

# 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"/>	<b>Cloud-Based Platform</b>	Software is hosted in the cloud and accessible from any internet-connected device — no installation, no local maintenance required.	
<input type="checkbox"/>	<b>You decide what is important</b>	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 with these alerts.	
<input type="checkbox"/>	<b>Bulk Download Speed</b>	Supports high-volume bulk transcript downloads at significant speed (look for platforms capable of processing up to 100,000 transcripts per hour on the 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"/>	<b>Individual Transcript Types</b>	Supports all transcript types available via TDS	
<input type="checkbox"/>	<b>Business Account Transcripts</b>	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"/>	<b>Personal &amp; Business Together</b>	Monitors both 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"/>	<b>Extended Historical Access</b>	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"/>	<b>Transcript Analysis &amp; Decision Support</b>	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"/>	<b>Automated Weekly Monitoring</b>	Monitoring runs automatically on a weekly schedule. CAF approvals (Forms 2848 and 8821) are checked nightly, with no manual login required.	
<input type="checkbox"/>	<b>Early Audit Detection</b>	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"/>	<b>Broad Alert Coverage</b>	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"/>	<b>Configurable Alerts</b>	You choose which IRS transaction codes to monitor, who on your team receives alerts, and whether notifications are delivered by email, in the software, or both.	
<input type="checkbox"/>	<b>On-Demand Manual Checks</b>	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"/>	<b>IRS-Approved ISP</b>	The vendor is an IRS Intermediate Service Provider (ISP), authorized to connect to and transmit data via the Transcript Delivery System (TDS). This is a non-negotiable baseline.	

✓	Criteria	What to Look For	Notes
<input type="checkbox"/>	<b>Enterprise Cloud Infrastructure</b>	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"/>	<b>Encryption &amp; Access Controls</b>	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"/>	<b>SOC 2® Compliance &amp; Automatic Backups</b>	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"/>	<b>Monitoring Included at No Extra Cost</b>	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"/>	<b>All-Inclusive Flat-Rate Pricing</b>	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"/>	<b>Marketing Toolbox &amp; Growth Tools</b>	Membership includes ready-to-use, white-labeled marketing materials (social graphics, brochures, email templates) and revenue calculators to help promote and monetize monitoring services.	

## SECTION 6: Critical Questions for Every Vendor

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

1. Is Transcript Monitoring Included?	
<b>Ask Vendors:</b>	<i>“Is IRS transcript monitoring and automated alerting included in all membership plans, or is it an add-on feature?”</i>
<b>My Requirement:</b>	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. What IRS Activity Triggers an Alert?

<b>Ask Vendors:</b>	<i>"What specific IRS transaction codes and events trigger automatic alerts? Can you provide a full list?"</i>
<b>My Requirement:</b>	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.

## 3. How Early Can You Detect a Letter or Notice Will Be Sent?

<b>Ask Vendors:</b>	<i>"How far in advance will I be alerted that a Notice or letter is coming?"</i>
<b>My Requirement:</b>	Software should alert you that a notice or letter will be sent to your client, often 2 weeks before it is actually sent, giving you time to prepare your client for it.

## 4. How Early Can You Detect an Audit?

<b>Ask Vendors:</b>	<i>"How far in advance can your system flag a potential audit before the IRS issues a formal notice?"</i>
<b>My Requirement:</b>	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. Where Is Data Stored and How Is It Secured?

<b>Ask Vendors:</b>	<i>"Where is client data hosted, what encryption standards apply, and which security certifications does your platform hold?"</i>
<b>My Requirement:</b>	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.

## 6. What Is the True All-In Cost?

<b>Ask Vendors:</b>	<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>
<b>My Requirement:</b>	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.*