:
  - Continuously evolves to keep pace with the way the world does business and with our taxpayers.
  - Uses our most valuable resource, our employees' time, to achieve pre-determined compliance goals.
  - Reflects one LB&I, instead of:
    - International vs. Domestic
    - Field vs. Headquarters
    - Strategy vs. Execution
  - Supports promotional opportunities in all areas of LB&I based on knowledge, skills, and abilities of employees and their willingness to coach, mentor, and transfer skills.
  - Supports better collaboration.
  - Engages in effective tax administration by updating exam processes that have not been refreshed for many years.

A core set of guiding principles establishes the foundation for where LB&I wants to be in the future.

Flexible, Well-Trained Workforce	Cultivate an environment of continuous learning to support a flexible workforce with focused training, foundational skillsets, specialized knowledge, and dynamic tools
Selection of Better Work	Utilize data analytics and examiner feedback to select better work with intended compliance outcomes
Tailored Treatments	Employ an integrated set of tailored treatment streams to improve flexibility to address current and emerging issues and achieve compliance outcomes
Integrated Feedback Loop	Drive continual collection and analysis of data and feedback to enhance ability to focus, plan, and execute work, and promote innovation and feedback-based improvement

Subject to change, Agile model in use

Flexible, Well-Trained Workforce

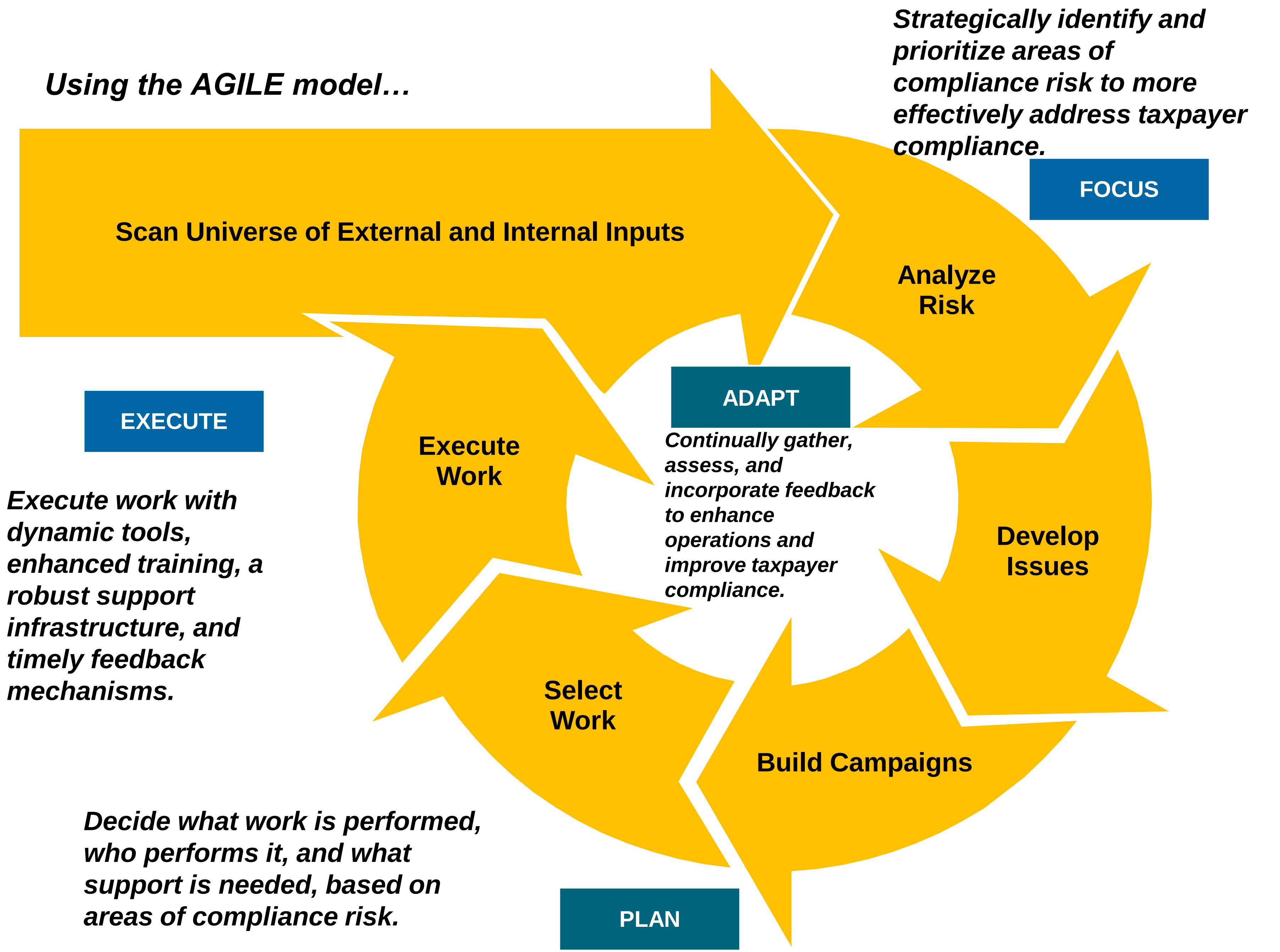
- Focus training on transactions and issues that employees will encounter in their work.
- Provide timely training needed to address current cases.
- Create training curriculum designed to allow employees to grow their skills and have the opportunity to focus in a specific issue area.
- Create mentor-protégé roles and expectations to transfer skill and knowledge.

Selection of Better Work & Tailored Treatments

- LB&I will use data analysis and feedback from examiners to identify areas of potential non-compliance and will design campaigns to address those issues/areas.
- A campaign is a plan focused on the right issues, using the right resources, and using the right combination of treatment streams to achieve the intended compliance outcomes.
- A campaign could consist an examination and/or some type of alternate treatment such as outreach or guidance.

Integrated Feedback Loop

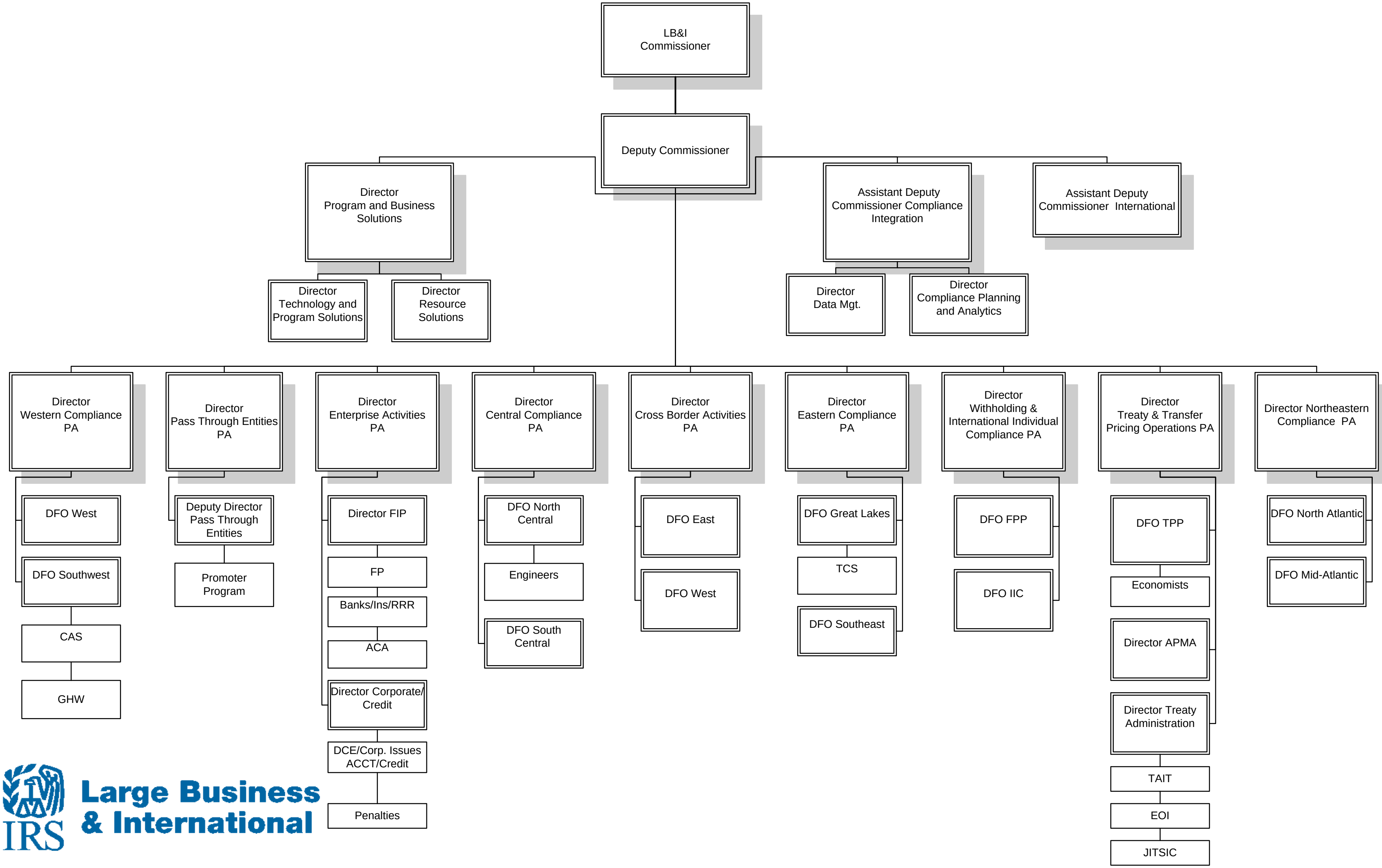
- LB&I will obtain employee input and feedback on all aspects of the examination process, including return selection, training, content, and tools.
- LB&I's compliance plan will be adjusted in real time based on examination experience once a campaign gets underway.


Using the AGILE model…
Strategically identify and prioritize areas of compliance risk to more effectively address taxpayer compliance.
FOCUS
Scan Universe of External and Internal Inputs
Analyze Risk
Develop Issues
Build Campaigns
Select Work
Execute Work
ADAPT
Continually gather, assess, and incorporate feedback to enhance operations and improve taxpayer compliance.
EXECUTE
Execute work with dynamic tools, enhanced training, a robust support infrastructure, and timely feedback mechanisms.
Decide what work is performed, who performs it, and what support is needed, based on areas of compliance risk.
PLAN

LB&I's Future Structure

- The high level structure reflected in this presentation is largely final.   As we continue our work building out the structure down to front line level employees, we may make changes.
- Implementation of this new structure is scheduled to take place in early calendar year 2016.

LB&I High Level Organizational Chart



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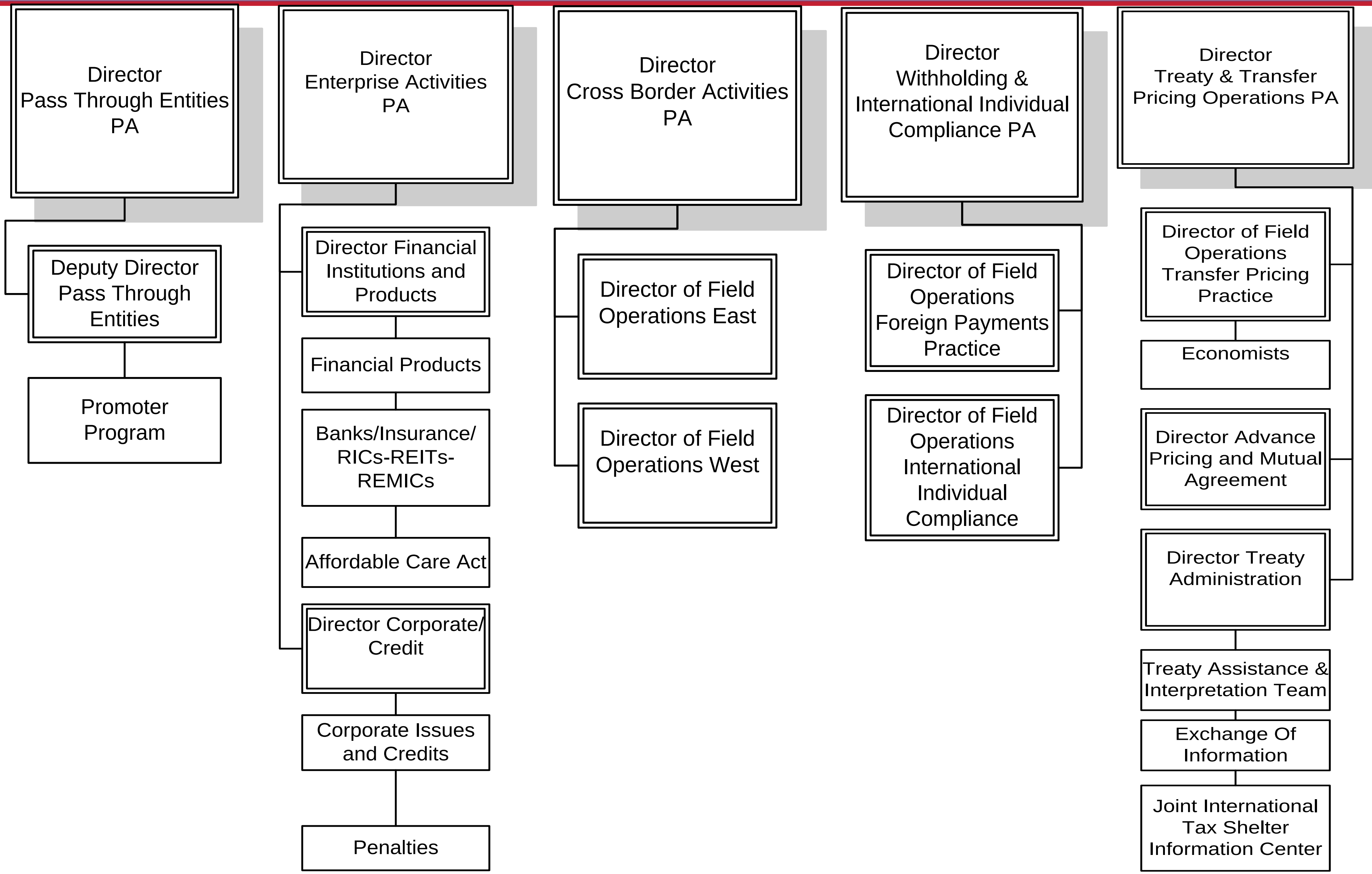
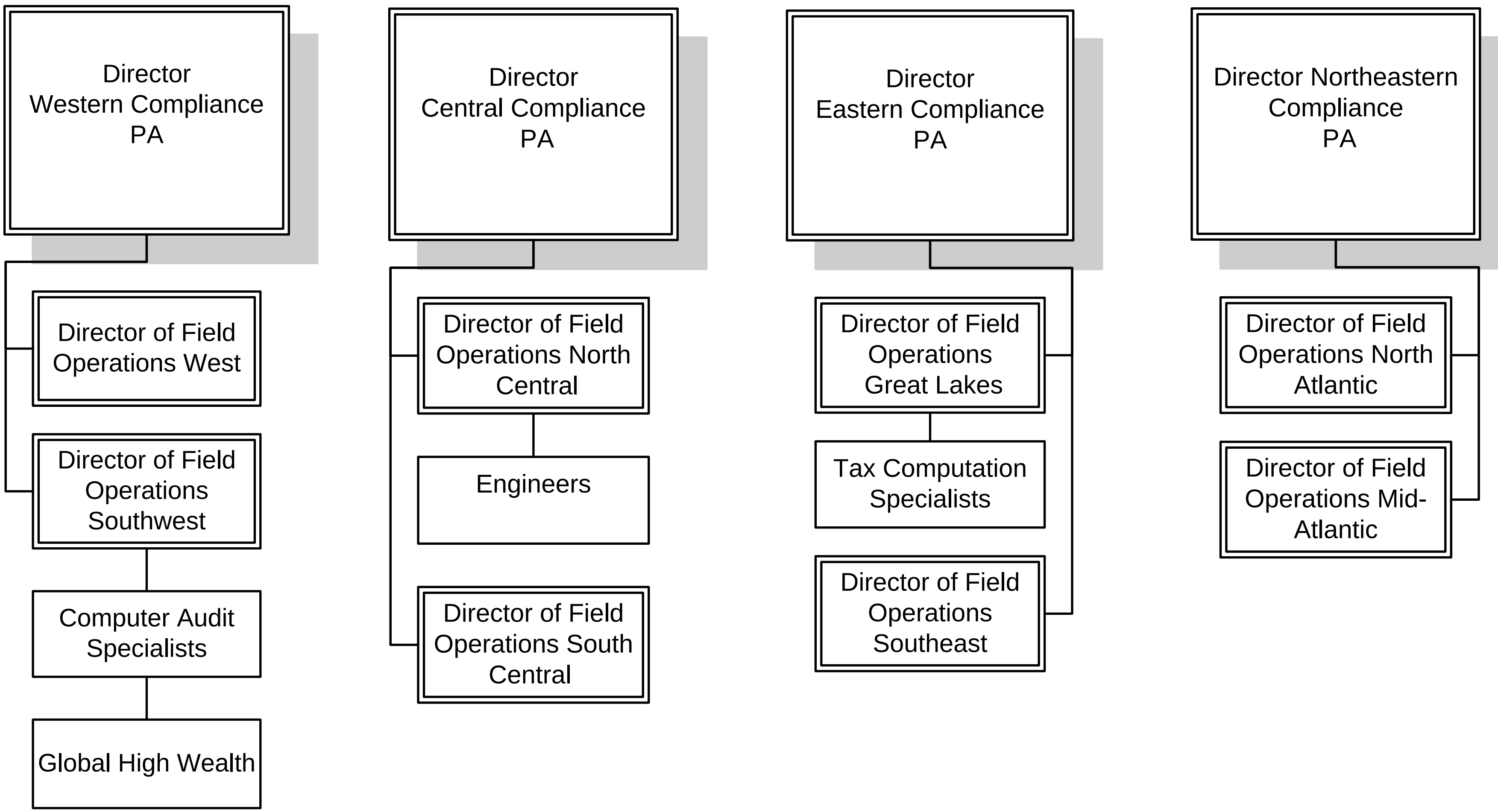
The Practice Area Approach

- LB&I will be organized by Practice Areas.
- A Practice Area is a group of employees organized together to focus on one or more areas of expertise.
- Each Practice Area (along with other activities) will study compliance issues within their area of expertise and suggest campaigns to be included in the compliance plan.

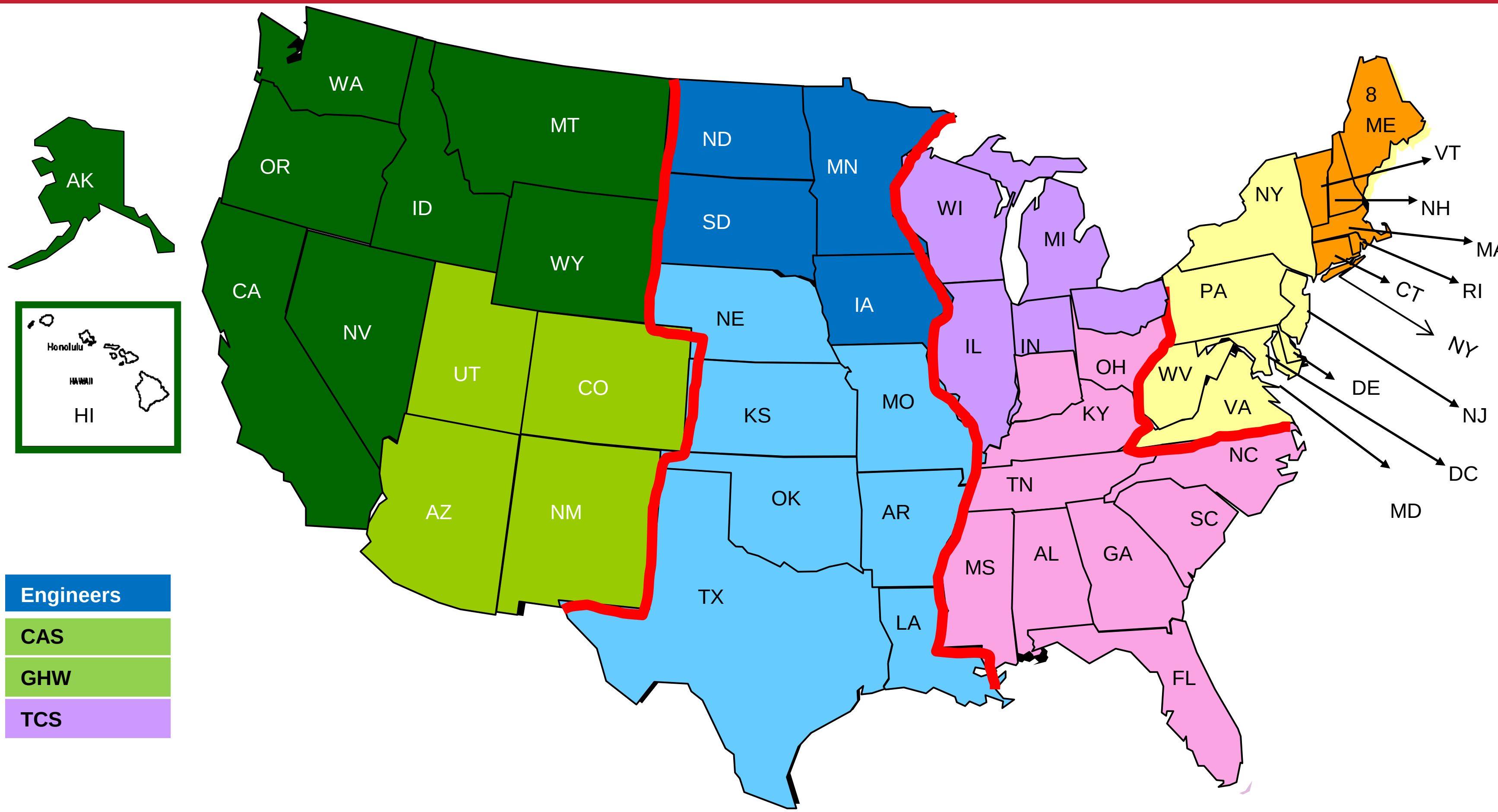
Practice Areas



Compliance Practice Areas



Compliance Practice Area Map



West		Central		East		Northeast	
DFO-W	DFO-SW	DFO-SC	DFO-NC	DFO-GL	DFO-SE	DFO-NA	DFO-MA

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Summary

- The way the world does business is constantly changing — taxpayers are changing and to keep pace LB&I must continuously evolve.
- We will use data and analysis combined with input from the people who know the work best, our experienced examiners, to determine the selection of better work (building campaigns).
- We will consider multiple compliance approaches (treatment streams) for campaigns so that we focus our limited and valuable resources in the right areas that drive a specific compliance impact.
- We are committed to ensure that we have a well-trained workforce that is equipped to deal with the complex global tax challenges we face on a daily basis.