



The IRS has fewer employees. Artificial intelligence is taking on a bigger role. Enforcement is becoming more targeted. And the way cases are selected, worked—and appealed—may be about to change dramatically.

So what does that mean for taxpayers and the professionals who represent them?

Tax Rep Network Founder Eric Green sits down with former IRS SB/SE Commissioner [Darren Guillot](#). Now on the other side of the table, Guillot offers a rare insider's perspective on where the IRS is headed.

They dig into the impact of the dramatic reduction in the IRS workforce, why enforcement revenue matters far beyond the dollars actually collected, and how the agency may use AI and massive amounts of taxpayer data to identify the cases most worth pursuing.

Guillot also explains why AI could fundamentally change IRS audits—allowing the agency to spot risk earlier, select better cases, automate routine collection work, and concentrate experienced revenue officers and agents on higher-dollar and more complex taxpayers.

Is the Independent Office of Appeals really independent? Why are some cases sitting in Appeals for years only to result in a “take 15–20% or go to court” settlement? And has Appeals drifted away from what Guillot himself helped design through the Appeals Judicial Approach and Culture (AJAC) initiative?

If you represent taxpayers before the IRS, this is a conversation you'll want to hear. The IRS of the next five years may look very different from the IRS you know today.

Want to contact Darren? Email him at darren.guillot@alliantgroup.com

Watch the episode here

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An IRS Insider On AI, Enforcement & What Comes Next

Everyone, thanks for joining us again on this week's episode. I am joined by an old friend. Darren has been on the show. You've been on a couple of times over, back when you were with the IRS. I'm joined by, of course, [Darren Guillot](#). Darren had a number of hats at the IRS over a very great career. Started as a revenue officer. I remember that much. When I met you, you were director of collections. You had been Director of Appeals.

You became SPSC, I think, Assistant Deputy Commissioner, and Commissioner. Now you're at the [Alliant Group](#) there in Washington, DC, on the other side of the table, which I think is always interesting. Darren, thanks for taking the time to do this. I'm glad we've been talking about this for a little bit. I'm glad we got this done.

I am too, Eric. Those 36 years went by fast. Looking back at it seriously, even with everything that we see going on now, I would relive it. I would do it again. I really would. I miss my friends there. I miss being able to help the practitioners who would call when I was director of field collection or deputy commissioner, Commissioner SB. I always took a phone call. They never abused it. I enjoyed being able to, from time to time, get away from the reports in the meetings and help them out. I know some of them are out there, so I miss them too.

We miss you because I remember when you first gave me your cell number, and I had an issue come up and you answered. I remember I was like, "Darren actually answered his phone." You were also there when a lot of the initiatives that we now see got started. For folks tuning in, for a long time on the books, the IRS could do a disqualified employment tax levy, which basically means if an employer had a collection due process hearing for payroll taxes, and then within two years runs up another balance, the IRS can just move to enforcement.

They do not have to wait through the CDP hearing and all the rest. All of a sudden, I do not know if you remember this, I had clients that got levied just like that. I called the revenue office to say, "We didn't get the final notice yet." They said, "Disqualified employment tax levy." I got two parts. I'm like, "I feel bad for the client." I'm like, "Exciting, something new." I called you, and you said, "No, Eric, it's time we start using this tool."

“Darren Guillot brings an unmatched insider perspective on IRS operations, having helped architect the very enforcement initiatives and appeals standards shaping practice today.”



I remember that also, Hank and Damon and you, in terms of data, the use of data in terms of crypto, virtual currency, foreign assets, a lot of that started under your guidance or with the team you were working with. I'm very interested to hear your take on all of this. Now that you're on this side, what are you seeing from the IRS? I guess, with like no further ado, what are you seeing? First of all, actually, look, before that, Darren, what is your role at Alliant Group? Just for the folks listening who maybe do not know where you ended up, you moved over from Eric Hilton, moved over to Alliant Group. Can you talk to everyone, talk to us about what you're doing?

The company's Alliant. We're headquartered in Houston, but we have offices in other parts of the United States. I'm in Washington, DC, in our offices now. We've got seven former IRS commissioners or division commissioners here with the firm. We've got different components of the line. We've got Alliant National, we've got Alliant Global, we've got our AI section, and we've got our tax controversy services and consulting part of Alliant. It's a big company. We've got offices in London and India, etc. It's a pretty big firm, a couple thousand, but we're headquartered out of Houston.

Navigating The R&D Tax Credit Shift

The company was founded 23 years ago. The main thing that we do is to help medium- and small-sized businesses explore whether or not they would qualify for the research and development credit or incentives. You can just imagine great big companies, conglomerates, airlines, petroleum companies, etc. They've got their own in-house people that can do that thing. A firm like yours, Eric, or the average law firm or accounting firm, they're not going to have agricultural engineers, petroleum engineers, software engineers, biomedical engineers, etc.

We hire all these engineers. Our clients tend to be accounting and law firms when they need that boutique specialty. We send our teams out to do research studies and help the company determine whether or not they qualify. In many cases, this is a great thing I get to watch. You see these companies that are able to hire 50, 60 people and pump an extra million or two into their business because of these incentives, because they came up with a new way to make whiskey or a cleaner way to get oil out of the ground and stuff like that.

That's what President Eisenhower and Reagan really intended when Section 41 and 174 were passed to keep ingenuity and innovation here in the United States. While I'm not an engineer and we've got lawyers who help defend those positions if those cases are audited, I'm involved with the controversy team. With my appeals background, I was director of appeals field operations, and I had an exam collection, all the estate and gift, and the TEGE work in appeals for five years.

I saw quite a few conferences and hearings and got deep into those issues in the past. It's fascinating to see what our engineers do, what our lawyers do, and to help them if they're in an audit or especially if they're in an appeals conference with a dispute resolution. I literally an hour ago finished a fast-track settlement with one of our lawyers, with an exam and an appeals mediator. It's great to see that appeals is doing that. We'll talk more about appeals in just a second, maybe, Eric, but I do that.

I serve as an expert witness for our firm, as well as other law firms, on criminal and civil tax matters. A couple of the other former IRS division commissioners here perform that role as well. In addition to that, we're growing a really large collection practice here at Alliant, and we've got a captive law firm, ZMF Law. That's a little bit about what I'm doing every now and then, write some policy pieces for publication, but that keeps me busy.

No, it is. I totally get that. It is very interesting, I would think, when you're on the other side, especially the R&D credit side, when you can see with these companies the impact of that policy, like you said, with Reagan and the rest. Right now you've been living through this, the Doge, all of that stuff as we have. From your perspective, what are you seeing at the IRS?

I know we're limited for time, so I'm going to try to focus on a handful of things. Just pick five things that go out. The first one is a combination of dedication, uncertainty, and you've been working with the IRS on that side of the table, on our side of the table now, right, Eric, your whole career. It's no secret to anybody who works with the IRS for a long time that dedication to the mission, they are. I do not care if you're talking about collection, exam, IT, taxpayer services, the advocate, appeals, CI.

They are mission-focused. I'll never forget Timothy Geithner coming into a ballroom. We didn't know the secretary was coming to visit us. You figure that out when the Secret Service shows up and says no one can go to the bathroom. He came to address executives before we were tasked with the Affordable Care Act. I'll never forget something he said that we all knew, but to hear the Secretary say it really made us feel proud. He said, "I know it's such a primary mission and you'd probably rather be focused on your tax tasks."

He said, "Everyone at the White House and Treasury understands if you need something done, the IRS always executes it." IRS executes it. They will find a way to get things done. He was absolutely correct. Everybody thought, "That's true. It does not matter what happens. The IRS will find a way to succeed in getting it done." They've got to fund the country. Mean, the \$5.3 trillion that is brought in by the IRS is close to 100%, 95, 98%, or so of all the money that funds everything the United States does. Whatever, build interstates, fund Social Security and disaster relief, and on and on and on.

Tweet: Specialized controversy teams protect small business innovation credits when IRS scrutiny ramps up.

Surviving The 30 Percent IRS Staff Cut

All the money comes from that. Every employee at the IRS gets that. Look, I thought I saw it all, Eric. I lived through RRA 98. I'll never forget one of the older employees telling me, "This is your moment that you said in everybody's career at the IRS, you'll get to see one of these crises, and this will be yours." I thought of RRA 98. Those hearings in 97, that was going to be it. Think about what employees are going through now. Going from 100,000-plus employees to 74,000 in a year.

As federal employees, all of us at the IRS. They're pretty particular, and they hire for most positions there. You could do something else in the private sector, but you go to the government for all kinds of reasons. You like the work. This job security is a big part of it. Public service motivation, etc. You do not have to work 60 hours a week if you do not want to.

You can balance it with family, etc. That was the culture in the government since before I was born, I'm sure. Do not know that IRS, so the dedication was the first part. I said uncertainty was the second part. There's something that's there now, and I do not know how long it'll last. It's clearly got to be there still, because I have a lot of friends that are still there. What's going to happen with my job? Me, particularly, and those employees have to be wondering 30-plus percent of the employees are gone in a year. What's going to happen with their job?

All of this talk about automation and artificial intelligence will do more, etc. What's my future here? I spent 36 years there. My wife got me to retire. I was not ready to go when I left. I understand how they feel, and I'm sure they have to be still in that area of uncertainty. The only thing that overwhelms that and still makes it a job they look forward to, because they're smiling about their life and they're talking about their accomplishments when you meet with them, is because of that first part, the dedication.

The second thing I want to mention as far as what I see going on there. I was talking about this with some people at Alliant a year, year and a half ago, because we had seen for five consecutive years in collection, the revenue doing this year after year after year, and more people getting payment plans and default rates going down. More people filing, total revenue that comes in. It was 5.3 trillion last year. Watch, that revenue is going to keep going up because voluntary compliance comes with a culture. There's a muscle memory and autopilot part of it. I'm not an economist. I know what I read and what I hear economists tell me. I do understand.

I'm not an expert on it. Clearly, the people who want to file and tell the truth in their return and pay, or pay when they get the first notice, they're not just going to stop doing that because of a newsflash, IRS reduces staff by 30%. They're going to keep doing what they do. Even if there's less enforcement, a notice is turned off. It'll take a while before the behavior changes. What happened last year? The most recorded revenue in the history of the United States Treasury, \$5.3 trillion, with more returns secured and processed.

Free funds processed. They did it with 30,000 fewer people. It might look like nothing. Things are going to be okay. Look at the installment agreements. They've been going up. There's a chart, I think, in the latest TIGTA report that came out in August about the enforcement trends. Installment agreements have gone up for the last four consecutive years at least, and a record amount was collected last year at 25, \$18 billion. That's more than the IRS's annual budget. They collected that in one year by taxpayers voluntarily setting up payment plans.

Why Enforcement Revenue Drives Voluntary Compliance

Now, the enforcement revenue did come down by 5 billion. For your audience that may not understand this, one of the things that I looked at in all the leaders in the enforcement part of the IRS monthly is called the TERC, Total Enforcement Revenue Collected. It's just under 2% of all the revenue, the 5.3 trillion. Between \$93 and \$100 billion a year, on average, it comes in. It's like the sheepdog that herds everything into a pasture because it's that enforcement that creates that mindset for people who comply. It's a minority of the American people.

There are some people who are compliant only because there might be consequences. Those consequences have to be out there, and people have to know about them. That total enforcement revenue collected shows you how much is collected by exam, through the automated under-reporter program, by appeals, and by collection. Leicester collection was 87% of that. The total revenue came down to \$93, just under \$94 billion. Almost 99 the year before that. It came down by \$5 billion. We didn't know until a few weeks ago, in the TIGTA report that came from exam.

One of the summaries that I read said they believe that it happened because of a 35% reduction in resources and exam. Also, and I was there for it, I remember this distinctly, the hiring was delayed. It didn't happen for the revenue agents in 23. It happened in 24. What happens in 25 is you're going to have to pull off three managers for every class of revenue agents you're teaching. You're going to have to take your most skilled revenue agent offline to be the acting manager while those managers are teaching a class. The IRS almost always experiences a decline in productivity right after they hire because then you want them to use their best.

To train people that are going to be messing with your taxes. The third thing I wanted to talk about is can this really be sustained? Most of that revenue, that enforcement revenue you see coming in, I said 87% was from collection. The vast majority, 70% or 80% of that, comes from the first collection notice. Those notices bring in a lot of money. I told you about the sheepdog analogy. That's not an IRS thing. Darren made. I made that up in my mind because I spent over half my career in a collection part of the IRS. Those notices are effective.

The ACS employees are effective on the phone for many taxpayers because, in the back of their mind, if I do not deal with this notice, or if I do not resolve things with this lady on the phone, a revenue officer is going to show up at my business or my house, etc. If there's not a continued appropriate amount of enforcement, I've been out for three years. I cannot be the expert to tell you exactly what they need in the field, on the phone, in the notices, etc. There is an amount, and people at the IRS are studying this on a regular basis.

What is it you need to maintain that voluntary compliance, voluntarily compliant culture so that you do not see the 5.3 trillion become 5.1, 4.9, go in the other direction. You'd like to see that continue to grow. You just saw this recently from the chief compliance officer, Jarod Koopman was talking about it at the National Tax Forum. I believe Mr. Bissignano, the CEO, was talking about it too. I'm really happy to see this return on investment. See, Internal Revenue Service, everything they do beyond taxpayer rights and customer service, it ought to be about creating revenue that literally shows up in the treasury.

Tweet: Enforcement revenue brought in 94 billion, acting like a sheepdog that keeps 5.3 trillion in voluntary compliance on track.

When there's hiring, for instance, what can be done without humans and automating that? For instance, for years, the IRS has been using robots, Eric, and you know this, to post the trust fund penalty payments. Used to be humans who did that to make sure they got posted correctly. They offer compromise payments to make sure that people are staying compliant for five years as well. Bots have been doing that. Some of the other things that have been happening with limited personnel. When you do hire people, you hire them based on what they're going to bring in.

A real-life example of this, revenue officers. In 2025, there were just under 2,600 of them, and they brought in over \$8 billion. That's \$3.2 million per person, per full-time equivalent, or FTE. ACS, knock it out of the park, lower cost, bigger gain. They brought in \$14 billion with under 2,900 people, or \$4.9 million per person. Knowing what the right balance is of ACS and field revenue officers. The firm has not gotten. We're saving electricity because of this. In case I'm going to have to turn it on. Anyway, on the revenue agent side, they're hiring revenue agents.

Beating The IRS TAVS Collection Clock

I believe what they're looking at now is making sure they're only working the highest-risk work. They're going to start to look at what you audit and beyond what you assess and put on the books. That's one thing. If you never collect it, what good is it? How much revenue really shows up in the Treasury from particular types of audits and particular areas? The TAVS curve really matters. If you're not familiar with it, it's accepted science across collection, the private sector, and any government at one year after assessment, the IRS has the possibility of collecting in full about 50%. In year three, the odds of collecting it in full are like 20%.

Time matters when collecting things in the first three years. You saw in the TIGTA report that came out last month. They talked about the surge in collection revenue, partly due to resuming notices in 2024. That's true. Some of those notices had been sitting since 2020, 2021, or 2022. They had a backlog of notices, and they're going out, and they should. It would be interesting. I do not know the answer to this. Hopefully, someone's going to measure this and test it against the TAVS curve where those assessments were made two or three years ago.

How much did the IRS collect on those notices? Depending on the dollar amount owed, is there another treatment, or should they even pursue it at all? I do not know the answer to those questions. Those are the kinds of questions I would have been asking if I were still sitting over there at 1111 Constitution Avenue and having the brainiacs jump on that. The future of the field is a fourth thing I would talk about, Eric. I spent most of my career in the field as an employee, as an executive, and as a manager.

The vision for decades, going back to Margaret Richardson when she was commissioner, was to have a field force, whether it was revenue agents or revenue officers, that only worked the most complex work. The campuses, this is 2000, or it was the mid-90s. The campuses were just really starting to get their sea legs and grow and get bigger. Where we're headed now is going to be a place where, as humans do not do what humans do not have to do, it's going to free up those field resources to be more involved with the most complex cases.

Targeting High Dollar Non-Filers In The Field

For the future of the field of collection, I thought for a long, long time there should only be high-income non-filers. They should only work the highest-income, high-balance-due individuals, and they should work the trust fund penalty cases. Why would I feel that way? If you make the money

wherever that threshold is cut, they'll figure that out where it is. Even if you're not a tax pro, you've hired a tax pro. You know you're supposed to file. You know you're supposed to pay. You get one notice, and if you do not respond, maybe your case goes to the field. The other thing is the trust fund. There is no United States without it.

The money withheld in trust by employers is over 70% of all of that revenue, that \$5.3 trillion. It matters. Those cases, give them one notice, and those cases need to be in the field with a revenue officer investigating that, and try to put a stop to it quickly. I mentioned to you already what I think about revenue agents. They're on the right track to hire people who are the biggest, most complex cases. They really need to focus on those and use their analytics, and AI will help with that.

What cases are going to actually result in not just an audit assessment, but the money actually materializing? It's real money. Shows up in the treasury. One of the things I like that I heard Jarod Koopman say at the national tax forums and at some recent tax events was that he likes the rocks and is going to be doing more of the revenue officer compliance sweeps in areas where you do not normally have a collection presence. TIGTA commented earlier this year in a report favorably on that too.

By the way, for the audience tuning in, Jarod Koopman is the chief of criminal investigation for the IRS. You know, Darren, you mentioned it, and I think it's a great segue to the use of AI. If we're going to be able to free up these humans, they are highly trained revenue officers, revenue agents, to focus on the more complicated stuff. The goal, of course, is data automation, and artificial intelligence is going to start filling the gaps or taking over the more mundane. Any insight into that and where that is headed?

Some of my peers laugh at me because we all worked at the IRS, and they think I'm being too optimistic, but as you pointed out earlier, I was working with Damon Rowe and IT, Nancy Seeger, and others in this area before I left the IRS, and I saw it happen. Whether the audience knows it or not, the IRS is already successfully using AI. I'll give you some examples. The voice bots use natural language processing. It knows inflections in your voice, etc. What questions to ask you next to navigate you toward a payment plan, AUR. If you've got an agreed AUR case, AI is doing all that back-end work, etc.



with Eric L. Green

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Whether the audience knows it or not, the IRS is already successfully using AI.



Darren Guillot

They do not need people to do that. I heard Jarod Koopman say some of these things have already saved \$20 million this year. There's an IRM tool that phone assistants are using. Think about how green the staff you've encountered on the phone is. I encounter it at least a few times a week. When you ask them a question and they do not know the answer, they've got an AI assistant that can immediately pull up the IRM section and help them know exactly what the procedures are and where it is in the IRM with the site and stuff. Hats off to Commissioner Werfel for making sure that happened on his watch.

In addition to that, you got online installment agreements. The voice bots. I can foresee them increasing the dollar threshold. What the default rates are, they know. I do not. They can. It's possible. I know they've gone from 25,000 to 50,000 since I left. With the voice bots, but maybe there's a dollar amount even further along where they can trust voice bots to give people payment plans. It's a low possibility of them defaulting. When I was there in '23, when I left Eric, the average liability of 95% of taxpayers that owe the IRS was \$25,000 or less. There's an incredible opportunity here for using AI to interact with people in ways that are predictable and repetitive.

You can let bots and AI do that. Some things are not happening yet, or maybe they are, and I do not know about it. One of the things that was happening in December of '23, there was a request for information (RFI) about an act filing model. That's not new. John Koskinen was talking about that and tasked us with that in 2016. It might have been in the books even before then. I was in that headquarters role where I sat in the meetings and learned about it then. The goal was in the future, and you're headed there rapidly right now.

Deploying AI To Spot Audit Anomalies Instantly

This is the biggest game changer for the IRS. Of all the things I'll talk about that involve AI, I think this will be the most important one. When you're filing electronically, and 80% or 90% of people do, imagine if the IRS can interact with you and say, or before they process the return, however they do it, "The IRS notices, are you sure you want to keep this on that line?" I'm making up a number, 32 or whatever. "I knew I was taking a risky position. I was not sure, but now you made me blank. I thought twice. I decided to change it. Guess what? You're not auditing me."

Eric, I got audited five times. Not just for background investigations. Two of those audits against me or for me were regular audits, but guess what? They ended up with no changes. Why on earth did they pick me? Humans like me, when I was a senior policy analyst, helped develop algorithms and things like that to figure out which cases to work. Humans make mistakes. Humans are always months or years behind the curve. AI is not going to be.

With the tons of information that the IRS has, can you just imagine the largest tax agency on the planet, the 150 years of information and history it has? With all that digitized and this massive library, just imagine what AI with machine learning can do to help to figure out what the real risk factors are and figure them more quickly. You're a little bit less behind the curve on the next scheme or the next common misunderstanding because the tax code's difficult for taxpayers who make honest mistakes. The filing model will be a game changer because when you reduce the no-change rate on audits, I think you're going to see that in the Turk report.

I spoke about earlier, the total enforcement revenue collected. Collection is 87%. You're going to see exams taking a larger and larger role in the revenue collected on that report because they're picking better cases for audit and taxpayers who can pay. AI is going to help do that. You're already seeing it. Think of the forms the IRS is sending out, like section G of the 6765 for R&D. The IDR is on the 105C and 106C for the employee retention credits. It is basically like auditing yourself. You're giving it tons of information. The IRS must be taking all of that information and loading it, and AI is going to be able to analyze it and better detect patterns and anomalies and select what's a correspondence audit, what's a field audit, etc.

Those case analytics collections have been doing this for years. Humans have. Building the models, the CNC predicts that someone's not collectible or currently not collectible model. I watched that when I was there in a job I held. Year after year, I got better and better at reducing the number of cases assigned to the field that were uncollectible. What a waste of resources. You can just see that when an examined collection using AI for analytics, the IRS will not be improving the analytical model six months a year later. They'll be able to improve it in six days, six weeks later, etc.

That's going to be a big change. I'm very fraud, mentioned Damon and company. Yes, figuring out where, if they can use AI to figure out, you know what? We got indicia of fraud here, but in this County, you're going to go to this court, and the odds are you're going to get probation instead of jail time, etc. The CIs have historically had a very high conviction rate and incarceration rate, 80%, 90% or so. Expect that to go higher with expanded use of AI. That's not bullying on taxpayers. It probably means they will not investigate or scare the heck out of people. No more collecting or examining people that they should not be dealing with, but they just didn't know until they got out there.

It's better targeting. It really allows you to better analyze almost up front and identify which of the best targets to spend your limited time on, and talk about limited time, Darren, just because of time. I do have a question I wanted to ask you about appeals, and in particular there, it is now the Independent Office of Appeals, and for people listening, I have air quotes. What is your view on the independence of appeals? I flip back and forth on this. For the most part, I do get the sense that they are independent. Every now and then is particularly more on the audit side than collections, honestly. I find it disheartening when they're just a rubber stamp for whatever audit did.

I want to make sure the audience knows this. I promise you. Eric and I didn't do a prep session. I didn't know he was going to ask me that. No, that's exactly what we're seeing, Eric. Let me look my heart in. Love appeals. I spent a third of my career there. Every position from bargaining unit employee, appeals officer, manager, policy analyst, executive, and appeals. I led the AJAC project, the Appeals Judicial Approach Culture. There's a history behind that. It's important to get to your answer, Eric, about independence because whether you argue what I'm about to share with you or against what I'm about to share with you. Both come from a good place. They really do.

Tweet: Field revenue officers won't handle routine cases anymore. Expect heavy scrutiny on high earners and payroll trust funds.

The history is there. Appeals really got started in February of 1919. If you want to pull a commissioner's report from 1920 and go forward, you will clearly see there's an organization that's very popular that helps to resolve these exams that are becoming more prominent after the First World War without going to litigation. For all of that history, the appeals of cultures really get to the right answer. That's their job. That's their thing. They picked the best of the best to go to appeals because they are the best at collection or exam. Excuse me.

There was almost no collection presence there until the 1990s, etc. They were always supposed to be independent. You may not know this, Eric. They literally used a different color typewriter ribbon in the 1930s and 40s so that they couldn't be confused with other parts of the IRS. Used blue typewriter ribbons, and they would not go to lunch. Even when I worked in appeals, I was told not to go to lunch with revenue officers or revenue agents, because attorneys or CPAs like you would see me and they would think I'm their friend and I'm not independent. Appeals has that name.

I'm here to tell you, Appeals has always been, or at least striving to be. Its mantra was to be independent. That's always been the case for over a century now. What happened, and what led to the AJAC project, was that I was tasked by the then Deputy Chief Shelley Kaye to reduce cycle time by 30 days per case. Are you going to cross the river without a boat thing? That's a lot. This was 2011. Two years earlier, we had detected that there were cases, especially collections, where they were automatically getting financial statements, brand new in appeals, because they didn't like what the employee did.

We saw in some of the exam cases that they missed an issue, etc. The appeals officer would bolster it. I suggested. Here's an opportunity. Did a formal study project. It became known as AJAC, and we made numerous recommendations. I personally visited with each division commissioner and negotiated approval of those recommended changes. One of them was this, and it goes to that critical argument that I know some people will disagree with me on. Is it an appealing job to get to the right answer on every case, or is it more their job to be independent?

Let me tell you what that looks like. If it's an appealing job to get to the right answer on every case, this is what was happening in 2011 that led to that cycle time study. There was a lot of work that was showing up from the exam and to appeals, and the council was concerned about the docketed rate going up. Why are these cases aging and staying so long in appeals? It's because they show up

undeveloped, and the appeals officer, with the best of intentions and a century of history behind them, I have to get to the right answer. If the exam didn't, if the collection didn't, then I have to.

Reclaiming True Independence In IRS Appeals

The case grows and takes time and appeals. The agreement was, and I'll never forget this meeting with the SB/SE commissioner, he said, "Darren, if we didn't do our job, then we deserve to lick our wounds and learn from it. Go ahead and concede it. We do not want those cases back." IRM part four would be written, we will not take a case back from appeals because it's not developed. Part eight would read, I know because I helped write the sentences, that if a case showed up in appeals undeveloped, they try to make a decision based on what the information in the file is and hazard it that way.

The intention all along, Eric, almost like it's a new role for appeals. Yes, you may not get the right answer. It's not a collection, and an exam cannot guess and throw a trust fund penalty or an exam case over the wall to appeals and say, "I disagree. Take it up with appeals," because appeals can investigate. They cannot audit. If appeals conceded that case, what would happen through the quarterly feedback loops was that the examined collection would up their game. If they're having those more active audits and collection interviews and help you understand why you owe, you probably do not go to appeals, or when the case gets to appeals, it's so well developed.

It's not going to be there long. That was the intention of AJAC. It's not a squishy gray area. It was a bright line. There were supposed to be largely fully conceded cases that showed up in appeals undeveloped, where the exam or collection just said no, or just took enforcement without following the steps, etc. Let me ask you this question for your audience out there. If they've worked with appeals, they may have seen what you and I just described. When you get a big exam case, let's just say, I'm not picking on the exam. Can say the same thing about collection, but let's use exams.

When you get a case, and they tell you, "Take fifteen percent or go to court." Does that sound familiar? Twenty percent, go to court. How old is that case? I'm being brought in on cases that are one to two years old in appeals, and that's the offer. 15% or 20% to settle or go to court. If the government's case was so strong and appeals cannot develop the case or raise a new issue, that means it had to come into appeals fully developed, and it was that strong.

Why didn't appeals resolve the case in months or 6 months? Why is it two years old? I think the leadership and appeals are starting to notice that. What we were doing when I was there, operational reviews. You literally look at your age workloads, the cycle time review. It's not just independence, but you look at your case inventory, and then you look at how it was settled. If it was settled or resolved at some really high threshold, like 80% or greater concession, the suspension of the government. Why was it there that long? Look in the file. How developed was it? Was everything there that the appeals officer needed? If it wasn't, or it wasn't up to that 80% standard, there's your issue. Believe it or not, AJAC really didn't start as an independent project.

It was a cycle time project. It was survival. It was a partnership with appeals and council to try to reduce cycle time, reduce the docketed rate. In the process, when I was at appeals, a more independent function, no longer seeking to get to the right answer on every single case. They have to work every case. That's an important thing to think about, too. They go in tandem. They have to work every case they get by law or policy. If they have to get to the right answer in every case, that means theoretically, the compliance function could just say no, taken up with appeals. I would ask your audience.

That's what happens. Darren, I'll tell you from my experience, because I remember when AJAC came out, I actually wrote a piece saying this is an utter waste of time. By the way, I publicly said,

“Yes, I was wrong.” What we found is that the moment an RO got a case, final notice of intent to levy. I would have taxpayers showing up. I do not. I have no idea what we're doing, but I've got two days now before the 30 days go. We filed 12153 for a CDP. Revenue officer, great, I'm done. The whole thing goes to appeals. We would be first working on stuff with appeals.

Also, by the way, on the audit side, I would have auditors send an IDR information document request, 30 days. We would be getting ready to submit when we get the 30-day letter. Here are the proposed changes. They just denied everything. You call the auditor, and what you would get is, take it up with appeals. Again, I'm working with audits and appeals for the first time. When AJAC came out, this idea of BS, you do your job. Let the auditor do their job, and let appeals do the independent review of that. For a while, I think it actually did improve. I found, to me, a big issue, and I was never a revenue officer.

You may feel differently. If the ROs actually worked with us, instead of just setting deadlines and threatening, I think I could settle 99% of the stuff with the RO. We could get within a few hundred dollars, probably on an installment plan, whatever. Now, again, not everyone can do that because if you do not understand the rules, you start arguing you're uncollectible because of lifestyle. The RO is not going to agree. For us, I feel like there should be very few reasons we should end up at appeals. Honestly, we could settle it.

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If the ROs actually worked with us, instead of just setting deadlines and threatening, I think I could settle 99% of the stuff.

Eric L. Green



with Eric L. Green

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What I find is the RO is either not paying attention, does not care, and it feels like they're checking a box. "I did that." They do not really care necessarily about resolving it one way or the other. They just want to get rid of it. With audit, if the audit supervisor, like when we submit saying we disagree and here's why, I've only once ever had an audit supervisor call me and say, "I read what you responded. I agree with you. We're going to revise it, and they will fix it." I said, "I do not need the appeal, and we're done."

That's the thing that I feel like now is part of this, if you flip it, the time constraints are probably too much. Could the auditor really spend the time to think, consider, and work with the taxpayer? In theory, they should. I do not know that they practically can. That's what I feel like 99% of what we're appealing for is BS. There are very few real technical issues that I think we need to address. In fact, I actually was talking to our assistant commissioner at the Department of Revenue. I told him, "It is to work at [Green & Sklarz](#)?"

He said, "What?" "You know what we do day in and day out is shovel shit. If you want to work here, just grab a shovel because that feels like what we do." I'm taking documents and sending

them up to appeals. The 433, and listen, do you know how many times I have a canned letter where we've submitted financials showing the taxpayers are collectible, and they refuse to remove a levy. I have a canned letter that says, "You're in violation of a federal statute, 6343.

You're in violation of the taxpayer bill of rights. By the way, look at *Vinatieri versus Commissioner*, 2000, what was it? 2011, I do not remember. 2009, I do not remember the year." I send this to them. Inevitably, they must talk to a manager who says, "We cannot levy them. You got to release it." I feel the big problems start there. I'm just going to say this, and I do not mean to offend that pre-98 toxic relationship with the taxpayer, if I had an appeals officer once who was a pre-98 person, retired in early 2000 when I first started.

In 99, who told me, they said, "Eric, the 98 Act was the worst thing that ever happened. By my way, I would take all these taxpayers that owe money, line them up, and shoot every last one of them." That attitude seems to continue to exist. It keeps getting passed down versus the, you know what I mentioned, low-income taxpayer clinics. Some ROs do not even know they exist. I'm like, "If you went into someone and they're unemployed or they tell you this, why don't you go to a clinic? I'll give you 30 days. Go to a clinic, get help. People come to us.

They're being levied by Social Security. It's a nightmare. I feel a part of it starts there. Overall, I feel appeals are pretty good, more and more. I'm getting the rubber-stamp sense where, "I looked at what you sent. I agree with the auditor. Based on what? I agree with the auditor." That's a thing. It's very frustrating. Whereas, if we could just have an intelligent conversation and you looked at the stuff, I'm pretty sure we could get to an answer that we could all live with.

There are too many people in leadership positions who are just led by the book. They read a book about leadership at the airport, or they got it in leadership training or whatever. One of them was *Leading Change*, I think it was. Maybe it was a different book. I cannot remember. I'll never forget that it said, like, culture eats man leadership for breakfast or something. It takes like 5 to 7 years for a change to really be ingrained, meaning you've got to stay on top of it. That's a great organization. They are the last best chance for the Internal Revenue Service to show the American public that the tax system's fair. It takes the lead.

It takes leadership actively engaged. The problem is you get people who are not in jobs very long as executives. Maybe at the IRS, and they move through, and I'm not faulting. Anyone in particular, it comes down to a leadership issue. If I had been there and stayed there, I would have continued to do operational reviews to make sure that employee managers and employees knew we're serious about this. You got to work a case this way. Do not work it that way. You have to be looking, and it's not too hard to figure out how to do those reviews.

Tweet: Is IRS Appeals truly independent? When cases sit undeveloped for two years, practitioners must push back on rubber stamps.

They were done before I described it already. It's very easy to find the cases where they did what you described as a rubber stamp. It takes committed leadership that's going to stay on top of it for several years. I left appeals literally a week or two before the AJAC interim guidance memo got released. The recommendations were approved by the divisions months before that. I was gone. At some point, we had a meeting with the chief of appeals, several law firms in the recent past, over a year ago, not the current chief. They asked us, "How long have you been seeing what you and I have been discussing, Eric?"

These seven law firms, including some of the big ones. Almost everybody said ten years. I got to tell you, that surprised me because I didn't realize it was an issue until three years ago when I got to be on this side of the table, and I'm thinking, "That's not how we're supposed to do this." Culture right now is winning, and it's creating enormous cycle time. You're at the law before the storm right now.

Appeals only had 61,933 cases received last year. Roughly half or more than half were collection cases. CDP was 40% true, then his office and compromised trust fund penalties, and the failure to file and failure to pay penalties from collection.

It puts it somewhere between 48% and 53%. It went up 155% because of the notices resuming. Once AI starts, and it's going to happen quickly, I think you're going to see it months from now, and certainly before the end of a year, you're going to see much more compliance activity that's notice-driven, that still comes with appeal rights on top of the stuff we're seeing from the revenue agents and the revenue officers. You do not have enough appeals officers in the field or on campus to stay on top of it, working cases the way you just described, Eric.

I get deep into issues when it really is that complex. AJAC was a gift to appeals and the IRS. Examine collection to get out of a case quickly if it ended up in appeals and it was undeveloped. That's not what's happened. It's going to take leadership pursuit as a cycle time issue, and you're going to get independence out of it too. By the way, the ACMs, I didn't always share my ACM. I always shared it when I was asked. Jimmy Hoffa's not buried in that ACM someplace.

The first right in the Taxpayer Bill of Rights is the right to be informed. For goodness' sake, if the detailed discussion on how you analyzed and came to your decision that affects my business or my life is in that ACM, how is that adhering to my right to be informed if you refuse to share it with me? I just do not get that. I spent fourteen years in appeals. It's not like I'm somebody on the outside throwing stones at glass houses.

No, this is a conversation we need to pick up as a part two, because we're running out of time. Darren, thanks for, at least, starting this conversation. We've got to pick this up again in terms of anyone out there who would like to consult with you or contact you. How best can they reach out to you?

They can call me, or they can email me. If you want to call me, you can call me at 630 981 7817. My email address is all lowercase. My first name, darrenguillot@AlliantGlobal.com.

Listen, thank you for taking the time. We are seeing interesting times, and it's going to be much more interesting as all of this accelerates. Listen, Darren, thank you. Everyone, thank you for tuning in to this week's podcast, and to be continued.

Thanks, Eric.

Thank you.

Important Links

- [Darren Guillot on LinkedIn](#)
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About Darren Guillot



As an alliant trusted tax advisor and consultant, Mr. Guillot assists small and medium-sized businesses navigate America's tax system to secure incentives and credits that stimulate innovation and improve

products and services. He also serves them as an expert resource resolving complex compliance and appellate controversies.

During a 36 year career at the IRS, he served in numerous leadership roles, including Commissioner and Deputy Commissioner of the Small Business Division. In these top leadership positions, he oversaw all IRS domestic and international Collection Operations; as well as its Operations Support functions and oversight of the Division's two billion dollar annual budget. He also led the creation and oversight of the IRS Office of Fraud Enforcement, providing support and coordination for all civil division efforts detecting and deterring tax fraud. Before departing the agency, he introduced IRS' first use of quick response (QR) technology on taxpayer notices, led IRS' successful AI effort using authenticated voice robotics [eliminating phone hold times for over 14 million taxpayers in less than two years] and launched the High Wealth High Balance Due Initiative – recovering over a billion in revenue within its first year.

Darren's extensive enforcement background at IRS was balanced by his 14 years' experience in the IRS' Independent Office of Appeals - a true subject matter expert, serving as an appeals officer, policy analyst, manager and executive. As Director, Appeals Field Operations he oversaw protests of SBSE examinations and collection actions, as well as nationwide appeals of all Estate & Gift Tax and TEGE disputes. The culmination of his appellate tenure was his creation and top leadership of the Appeals Judicial Approach & Culture (AJAC) Project, shepherding approval and adoption of the most significant policy changes for Appeals in nearly a century, ensuring an independent administrative forum for taxpayer disputes with the IRS.

A frequent presenter at national tax conferences, Darren has been quoted or published on issues related to IRS Operations, Appeals, Tax Fraud, and Collection policies in many publications including Tax Notes, Accounting Today, Law 360, [Inc.com](https://www.inc.com), Axios, Bloomberg Daily Tax Report, Forbes, ABC News, and the Journal of Tax Practice & Procedure. He began his IRS career as a revenue officer and holds a bachelor's degree from the University of Holy Cross, is a fellow of the Loyola University Institute of Politics and was awarded the Certificate in Public Leadership by the Brookings Institution. Darren was appointed to the Order of St. John by HM King Charles III in 2024.