

IRS ALTERNATIVE DISPUTE RESOLUTION

When You Disagree With the IRS: Mediation, Fast Track, Appeals and Other Paths Toward Resolution

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Many taxpayers assume that if they disagree with the IRS, they must either accept the IRS position or go to court. In the right case, there may be another path: Alternative Dispute Resolution (ADR).

Receiving an IRS notice is one thing. Reaching a point where you and the IRS cannot agree on an examination, collection issue, proposed adjustment, Offer in Compromise, or other tax controversy is something entirely different.

The IRS uses the term Alternative Dispute Resolution, or ADR, for mediation-based procedures intended to help taxpayers and the government resolve certain disputes more efficiently. IRS mediation is generally informal, confidential, voluntary and nonbinding. The mediator helps the parties communicate, identify the real barriers to settlement and explore possible terms, but does not simply decide who wins.

That makes ADR important to understand before a taxpayer assumes that a prolonged administrative fight or litigation is the only next step. The right procedure, however, depends on the type of dispute, who currently has jurisdiction over the case, how fully the facts have been developed and whether the particular issue is eligible.

What Is IRS Alternative Dispute Resolution?

ADR is not a single IRS program. It is a group of procedures that can bring trained Appeals personnel into a dispute at different stages of the case.

Depending on the circumstances, the available procedures may include Fast Track Settlement, Fast Track Mediation - Collection, Early Referral to Appeals, the Rapid Appeals Process and Post-Appeals Mediation. Each serves a different purpose, and not every program is available in every type of case.

The better question is not simply, “Can I mediate with the IRS?” It is: “Where is my case now, what exactly remains disputed, what deadlines are running, and which procedural options remain available?”

1. Fast Track Settlement: Trying to Resolve the Dispute Earlier

Fast Track Settlement (FTS) is designed to bring an independent mediator from the IRS Independent Office of Appeals into an unresolved examination dispute while the case generally remains in Examination jurisdiction.

For qualifying Small Business/Self-Employed examinations, including certain individual taxpayer cases, the IRS states a goal of resolving accepted Fast Track cases within 60 days. For qualifying Large Business & International cases, the stated goal is 120 days. Participation is voluntary. If the dispute is not resolved through Fast Track, the taxpayer generally retains the opportunity to request a traditional appeal or an IRS manager conference, subject to the normal procedural rules and deadlines.

The value of Fast Track is not that it guarantees a reduction. It is that it can create an earlier, structured settlement discussion after the taxpayer and examiner have developed their positions.



A continuing IRS emphasis on ADR

The IRS has been actively revising and testing its ADR procedures. Announcement 2025-6 created pilot changes to Fast Track Settlement, including the ability in some situations to use FTS for specific disputed issues and a “Last Chance FTS” concept for selected SB/SE cases. During 2026, Appeals also issued updated interim procedural guidance affecting ADR programs. These developments make it especially important to verify current eligibility and procedure when a case reaches an impasse.

2. Fast Track Mediation - Collection

ADR is not limited to examination disputes. Fast Track Mediation - Collection (FTMC) may be available for certain collection disputes involving Offers in Compromise and Trust Fund Recovery Penalties.

For eligible collection cases, an Appeals mediator assists while Collection retains jurisdiction. The mediator facilitates negotiation but cannot force either side to settle. The IRS currently states a goal of resolving accepted collection Fast Track cases within about 40 days.

Eligibility is case-specific. A taxpayer should not assume that every rejected or disputed Offer in Compromise qualifies for FTMC. The facts, procedural stage and IRS program rules all matter.

3. Early Referral to Appeals: Resolve a Key Issue While the Rest of the Case Continues

Sometimes one fully developed issue becomes the obstacle preventing the rest of an examination or collection case from moving forward. Early Referral permits a taxpayer to request transfer of a developed but unagreed issue to the Independent Office of Appeals while the IRS continues developing the remaining issues.

Resolving a key issue early may help both sides address the remaining issues more efficiently. The IRS states that Early Referral requests are made in writing to the case or group manager and that there is no IRS user fee for the procedure.

In September 2026, the IRS issued additional interim procedural guidance for the Early Referral program. That is another reason to check the current rules rather than relying only on older descriptions of the process.

4. Rapid Appeals Process: Turning the Appeals Conference Into a Working Session

The Rapid Appeals Process (RAP) can be available in qualifying cases already in Appeals. RAP combines what would otherwise be separate Appeals preconference and opening-conference activity into a working conference involving the taxpayer, Examination and Appeals.

RAP uses mediation techniques to keep the parties focused on the unresolved issues and the litigation risks surrounding them. The IRS expects participants to come prepared to resolve the dispute, and the parties generally should already have developed and explained their positions before the conference.



That requirement illustrates an important principle in tax controversy work: ADR is usually not a substitute for investigation and preparation. A mediation conference is a poor place to discover for the first time what documents are missing or what the taxpayer's position actually is.

5. Post-Appeals Mediation: Another Opportunity Before Litigation

When a taxpayer has worked with an Appeals officer or settlement officer but still has unresolved issues, Post-Appeals Mediation (PAM) may be available in certain cases. After a PAM application is accepted, the IRS states a goal of resolution within approximately 60 to 90 days.

A trained Appeals mediator who is independent of the Appeals employee already working the case assists the parties. The mediator does not gain special settlement authority and cannot impose a decision. The taxpayer and Appeals retain control over whether to settle.

The IRS launched a two-year PAM pilot on October 1, 2025. Under the pilot, the case is reassigned for mediation purposes to an Appeals team unconnected with the underlying Appeals proceeding, while an Appeals mediator facilitates the session. The goal is a fresh, accelerated opportunity to explore a mutually acceptable resolution before litigation.

PAM is not available for every dispute. Docketed matters and other excluded cases or issues can be ineligible, so the specific procedural posture must be checked carefully.

What IRS Mediation Can - and Cannot - Do

ADR can be valuable when both sides have a genuine desire to resolve an identified dispute. It can help the parties communicate, isolate the real disagreement, discuss settlement possibilities and potentially avoid a longer appeal or costly litigation.

But IRS mediation is not:

- A method for ignoring the deadline printed on an IRS notice.
- A replacement for the audit or collection process.
- A forum to wait until the last minute to develop the facts or gather basic documentation.
- A guarantee that tax, penalties or interest will be reduced.
- A procedure that allows a mediator to force the taxpayer or the IRS to accept a settlement.
- A way to introduce an entirely new dispute simply to delay the case.

When Could ADR Be Worth Investigating?

ADR may deserve consideration when the dispute is sufficiently developed, the unresolved issues can be clearly identified and the taxpayer understands what remains at stake. Examples include:

- An examination has reached an impasse after the taxpayer supplied supporting documentation and the disagreement is now focused on specific factual or legal issues.
- An Offer in Compromise dispute involves an issue that may qualify for Fast Track Mediation - Collection.
- A Trust Fund Recovery Penalty dispute is eligible for collection mediation.

- One developed issue is holding up a larger examination or collection case and Early Referral may help address it sooner.
- An Appeals case is close to resolution but important issues remain, making RAP or PAM worth evaluating when available.

The key word is “may.” Eligibility and strategy are case-specific, and the same procedure that makes sense for one taxpayer may be unavailable or unhelpful for another.

ADR Is Not the Same Thing as the Traditional IRS Appeals Process

The IRS Independent Office of Appeals is separate from Examination and Collection. Its mission is to resolve tax controversies without litigation on a basis that is fair and impartial to both the government and the taxpayer.

Traditional Appeals remains a fundamental administrative path. ADR provides additional tools that can sometimes be used before, during or after portions of that process. Choosing among them requires understanding who currently controls the case and which rights remain open.

The Deadline Problem: A Good Case Can Still Lose an Option

One of the most serious mistakes in an IRS controversy is focusing only on the amount the IRS says is due while overlooking the response date on the notice.

Appeal and court rights often depend on strict deadlines. In August 2026, the IRS again reminded taxpayers that a qualifying appeal request generally must be made in writing and sent to the IRS office that issued the letter containing the appeal rights. Sending the protest directly to Appeals can delay the process and may prevent Appeals from considering the case.

Other notices can carry their own deadlines. For example, some collection due process notices generally provide 30 days to request a hearing, while a statutory notice of deficiency generally provides 90 days to petition the United States Tax Court. The actual notice should always be read carefully because the deadline and remedy depend on the type of notice.

Do not allow settlement discussions, document gathering or interest in mediation to distract from protecting a protest, appeal, Collection Due Process or court deadline.

Why Investigation Should Come Before Resolution

A resolution strategy should begin with understanding what the IRS actually has in its records, what has been assessed, which years are involved and where the case stands procedurally.

Before choosing ADR, Appeals, an Offer in Compromise, an installment agreement, a penalty challenge or another resolution route, a careful investigation should identify the tax periods, assessments, penalties and interest, filing compliance, collection status, notices issued, deadlines running, financial condition and the precise factual or legal issues still in dispute.

Only after those questions are answered can the taxpayer and representative compare the available procedures intelligently.

Quick Guide to the Main ADR Paths

Procedure	Typical Stage	General Purpose
Fast Track Settlement	Examination	Try to resolve developed exam issues sooner with Appeals mediation assistance.
Fast Track Mediation - Collection	Collection	Address certain eligible OIC or Trust Fund Recovery Penalty disputes early.
Early Referral	Exam / Collection	Move a developed unagreed issue to Appeals while other issues continue.
Rapid Appeals Process	Appeals	Use a working conference and mediation techniques to focus settlement discussions.
Post-Appeals Mediation	After substantial Appeals work	Make another mediated attempt to settle qualifying unresolved issues before litigation.

The Bottom Line

When a taxpayer disagrees with the IRS, the choice is not always limited to accepting the IRS position or immediately going to court. Alternative Dispute Resolution can provide another path in the right case.

Fast Track may help resolve an examination dispute sooner. Collection mediation may assist with certain Offer in Compromise and Trust Fund Recovery Penalty disputes. Early Referral may move a key issue to Appeals before the rest of the case is completed. RAP can create a focused working conference in Appeals. PAM may offer another opportunity to settle qualifying unresolved issues before litigation.

The important task is identifying the right procedure before a valuable deadline or procedural opportunity is lost.

Facing an IRS Dispute?

If you have received an IRS examination report, collection notice, Offer in Compromise determination, Trust Fund Recovery Penalty notice, Appeals communication or another IRS notice you do not fully understand, do not assume that acceptance or litigation are your only choices.

MBA Financial Tax & Accounting LLC can begin with a confidential investigation of your IRS records, notices, compliance status and available resolution options.

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Important: This article is provided for general educational purposes only and is not legal or tax advice for any particular taxpayer. IRS eligibility, deadlines, appeal rights and dispute-resolution procedures depend on the specific facts, type of notice, procedural posture and applicable law. Procedures can change; verify current IRS guidance for the particular case.



Primary IRS Sources and Further Reading

- [IRS - Appeals Mediation Programs](#)
- [IRS - Fast Track](#)
- [IRS - Early Referral to the Independent Office of Appeals](#)
- [IRS - The Rapid Appeals Process \(RAP\)](#)
- [IRS - Post-Appeals Mediation](#)
- [IRS - Announcement 2025-6, Pilot Program Changes to Fast Track Settlement](#)
- [IRS - Post Appeals Mediation Pilot Program \(IR-2025-100\)](#)
- [IRS - How to Request Help with the Independent Office of Appeals \(Aug. 6, 2026\)](#)
- [IRS - Part 8 Appeals: Current Interim Guidance](#)
- [IRS - Letters and Notices Offering an Appeal Opportunity](#)

