

Choosing IRS Transcript Monitoring Software

A Checklist for Tax Professionals

An Evaluation Framework for Every Firm Size

PURPOSE

This checklist provides a structured, objective framework for evaluating the capabilities that matter most — so you can protect your clients, support your workflow, and position your practice for growth.

Use this checklist when comparing vendors, during a trial period, or before contract renewal.

SECTION 1: Platform & Access

Confirm how the software is accessed and whether it supports your team's workflow.

✓	Criteria	What to Look For	Notes
<input type="checkbox"/>	Cloud-Based Platform	Software is hosted in the cloud and accessible from any internet-connected device — no installation, no local maintenance required.	
<input type="checkbox"/>	You decide what is important	You should be able to decide which codes you want to monitor and which you want to be notified of. Bonus if you can get a weekly email informing you of these alerts	
<input type="checkbox"/>	Bulk Download Speed	Supports high-volume bulk transcript downloads at significant speed (look for platforms capable of processing up to 100,000 transcripts per hour, server-side).	

SECTION 2: Transcript Coverage

Verify the platform covers all transcript types available through the IRS Transcript Delivery System (TDS) for both individual and business clients.

✓	Criteria	What to Look For	Notes
<input type="checkbox"/>	Individual Transcript Types	Supports all transcript types available via TDS	
<input type="checkbox"/>	Business Account Transcripts	Monitors Account Transcripts for a wide range of business form types (e.g., 940, 941, 1120, 1065, 990 series). Note: Business Wage & Income documents are not available via TDS.	
<input type="checkbox"/>	Personal & Business Together	Monitors personal and business tax accounts across your entire client base within the same platform and interface.	

✓	Criteria	What to Look For	Notes
<input type="checkbox"/>	Extended Historical Access	Provides meaningful lookback periods — for example, 10 years for Wage & Income transcripts and back to 1990 for account transcripts — supporting penalty abatement and compliance research.	
<input type="checkbox"/>	Transcript Analysis & Decision Support	Transforms raw transcript data into actionable insights and next steps, including CSED timelines, compliance risks, enforcement signals, and recommended resolution strategies, delivered in clear, client-ready reports.	

SECTION 3: Monitoring & Alerts

The quality and breadth of automated alerts are the most important differentiators between transcript monitoring platforms.

✓	Criteria	What to Look For	Notes
<input type="checkbox"/>	Automated Weekly Monitoring	Monitoring runs automatically on a weekly schedule. CAF approvals (Forms 2848 and 8821) are checked nightly, with no manual login required.	
<input type="checkbox"/>	Early Audit Detection	The system can flag a potential audit up to six months before IRS action, giving you time to prepare a defense, strengthen the client's file, and potentially reduce penalties.	
<input type="checkbox"/>	Broad Alert Coverage	Alerts cover a wide range: impending audits, federal tax liens, installment agreement changes, OIC activity, CP2000 notices, passport certifications, POA/TIA approvals, and return filings (for identity theft detection).	
<input type="checkbox"/>	Configurable Alerts	You choose which IRS transaction codes to monitor, who on your team receives alerts, and whether notifications are delivered by email, in-app, or both.	
<input type="checkbox"/>	On-Demand Manual Checks	You can trigger an immediate transcript check at any time between automated weekly sessions with just a few clicks.	

SECTION 4: Security & Compliance

IRS transcript data is highly sensitive. The platform's security infrastructure should meet or exceed federal standards.

✓	Criteria	What to Look For	Notes
<input type="checkbox"/>	IRS-Approved ISP	The vendor is an IRS Intermediate Service Provider (ISP), authorized to connect to and	

✓	Criteria	What to Look For	Notes
		transmit data via the Transcript Delivery System (TDS). This is a non-negotiable baseline.	
<input type="checkbox"/>	Enterprise Cloud Infrastructure	Data is hosted in a government-grade cloud environment (e.g., AWS GovCloud) that meets federal standards, including IRS Publication 1075 and FedRAMP authorization requirements.	
<input type="checkbox"/>	Encryption & Access Controls	All data is protected with 256-bit AES encryption and TLS 1.2+. Multi-factor authentication (MFA) is required for user login.	
<input type="checkbox"/>	SOC 2® Compliance & Automatic Backups	The vendor (not just the hosting company) holds a current SOC 2® certification, independently audited for security and availability. Data is automatically backed up with built-in disaster recovery — no manual backup required.	

SECTION 5: Pricing, Value & Growth

Evaluate what is included in the base price and whether the platform supports long-term practice growth.

✓	Criteria	What to Look For	Notes
<input type="checkbox"/>	Monitoring Included at No Extra Cost	IRS transcript monitoring and automated alerts are included in the base membership — not sold as a paid add-on or reserved for higher-tier plans.	
<input type="checkbox"/>	All-Inclusive Flat-Rate Pricing	All core features are included in the base plan, with transparent, predictable pricing and no hidden add-on fees as your client base grows.	
<input type="checkbox"/>	Marketing Toolbox & Growth Tools	Membership includes ready-to-use, white-labeled marketing materials (social graphics, brochures, email templates) and revenue calculators to help promote and monetize monitoring services.	

PART 2: Critical Questions for Every Vendor

Ask these questions to every software provider you evaluate. Request specific, data-backed answers - not marketing copy or curated testimonials alone.

1. Is Transcript Monitoring Included?	
Ask Vendors:	<i>“Is IRS transcript monitoring and automated alerting included in all membership plans, or is it an add-on feature?”</i>
My Requirement:	Monitoring should be included in the base membership at no additional cost. Platforms that charge separately for this core capability will add unpredictable costs as your practice grows.

2. Are You an IRS-Certified ISP?

Ask Vendors: *“Is your platform certified as an IRS Intermediate Service Provider (ISP) connected directly to the Transcript Delivery System (TDS)?”*

My Requirement: ISP certification is a non-negotiable baseline. Without it, the vendor is not authorized to access and transmit official IRS transcript data on your behalf.

3. What IRS Activity Triggers an Alert?

Ask Vendors: *“What specific IRS transaction codes and events trigger automatic alerts? Can you provide a full list?”*

My Requirement: Strong platforms alert on a broad range of activity — audits, liens, OIC and installment agreement changes, CP2000, passport certifications, POA/TIA approvals, and identity theft signals — not just a few event types.

4. How Early Can You Detect an Audit?

Ask Vendors: *“How far in advance can your system flag a potential audit before the IRS issues a formal notice?”*

My Requirement: Look for platforms that can surface audit signals up to six months in advance. Early detection gives you the most time to prepare a defense, strengthen the file, and potentially reduce penalties.

5. What Is Your Download Throughput?

Ask Vendors: *“What is the maximum transcript download speed your platform supports, and is processing handled server-side or on my local machine?”*

My Requirement: High-volume firms need a platform that processes bulk downloads server-side at significant speed - look for up to 100,000 transcripts per hour. Desktop tools that rely on local bandwidth can time out under volume.

6. Where Is Data Stored and How Is It Secured?

Ask Vendors: *“Where is client data hosted, what encryption standards apply, and which security certifications does your platform hold?”*

My Requirement: Look for government-grade cloud hosting (e.g., AWS GovCloud), 256-bit AES encryption, TLS 1.2+, MFA, SOC 2® compliance, and continuous automatic backups. Local desktop storage offers none of these protections by default. Be sure the vendor itself has these requirements, not just their hosting company.

7. What Is the True All-In Cost?

Ask Vendors:	<i>“Are there any features, tools, or support services not included in the base price that would affect our access to full monitoring capabilities?”</i>
My Requirement:	Request a complete breakdown of what is and is not included at each pricing tier. Platforms with all-inclusive, flat-rate pricing eliminate the risk of unexpected costs as your firm scales.

This checklist is intended as a general evaluation guide for tax professionals. Feature availability may vary by provider and plan. Always verify current capabilities directly with each vendor prior to purchase.