



TAX

EDUCATION WEBINAR

Audit & Informal Conference
Board Updates

Friday, June 26 at 9:30 AM

Illinois 
Department of Revenue

Disclaimer

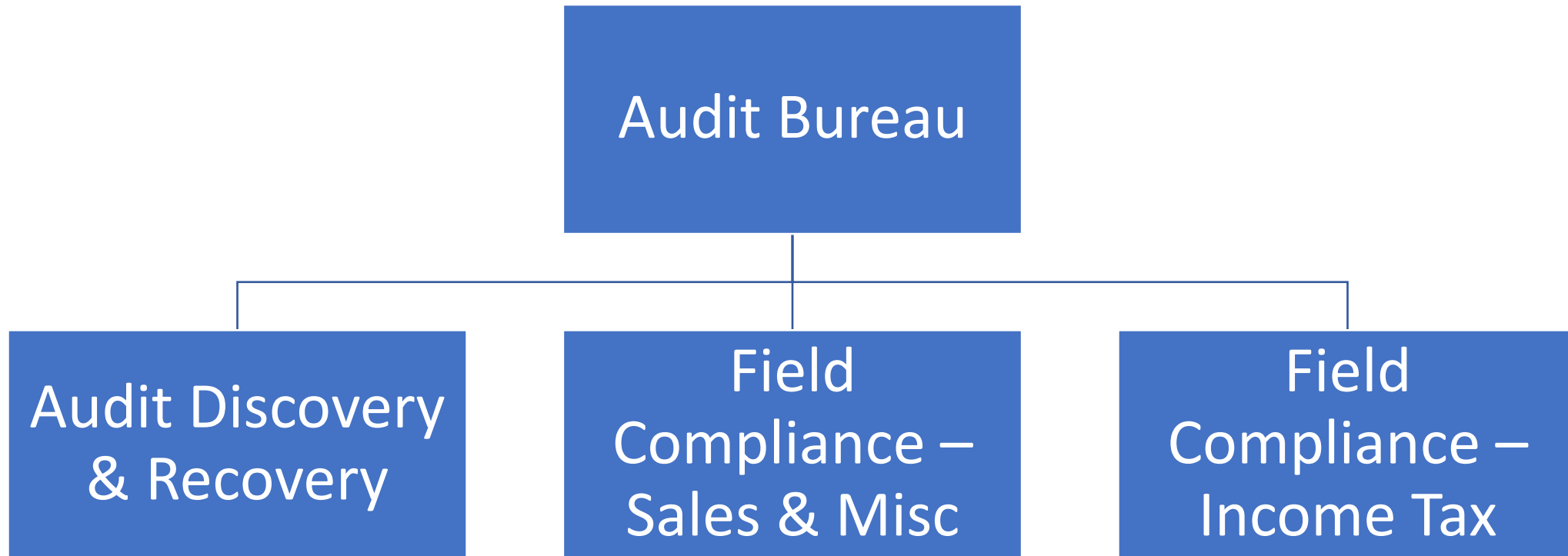
This PowerPoint presentation is provided for general informational purposes only. The information contained in this presentation should not be construed as legal advice from the Illinois Department of Revenue or the presenter for any purpose, including but not limited to the Taxpayers' Bill of Rights, nor is it intended to be a substitute for legal counsel on any subject matter. IDOR advises that audience members pursue appropriate legal or other professional advice when seeking guidance, based upon their particular facts and circumstances.



Audit Bureau Overview & Updates

Max Letterly
Audit Bureau Program Administrator

Audit Bureau Overview



Staffing Updates

- Charles Schoen – Sales Tax Field Compliance Assistant Division Manager effective 8/18/25
- Jennifer Kovalski – Audit Discovery & Recovery ADM effective 9/2/25
- Yvette Gu - Income Tax Field Compliance ADM effective 6/16/26
- Recent Hiring Efforts



Illinois Audit Overview: Your Rights & Responsibilities

The Illinois Department of Revenue (IDOR) audit program promotes voluntary compliance, deters tax evasion, educates taxpayers, collects deficiencies, and facilitates refunds.



Your Rights During an Audit



Fair Treatment

You deserve equitable, courteous, and professional treatment throughout the audit process.



Accurate Determination

You have the right to an accurate assessment of tax amounts.



Clear Communication

You should understand why information is requested and how it will be used.

How Taxpayers Are Selected for Audit

Random Selection

Some taxpayers are chosen through statistical sampling methods.

Business Nature

Certain industries may present higher audit risk factors.

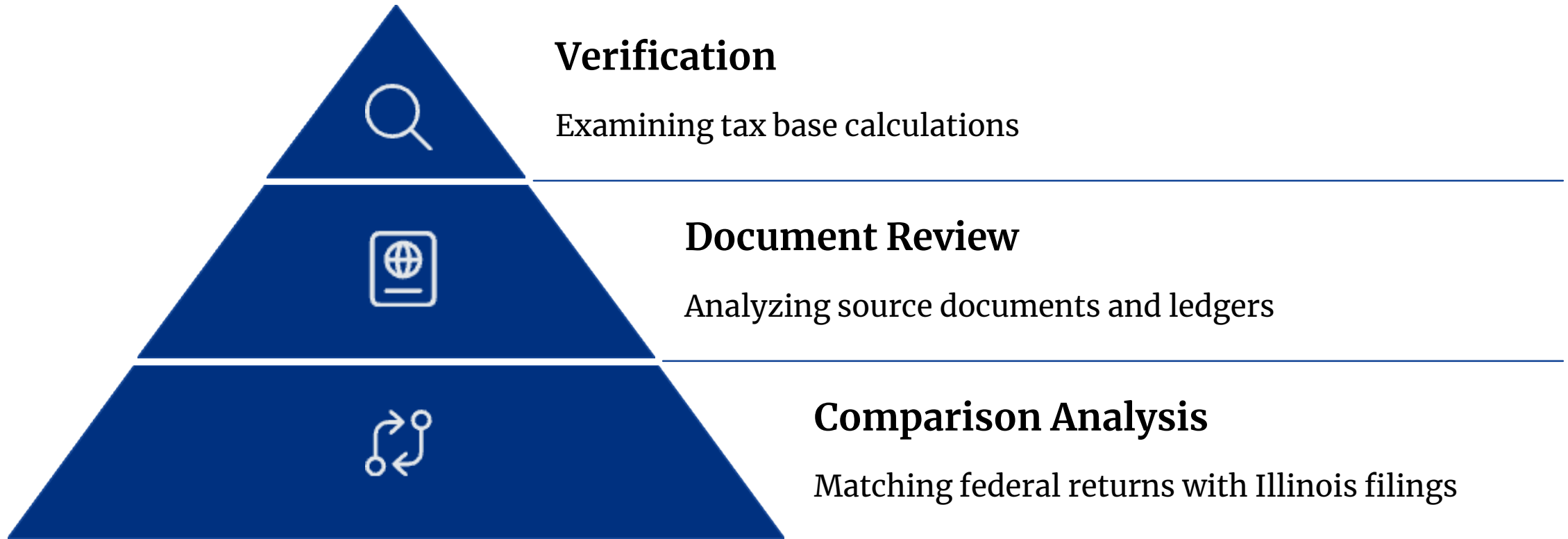
Audit History

Previous audit results may trigger follow-up reviews.

Referrals

Information from other agencies or taxpayers may prompt an audit.

Standard Audit Methods



Methods vary by tax type and business category. A flower shop audit differs from a manufacturer audit, even when both are for sales tax.

Required Records for Audits



Source Documents

Original receipts, invoices, and transaction records.



General Ledgers

Detailed accounting records supporting tax return entries.



Tax Returns

Copies of filed returns and supporting schedules.

Warning: Failure to produce requested records may result in penalties up to \$3,000 per filing period.

Audit Locations and Duration



Traditional Locations

- Your business premises
- Your representative's office



Virtual Options

- Virtual Audit Room (VAR)
- MyTax Illinois



Duration Factors

- Business size and type
- Record availability
- Timeliness of responses and record availability

Audits may last from one day to many months depending on these factors.



Representation During Audits

Choose Your Representative

You may represent yourself or authorize another person through power of attorney *.

* Only registered owners, officers, members, or partners can execute a power of attorney.

Submit Required Forms

Complete Form IL-2848 and email it to REV.POA@illinois.gov with a copy to your auditor.

Await Confirmation

Requests are processed within three business days, and you'll receive confirmation.

Penalties and Reasonable Cause

15% Penalty

Applied to unpaid liabilities at audit initiation.

Discuss Process

Speak with your auditor about the penalty waiver request procedure.



20% Penalty

Increases if not paid within 30 days of Notice of Audit Results.

Reasonable Cause

Submit written explanation with supporting documentation to request penalty abatement.



Resolving Audit Disputes



Fast Track Resolution

Mediate disputed issues while still under Audit Bureau authority.



Informal Conference Board

Request review within 60 days of Notice of Proposed Deficiency.



Formal Protest

Administrative Hearings or Tax Tribunal based on amount in dispute.



Court Appeal

Circuit or appellate court review of administrative decisions.



Self-Service Tools and Resources for Illinois Taxpayers

MyTax Illinois: Audit & Examination Tools



Respond to Notices

Address audit and examination notices directly through your secure account.



Upload Documentation

Submit supporting records and books electronically with ease.



Sign Waivers

Electronically sign statute waivers – no printing or mailing required.



Payments & Plans

Submit payments or request a structured payment plan arrangement.



Fast Track Resolution

Request an expedited resolution path through the platform.

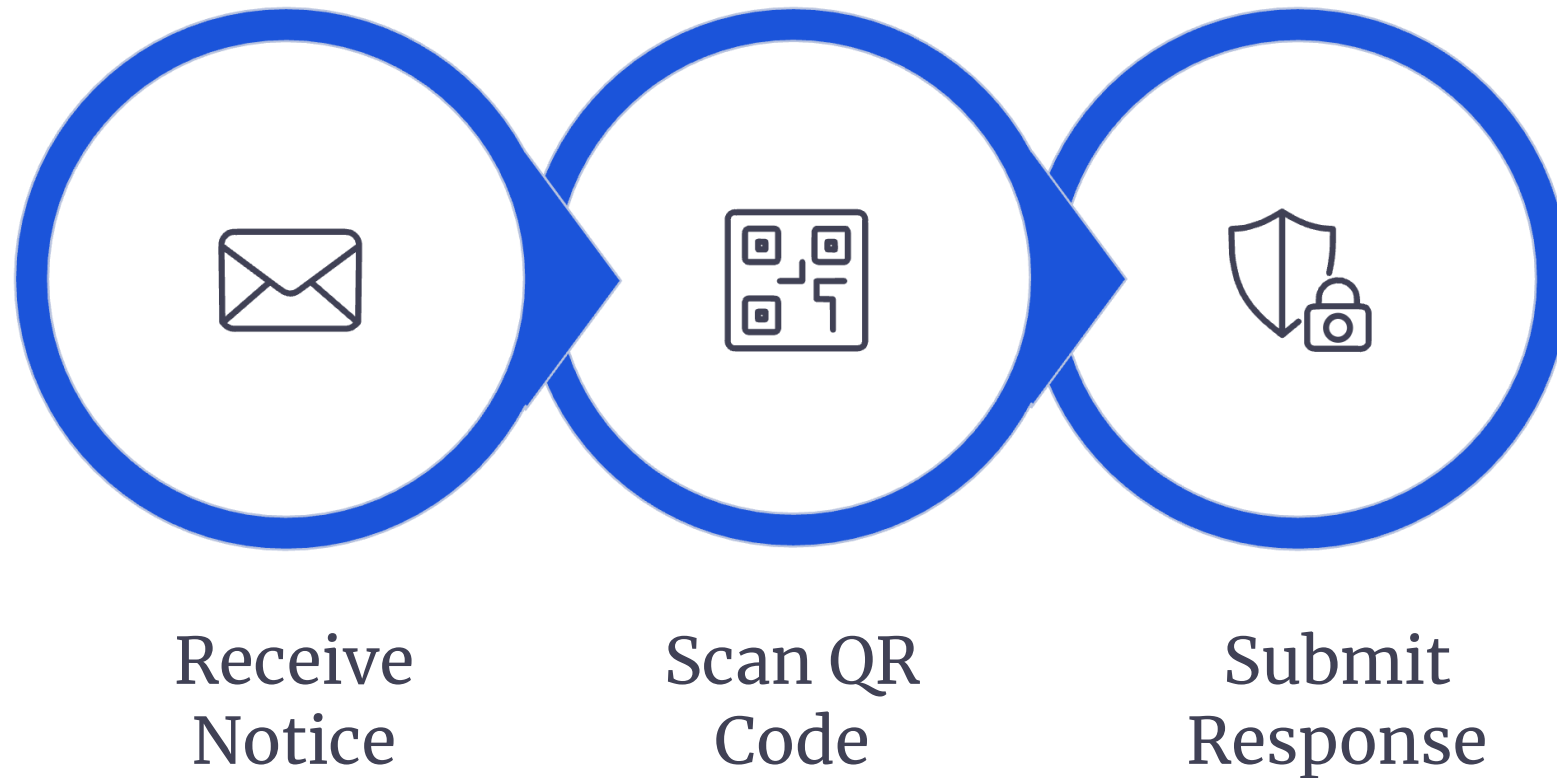


Reasonable Cause

Submit formal reasonable cause requests to support penalty abatement.

NEW - Simplified FSEU Response Process

A new electronic response option makes it easier to respond to FSEU notices – without a MyTax Illinois account.



FSEU Electronic Response Capabilities

The FSEU electronic response portal gives taxpayers flexible ways to respond through MyTax Illinois or the new QR code process. It supports secure document uploads and streamlined communication without mail or email.



Submit Documentation

Upload supporting records, electronically.



Agree or Dispute Changes

Formally accept or challenge proposed adjustments.



Request Modifications

Ask for adjustments to findings with supporting documentation.



Payments & Payment Plans

Submit tax payments or request a payment plan.



Residency Documentation

Provide residency records to support your case.

MyTax Illinois: Audit Functions



- Respond to Audit Inquiries and Examinations
- Upload Supporting Documentation
- Electronically Sign Waivers
- Submit Payments or Request Payment Plans
- Apply for Fast Track Resolution
- Request Reasonable Cause

Respond to Audit (1 of 2)

More account options

 *Search our online services*

Account Options

- > Make an Extension Payment
- > Make an Estimated Payment
- > Contribute to Invest in Kids
- > Respond To Audit
- > Respond To Examination

Periods and Submissions

- > View Account Periods
- > View Account Submissions

Letters and Messages

Options for view account specific letters and messages.

- > View Account Letters
- > View Account Messages
- > Respond to a Notice

Respond to Audit (2 of 2)

< More account options

Select the letter you would like to respond to

Mail Type	Date Issued	Letter ID	Select
Illinois Preaudit Questionnaire	1/30/2023	CNXXX1	☒
EDA-70 Audit Information Document Request	1/30/2023	L19823	☐

[Click Here to Respond](#)

Respond to Audit – Document Requests

Response to Information Document Request

In response to the Information Document Request issued 2/21/2023, I submit the following:

❗ Information Document Request
❗ Item 1
❗ Item 2
❗ Item 3
❗ Item 4

Show Errors

Item	Response	Not Available	Attach this item?
❗ Trial Balance	*	☐	☐
❗ Working Papers used to prepare the ST-1	*	☐	☐
❗ Sales Tax Liability Reports	*	☐	☐
❗ Tax Accrual Account Detail	*	☐	☐

Show Errors

Electronically Sign Waivers

Review your response below and select submit to continue to the password confirmation.

Statute of Limitations Waiver

Name :

EXAMPLE COMPANY INC

Account ID

1234-5678



I, the taxpayer, agree to waive the benefit of the statute of limitations and permit the Illinois Department of Revenue (IDOR) to issue a notice of tax liability on or before 12/31/2025, so that IDOR can complete its audit of my books and records or I may have additional time to obtain information necessary for the audit's completion. I understand that if a notice of tax liability is issued and the waiver to extend the statute of limitations is for IDOR's convenience, no interest will accrue during the extension period or until the notice of tax liability is issued, whichever occurs first. As a result of this agreement, I understand that the time I have to file a claim for credit will be extended until the date cited above. However, the period for filing a claim for credit can be extended only to purchasers who pay the tax to IDOR.

I understand that I am waiving the benefit of the statute of limitations that would otherwise prevent IDOR from issuing a notice of tax liability (including penalty and interest) after 6/30/2024, with respect to any tax, penalties, and interest I incurred from 1/1/2021 through 12/31/2021 under the tax acts and laws included with this waiver.

Person Preparing Response

Full Name

Taxpayer

Title

217-555-5555

Phone Number

Cancel



< Previous

Submit

Respond to Audit – Additional Functions

- Respond to Audit Questionnaires
- Apply for Fast Track Resolution
- Waive the Right to Petition the Informal Conference Board
- Request Reasonable Cause
- Sign Returns
- Submit Payments

Virtual Audit Room



SharePoint

Virtual Audit Room - Flow

Audit Initiation



Discuss VAR with Taxpayer



VAR Established



Document Uploads and Viewing

Updated VAR Experience

Modern Navigation

Streamlined menus and folder structures make it easier to locate, upload, and organize documents during an active audit.

Enhanced Upload Experience

Faster, more reliable file upload with real-time status feedback so users know their documents have been received.

Improved Document Organization

Better sorting, labeling, and version tracking keeps audit files tidy and accessible throughout the review process

Cross-Device Compatibility

Optimized for modern browsers and mobile devices, ensuring consistent access regardless of how taxpayers connect.

Virtual Audit Room – Key Benefits

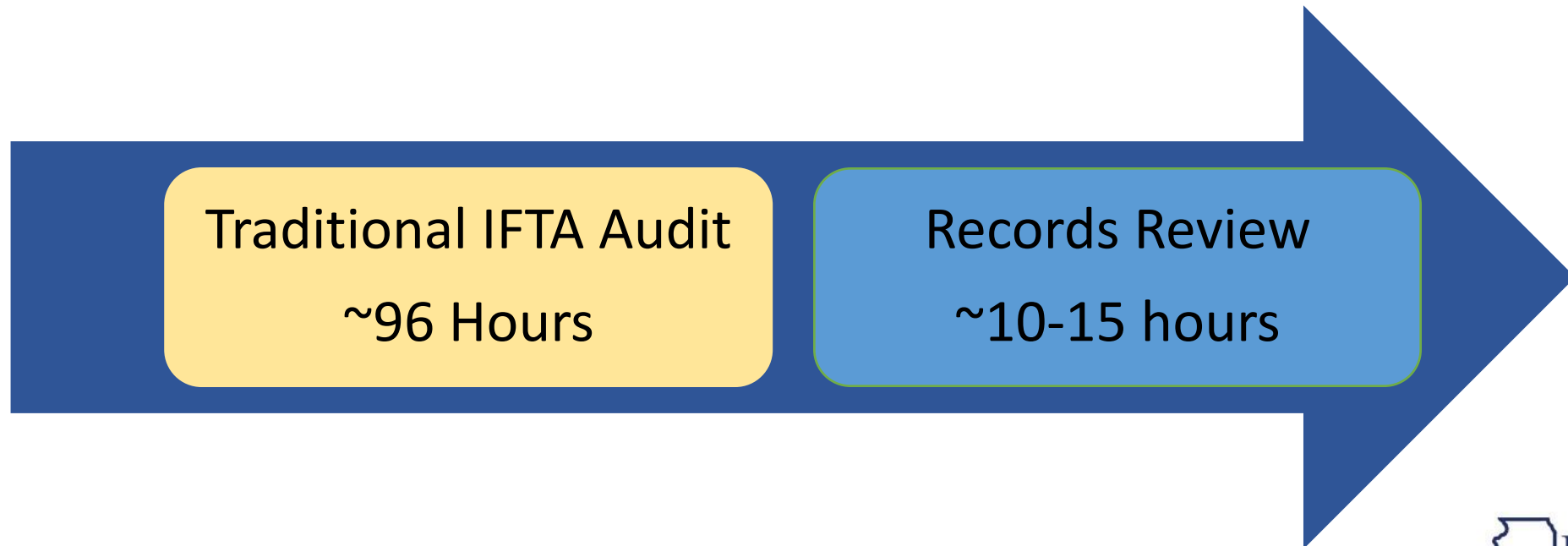
- Quick and convenient access to audit information
- Ability to share in a secure, confidential environment
- Minimizes time spent at the taxpayer's location
- Most file types accepted (e.g., .pdf, .doc, .xls, etc.)
- Reduces travel expenses



Major Decline in Monthly Travel Expenses!

IFTA Records Review Program (New Early Compliance Initiative)

This new early-stage compliance review program for IFTA filers is designed to strengthen record-keeping practices at the outset of participation. It shifts a portion of traditional audits to targeted Records Reviews, emphasizing education, expectations, and early intervention.



2026 Remote Retailer Tax Amnesty



Clear past Illinois sales tax liabilities
– **no penalties or interest.**

Who Qualifies

Remote retailers with no physical presence in Illinois, unpaid sales tax Jan 1, 2021 – June 30, 2026

Simplified Rates

- 9% general merchandise
- 1.75% for qualifying food, drugs, and medical appliances

Apply

Aug 1 – Oct 31, 2026 via MyTax Illinois



Must be registered with IDOR and have a MyTax Illinois login to apply.

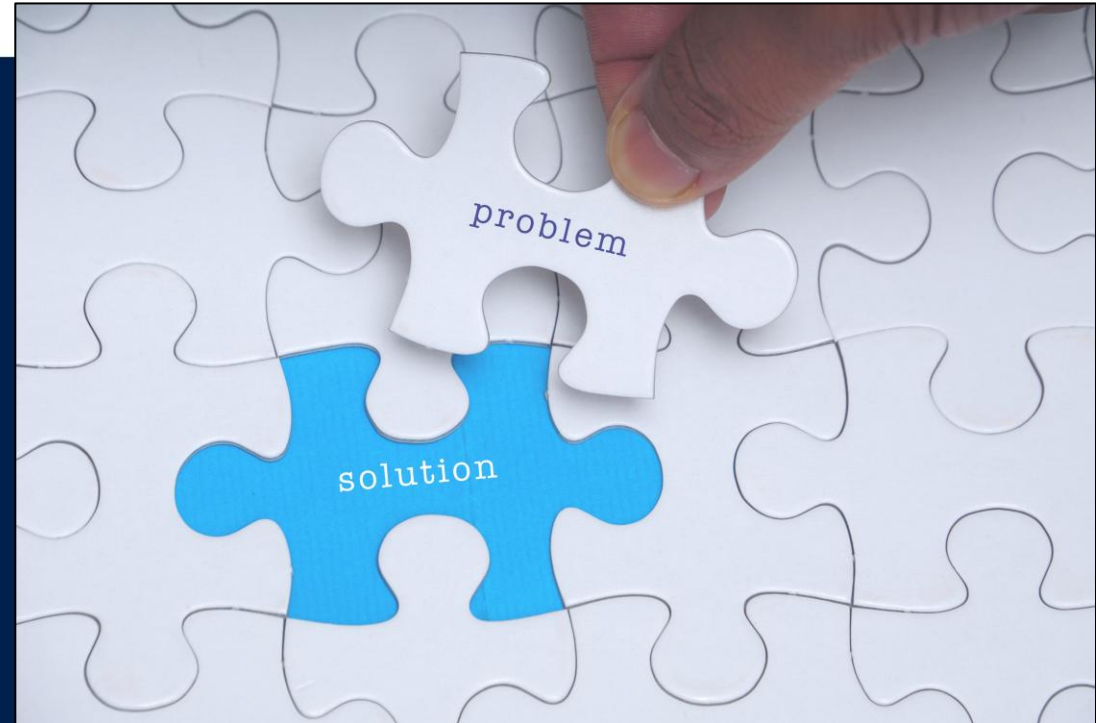


Informal Conference Board Overview & Updates

Africa Robinson, ICB Administrator
Phil Bolander, Conferee
Chad Estes, Conferee

What is the Informal Conference Board (ICB)

- Reviews proposed tax return adjustments before IDOR issues a Notice of Tax Liability, Notice of Deficiency, or Notice of Claim Denial
- Also reviews Notices of Net Loss and Credit Reduction
- Helps ensure proposed audit adjustments are accurate and works to resolve disputed issues as early as possible.



- The ICB is an independent division within IDOR.
- It is separate from the Audit Bureau, Administrative Hearings, Board of Appeals, and Legal Services.
- The Board has six members including representatives from Audit, General Counsel, the Board of Appeals, and staff with state and local tax experience.

How the ICB Operates



ICB Structure

Two boards review cases based on tax type (income, sales, use):

- Primary Board: cases greater than \$1 million
- Secondary Board: cases less than \$1 million

Current Board Members

Sales/Use Tax

- Audit Bureau- Max Letterly (primary)/ Danny A Piper (secondary)
- Legal Services- General Counsel Bridget DiBattista (primary)/ Kimberly Rossini (secondary)
- Board of Appeals- Rebecca Kulekowskis (both primary/secondary).

Income Tax

- Audit Bureau- Max Letterly(primary)/Alicia Lakner (secondary)
- Legal Services- General Counsel Bridget DiBattista (primary)/Brian Stocker (secondary)
- Board of Appeals- Rebecca Kulekowskis (both primary/secondary)

Statutory Citations for ICB

- 20 ILCS [2505/2505-510](#), (Civil Administrative Code of Illinois. (Department of Revenue Law))
- [86 Ill. Adm. Code Part 215](#), Informal Conference Board



ICB Staff

- **ICB Administrator: Africa Robinson, Chicago**
 - Clerical: Rebecca Cutler, Chicago
- **Income Tax Conferees**
 - Dale Marx - Chicago
 - Chad Estes - Springfield
 - Jason Poling - Springfield
- **Sales/Use Tax Conferees**
 - Tim Emrick - Springfield
 - Kimberlee Hicks - Springfield
 - Joanna Wala - Chicago
 - Phil Bolander (contract) - Chicago

ICB Conferee Responsibilities

- Conferees review assigned cases and meet with both Audit staff and taxpayers.
- They gather and analyze all relevant information.
- Conferees prepare a recommendation based on their findings and present it to the Board.

Board Decision

- After reviewing the recommendation, the Board issues its final Action Decision and completes the ICB process.

Where the ICB Fits in the Audit Process

- The ICB step only applies when an audit results in additional tax due, a loss reduction, or a credit/claim reduction.
- If the audit ends with **No Liability**, the ICB process does not apply because no tax is owed.
- When an audit identifies tax changes, IDOR issues a **Notice of Proposed Audit Results**.
- This notice gives the taxpayer the opportunity to request ICB review.

Notice of Proposed Audit Results

When the auditor has conducted the audit and the matter has been reviewed, the auditor will then be ready to issue to the taxpayer the required:

- Notice of Proposed Liability, or
- Notice of Proposed Deficiency, or
- Notice of Proposed Claim Denial, or
- Notice of Proposed Deficiency and Claim Denial, or Notice of Net Loss and Credit Reductions.



ICB Filing Timeline (60 Days)



- Taxpayers have **60 calendar days** from the date the Notice of Proposed Audit Results is issued to request ICB review.
- If the 60th day falls on a weekend or state holiday, the deadline moves to the next business day.
- The notice does **not** list the exact due date—taxpayers must calculate 60 days from the issue date or postmark, depending on how the notice was delivered.
- **No extensions** are allowed for the 60-day filing period.

Situations where ICB rights will not be afforded to the taxpayer-

- Where taxpayer has explicitly waived their ICB rights via the executed ICB waiver (issued with Proposed Notice).
- If a taxpayer makes a partial payment ICB rights are issued for the unagreed remaining tax.
- Taxpayer has effectively agreed to the tax liability by making a full payment of tax due (“payment equals agreement”).
- If at the time the audit is completed, fewer than 180 days remain on the statute of limitations.

- Form ICB-1 is the approved/prescribed form to request an informal review.
 - Taxpayer only required to submit via one method
- Taxpayer can provide additional information with the ICB-1.
- Embedded waiver of statute of limitations.
- ICB-2 is an Offer in Disposition.
- Form IL2848-Power of Attorney.
- PIO-58 provides an overview of the ICB process.

Request for Review



Acceptance/Rejection:

ICB acceptance

- A request for review shall be deemed to be timely filed if it is either received by the ICB or is postmarked within the 60-day period.
- ICB-1 form must be completed and contain a valid signature.

ICB rejection

- Received past the required 60 days.
- No reasonable basis for issue.

ICB Scope of Review

- ICB does **not** redo the audit. Review is limited to the issues the taxpayer lists on the ICB-1 form.
 - ICB does **not** accept or negotiate Offers in Compromise.
 - If a taxpayer cannot pay an **undisputed** liability, they must contact the Board of Appeals **after** the final assessment is issued.
 - ICB cannot address or change interest.
 - ICB will not delay a case because the taxpayer has similar issues in court.
- However, ICB **can** review and resolve any issues **not** involved in litigation.

ICB Recommendation/Action Decision:

- The conferee prepares a recommendation and Action Decision for the Board.
- The Action Decision is effectively a summary of the recommendation's conclusion. The AD does not establish any legal precedence or precedence for future audit situations.
- Audit bureau will receive a copy of the recommendation and the AD.
- The auditor will then close the audit according to stipulations of the AD. The decision could be to negate, sustain or modify the proposed liability/change.
- The Action Decision is also provided to the taxpayer.

For Your Information

- **Documentation Requirements**
 - Verbal explanations alone are not enough.
 - Taxpayers must provide credible books and records to challenge the Department's established liability.
- **Settlements (ICB-2)**
 - Settlements are a common tool used by the Informal Conference Board.
 - Basis for settlement may include:
 - Hazard of litigation
 - Misunderstanding of regulations
 - Difficulty complying with requirements
- **Potential for Increased Liabilities**
 - If a taxpayer did not provide requested books and records during the audit but submits them during ICB review, the audit findings may be adjusted — including possible increases in liability.

Prevailing ICB Tax Issues:

Sales/Use tax – Phil Bolander

- Farm Machinery and Equipment Exemption
- 1099-K Audits
- Wayfair Audits
- IFTA Audits

Income tax – Chad Estes

- Throwback sales
- Schedule C
- Reasonable Compensation/PSI

- ICB Email Address
 - REV.ICB@Illinois.gov
- Utilized for ICB-1 filings
 - If submit via email, does not require a paper submission as well.
 - Verification of receipt of email filing should be requested in the email submission.
- ICB-2 filings
- Submission of additional information to ICB
- Any questions regarding ICB or its processes

Contacting the Informal Conference Board

