



TaxNewsFlash

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IRS announces changes to bridge phase of Compliance Assurance Process (CAP) program

The IRS today announced changes to the bridge phase of the Compliance Assurance Process (CAP) program.

According to today's IRS [release—IR-2023-25](#) (February 13, 2023)—the IRS made significant changes to the CAP program in 2019 to improve its operation and promote the best use of limited government resources. One outcome of this change was the development of the [bridge phase](#) in CAP, which is reserved for taxpayers whose risk of noncompliance does not support the continued use of IRS compliance resources.

During the bridge phase, the IRS will not accept any disclosures, conduct any reviews or provide any assurances. In the three years since its inception, the IRS has received consistent feedback from taxpayers that participation in the bridge phase deprives them of the most important aspect of CAP—the review by the IRS.

Due to this feedback, the IRS has developed a new pilot phase called “bridge plus.”

- Taxpayers will be required to provide book-to-tax reconciliations, credit utilization and other supporting documentation shortly after their audited financial statement is finalized. An IRS team will risk-assess the documents to determine if the taxpayer is suitable for the bridge plus phase.
- Taxpayers accepted into this new phase will be required to submit a draft return 30 days before filing. The IRS team will review the return for consistency with the taxpayer's prior submission. If the draft return is consistent, the taxpayer will be instructed to file a return. If the filed return is consistent with prior submissions, the taxpayer will be issued a full acceptance letter.
- The pilot will be offered only to CAP participants that were in the bridge phase for 2022 and have been recommended to participate in bridge again in 2023. Acceptance into the program will be

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based on input from multiple IRS Large Business & International practice areas as well as the low-risk determination. The IRS will notify CAP taxpayers if they are eligible to participate in the pilot.

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