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Report writing findings and conclusions

September 13, 2019 Goal (1) This transmits revision of IRM 4.10.8, examination of revenue writing reports. Significant changes (1) Significant changes to this IRM tool are listed in the following table. The impact on other IRM 4.10.8 documents of April 5, 2017 is determined based on the basis. This IRM includes applicable content from the NHQ-01-1115-0001 Interim Guidance Memorandum, a review of the fax usage policy in taxpayer submissions, dated November 19, 2015. Small Business/Self-Interested Audience (SB/SE) Exam Field, Specialty Expertise, Big Business & International (LB&I) and Tax-Exempt/Government Agencies (TEGE) Examiners. Visit Date (09-13-2019) Maha H. Williams Director, Expertise Field and Campus Policy Small Business/Self-Employed Division SE:S.E:HQ:EFCP Purpose. This IRM section provides recommendations for preparing audit reports. In addition to basic reporting procedures, this IRM provides detailed information on how to prepare corrected reports and discusses issues that require special reports and forms. It also provides instructions for some requirements to close the case. Audience. These procedures apply to examiners at SB/SE Examin-Field, Special Review, LB&I and TE/GE. Owner of the policy. Director, expertise – field and campus policy, which is under the guidance of the director, staff of expertise. Owner of the program. Field Review of General Processes (FEGP), which is under the direction of the director, expertise – field and campus policy. Contact information. To recommend changes or to make any other suggestions related to this section of IRM, see <a0><a1> Change or make any other suggestions related to this section of IRM </a1></a2></a0> . This IRM provides recommendations for writing a report that examiners should understand and apply when performing their duties. By law, the Service has the authority to conduct examinations in accordance with the 26th name, the Code of Internal Revenues, subtitle F – Procedure and Administration, Chapter 78. Discovery of Liability and Enforcement of Property Rights, Sub-Slater A, Examination and Inspection, which includes, but is not limited to, the following sections of the IRC: IRC 7602, Examination of books and witnesses of IRC 7605, Time and place of examination of the Examination Body Procedure are contained in 26 CFR 601.105, Statement of procedural regulations . Director, Headquarters Expertise. is the executive responsible for providing policies and guidance for SB/SE employees Expertise and ensuring consistent application of policies, procedures and tax law to carry out tax administration while protecting taxpayers' rights. See 1.1.16.3.5 for more information. Director, expertise - field and campus policies, reports to the director, headquarters of expertise, and is responsible for delivering policies and guidance affecting field and campus examination processes. For more information, see <a0><a1> general field survey processes (PEGP), which is under the Expertise – Field and Campus Policy is the group responsible for providing field workers with policy and procedural guidance on standard examination processes. For more information, see <a0><a1> Examiners are responsible for complying with the Taxpayer Rights Bill, including the taxpayer's right to be briefed on IRS decisions about their tax bills. Examiners should provide taxpayers with clear explanations of the results by issuing reports on examinations and letters that determine the amounts (if any) of tax payment, interest, additional amounts, additions to tax and valuation penalties. Examiners and their managers should carefully review the reporting writing procedures and information contained in this IRM, as well as other resources such as those listed in IRM 4.10.8.1.7, Related Resources below. The reports come from a variety of sources, including the AIMS, AIMS - Centralized Information System (A-CIS) and the Examination Return Control System (ERCS) database. These reports provide headquarters and field expertise with timely and reliable information. There are various reports designed to meet the needs of a group or function. Additional information can be found in IRM 4.4.27, Reports: IRM 4.7.6, Reports; and IRM 1.4.40.5, Monitoring Reports Overview. Periodic reviews of programs are conducted with: Evaluate the effectiveness of specific programs within the framework of expertise or throughout the organization, Determine whether the procedures are followed, check policies and procedures, and identify and share best/proven practices. The following table lists the abbreviations used in this IRM tool and their definitions. Below are the main sources of procedures and recommendations that examiners will use to write the report: IRM 4.10.1, IRM Examiner 4.10.6 Review, IRM Penalty Considerations 4.10.7, Resolving IRM 4.10.9, Working System and Compiling IRM Case Files 4.10.10, Standard Paragraphs and Explanations adjustments for IRM 4.13.4, Office Area (AO) IRM Expertise 4.23.10, Report Writing Guidance for Employment Tax Expertise IRM 4.23.22, Inconsistent employment tax procedures IRM 4.24.20, Excise tax report Give guidance to IRM 4.25.6, Report Writing guidance for real estate and gift tax expertise IRM 4.27.2, bankruptcy, IRM duties examiner 4.31.2, TEFRA expertise - Field IRM Procedure Office 4.31.5, Investor-Level Charter Control Examinations (ILSC) - IRM Field Office Procedures 4.36, IRM Committee Joint Procedures 4.46.6, Working Guides and Reports Resources IRM 20.1, IRM Penalty Guide 20.2, Useful information about interests can be found on the following websites for: Writing a report in S Corporations in on of CSG in CPC on Ex Parte Communications on Disclosures in joint committee on claims, abattoys and audit reviews under penalties . Examiners are responsible for the proper preparation and issuance of audit reports. The following sections provide an overview of audit reports, discuss the preparation and issuance of reports, and provide recommendations on issues that examiners should consider after reports are released. Audit reports serve several important purposes. Thus, examiners must take all necessary measures to ensure the accuracy of the report. Audit reports: Protect the Taxpayer's Right to Be Informed. Audit reports should contain all the information necessary to provide a clear understanding of adjustments and determine the amounts (if any) of tax payment, interest, additions to tax and valuation penalties. Serve as the basis for evaluating and collecting actions. Reports (unlike workpapers) are legally binding documents. Give notice of tax liability in order to suspend interest. IRC 6404(g) provides for a suspension of interest when the Service does not provide timely and adequate notification of tax liability. For example, form 4549 is a sufficient message if it contains an explanation of each customization item. 301.6404–4(a)(7)(i). See IRM 4.10.8.15.13, which discusses message requirements for IRC 6404(g). The type of audit report the examiner prepares depends on the outcome of the exam. Наприклад, звіти готуються для таких типів випадків: Без змін і без відповідальності (IRM 4.10.8.3) Регулярна узгоджена (IRM 4.10.8.4) За винятком узгоджених (IRM 4.10.8.8) 5) Частково погоджено (IRM 4.10.8.6 Unagreed (IRM 4.10.8.12 та IRM 4.10.8.13) Цей розділ містить загальні вказівки з підготовки звіту про прибуток. Інші розділи цього засобу IRM містять конкретні рекомендації щодо звітів для кожного типу інциденту (наприклад, без змін, погоджених

тощо). Форма 4549, є основною формою звіту для більшості індивідуальних і корпоративних випадків податку на прибуток. Форма 4549 має місце для платника податків(ів) для підписання та включення знову збору. Інструкції і підготовки форми 4549 наведено в статті IRM 4.10.8.4.1. Форма 4549-A, Звіт про зміни в експертизній податку на прибуток (угоджені та за винятком погоджених) , has no place for signing by the taxpayer and is suitable unchanged, not agreed, except for agreed, fully permitted claims for refunds and cases by Form 4549-A is issued in a case agreed or partially agreed upon, examiners typically prepare and provide Form 870, waiver of restrictions Assessing and charging the deficit in tax and making a revaluation to the taxpayer to obtain consent for an assessment. Reporting software (CSG) is required to generate all income tax expertise reports (excluding LB&M; agents using BNA software) and to enter all the data required for the Operational Automation Expertise (EOAD) database. EOAD is designed to track the adjustment of expertise by release and related cause. This data helps identify specific areas of noncompliance based on exam reports. See IRM 4.10.16, Database Operational Automation Expertise (EOAD). Procedures for using CSG in writing of the report can be found in the CSG user manuals, training materials and IRM 4.10.15, report-making software (CSG). For more information about using CSG, see <a0><a1> Using CSG </a1> The examiner should discuss the progress of the examination and potential problems with the taxpayer and/or representative at frequent intervals throughout the exam. See IRM 4.10.7.5, Offering taxpayer and/or representative adjustments, for guidance on the time and manner of issuing reports in both office and field exams. When possible, examiners should discuss an audit report with the taxpayer and/or representative face-to-face, compared to the report's newsletter. When the report is sent by mail, the examiner must prepare and issue a letter to transmit the report and notify the taxpayer of the exam process and their rights (e.g. Letter 4121, Letter 915, Letter 950, Letter 5153, etc.). For additional instructions on drafting and issuing letters, see IRM 4.10.8.2.3.1. Typically, for deficit cases, TCOs issue Letter 915 with the first report (in person or by mail). For a joint return, follow IRM 4.10.1.2.2.1 separate notice requirements to determine if the report must be issued separately. As a rule, a qualified representative is authorized to receive any notice or other written notice required or permitted to provide the taxpayer with a question concerning the taxpayer, as directed to Form 2848, the power of attorney and declaration of the representative, or Form 8821, the Authorization of Tax Information. Before issuing an audit report, the examiner must investigate a centralized authorization file (CAF) on IDRS to ensure that the taxpayer has not submitted a new Form 2848 or Form 8821 through channels other than the examiner. For more information about how to send correspondence when a POA is involved, see <a0><a1> Send correspondence when a POA is involved </a1><a2><a2></a2></a0> . See IRM 4.10.1.3.3, Written notice to a representative of the taxpayer, for guidance, including preparation and issuance of Letter of 937, Transfer letter to the power of attorney. Letters are sent to taxpayers (and their authorized representatives) to transmit reports, explain the available rights to appeal and inform the taxpayer about the status of the exam. Examiners should follow instructions at IRM Writing Writing in the preparation of letters. Employee contact information must be included in all correspondence sent to taxpayers. Contact IRM 4.10.1.2.2.2 for employee contact information for guidance. Examiners prepare most letters that are issued from a group or CPC; date and signature depend on the type of letter. For example, examiners prepare, but do not sign or sign, letters sent by the group leader, and final letters sent by the CPC on behalf of the relevant Director (based on their operating unit). The letter type (e.g. initial contact, 30-day, close, etc.) and the required signature (e.g. examiner, team leader, area director, etc.) determine how the signature block is completed. For example: Letter 692, Request for consideration of additional conclusions signed by the examiner, so the signature block ends with the name, name and signature of the examiner. The 30-day letters discussed in IRM 4.10.8.12.1 must be signed by the group manager on the delegate order of SBSE 4.55, the authority to sign thirty-day letters. Therefore, the signature block on the 30-day mail must contain the name of the team leader, title, and signature. The Office of Expertise letter of 1912, the subsequent letter of transfer examination reports, is not a 30-day letter. It is signed by the examiner, and the signature block ends with the name, name and signature of the examiner. Final letters are mailed to the CPC or TS and indicate that the examination was closed after the adoption of the area director (or comparable level of management). For example, letter 590, unchanged the final letter and letter 987, agreed income tax changes, notify the taxpayer the report has been reviewed and accepted. Thus, the signature block ends with the name and title of regional director (or comparable level of management) and the signature of the group leader on behalf of the director of the region (or comparable level of management). Typically, letters issued at the group level can be digitally signed provided that the procedures in IRM 4.10.1.4.4, digital signatures are respected. Letters, letterheads and other digitally signed documents issued to the taxpayer and/or representative must contain a graphical image of the signer's signature ink signature. For information about how to notice Form 3198, Special Notice of Case Processing for Review, to provide the CPC with instructions on sending closed letters, see <a0><a1> Send closed emails </a1><a2><a2></a2></a0> . To close the letters, examiners must prepare the envelope to the taxpayer and, if possible, to the POA. Envelopes must contain the return address of the examiner and must be included in the case file with the appropriate letters. If mail is returned as unable to deliver after the case is closed, follow the procedures in IRM 4.4.7.4 that cannot deliver mail. Publications sent to the taxpayer must always agree with the enclosures listed in the report to avoid confusion. Publications IRS.gov should not be sent to a representative of the taxpayer or assigned. IRM 4.10.1.3.3, Written notice to the taxpayer representative for more information. Section 3504 of P.L. 106-206 (RVA '98) requires the Service to include an explanation of the examination and collection process, as well as information about the assistance of the taxpayer's attorney with any first letter of the proposed deficit, allowing the taxpayer the possibility of an administrative review in the IRS Appellate Office. Pub 3498, Examination Process, is used for this purpose. The following procedures: Pub 3498 must be provided with the first exam report provided to the taxpayer and with all 30-day letters. Pub 3498 is not required to be re-provided to the same taxpayer with reports for the same tax periods issued after the first report (i.e. corrected and additional reports) unless issued with a 30-day letter. Pub 3498 is not included in the change reports, except for no changes with adjustment reports when adjustments affect other tax years. This section provides general instructions on how to sooth payment, obtain audit reports, and close cases within the timeframe based on taxpayers' responses to the reports issued. Examiners must comply with IRM 4.20.3, Payment Extortion, which provides guidelines for using a tiered interview approach to soothe payment, ensure that initial information is collected, co-ordinated with collection and processing of payments received in cases of shortages. When the taxpayer has applied or is preparing to file for bankruptcy, examiners should contact IRM 4.27.2, Bankruptcy, The Examiner's Duties, for guidance on soliciting payment. Taxpayers can pay the deficit immediately when receiving an audit report. Employees of the examination prepare form 3244-A, pay placement voucher - examination, and pass the form together with the payment as specified in IRM 4.4.24.2, Form 3244-A. Attach a copy of the completed form 3244-A to face the tax return. Instead of paying tax, taxpayers can submit a deposit 6603. For a detailed explanation of the enactment of IRC 6603 and its impact on interest, see See IRM 4.4.24, AIMS Procedures and Processing Instructions, Payments and Money Transfers, for information and instructions on payments and money transfers, including form preparation 3244-A. For payments of \$100,000 or more follow IRM 4.4.24.8, Payments of \$100,000 or more to ensure timely processing. Reports and waivers are considered fulfilled when signed by the taxpayer. Completed forms must display the date received by the IRS. A signed agreement or waiver stops the performance of interest 30 days from the date of receipt, if the assessment and notification of payment are not made within a 30-day period. For more information and examples, see IRM 20.27.9, IRC 6601(c), Suspending interests regarding deficiencies. Examiners must give stamp the date of receipt of contracts and waivers, with the following Agreements and waivers obtained by the IRS EEFax (against the traditional facsimile) do not require an additional date mark if the printed agreement or waiver contains a generated date stamp that is legible and correct. The IRS may accept consent to an additional tax assessment (such as Form 4549 or Form 870) and taxpayer closing agreements related to any amount of tax faced. For agreements received by fax, examiners must: Document Form 9984, Review of the officer's activity record, including contact with the taxpayer, date of contact, and that the taxpayer consents to the assessment of additional tax by fax. Document the origin of the contract obtained by EEFax by storing an electronic or medical copy of the incoming email in the case files. Make sure that item 416 on form 5344 of the exam completion record contains 1 if you receive a fax agreement. To process both reconciled, reports and waivers for joint return require a signature as spouse (or authorized powers of attorney (if possible) if the deficit is not paid in full, as discussed in the next paragraph. When full payment is not received and only one of the spouses signs the report or refuses, inconsistent procedures apply to not signing spouses. In addition, the couple's consenting account must be assessed using the MFT 31 procedure. See IRM 4.10.8.12.3. Examiners can treat the case as agreed without a formalized form of contract if a full payment is received in response to the proposed deficit (tax and penalty) and is not defined as deposit 6603, and there is no evidence that the taxpayer intends to protest. See IRM 4.4.12.5.18.3, Payment in Lieu, to complete Form 5344 when paying is accepted instead of the signed agreement. You use Order 10 08 and the settlement date is not entered; the suspension of interest described in paragraph (1) above does not apply to payments instead of transactions. As a rule, cases must be closed from the group within the following terms: 10 days to close cases for agreed or unchanged examinations – from the first date of receipt of the report or non-receipt of the status of change to the taxpayer, 20 days for closing cases for inconsistent examinations – from the date of receipt of the 30-day letter by default or request for an appeal conference comes from the taxpayer, 4 days to close cases for the agreed high dollar unpaid deficit or revaluation of cases - see IRM 4.4.18, Big Dollar Cases, for more information. This section contains procedures for closing a case where the examination does not result in adjustments, or there are adjustments that do not result in additional liability. ===== Upon completion of the field or office exam,

resulted in no adjustments (Recycling Code 02), examiner examiner and provide the corresponding letter without changes to the taxpayer (taxpayer) and, if necessary, to the representative of the taxpayer. The following letters are unchanged advising the taxpayer that is proposed unchanged, but the definition is subject to review: Letter 3401, No-Change report transmitter letter or letter 3401-S, pass-through letter entity unchanged (non-TEFRA) Letter 3401-S is used to transmit a report on no changes to non-TEFRA partnerships, feeds, S corporations, and interest charges to domestic international sales corporations when there is no change to any item on entity return (order code 01 or 02). Additional guidance on reporting and letters to be issued by the examiner, (TEFRA coordinator and/or TEFRA campus function (777)). IRM also provides direction for filling out Form 3198, Special Notice of Case Handling for Examination, in TEFRA examinations. The examiner must, according to the conclusion of the examination, create a report unchanged using CSG and provide it to the taxpayer and, if necessary, a representative of the taxpayer. The Other Information or Report Notice section should include a No-Change statement to be approved by the area director, area manager, or field operations director. The examiner must prepare an undated Letter 590, Final Letter unchanged (or letter 992, No-Change, for Form 1120-S, U.S. Income Tax Return for Corporation S, Form 1065, return of S, affiliate income or Form 5500, annual profitability/employee benefit plan report), have it signed by the group leader and place it in case files when the case is closed from the group. Letter 590 or letter 992 is issued by the CPC and informs the taxpayer the report has been reviewed and accepted. On form 3198, check the blocks for No-Change Letters and Sheet 915 or Letter 992 under the letter instructions for PDA. Resopening procedures are not applied if further changes are required before issuing Letter 590 or letter 992. An unchanged report may be acceptable documentation for repetitive auditing instead of letter 590 (or letter 992) if the transaction code in the transcript confirms the taxpayer's report of no changes. The examiner must investigate IDRS using the IMFOL2 or BMFOL2 command codes, which will reflect the results of the last two audits. This command code will show No-Change Issue Codes, also known as IMF Release Codes, recycling codes and any amount of deficit. No-Change issue codes can be found at the link in form 5344 - paragraph 41. No-Change/IMF release article codes on the mySBSE website. In cases where the examination leads to adjustments, but the tax liability for the year is not changed, the lack of impact on any other tax years is still important to notify the taxpayer of the adjustment, so that the taxpayer treats the issues (s) appropriately when filing next year is returned. To adjust or have items affecting the previous or subsequent tax year, follow the appropriate procedures in IRM 4.10.8.3.3. Once the field or office expertise has been completed, resulting in unchanged adjustments (Order Code 01), and there is no impact on other tax years, the examiner will prepare and provide letter 3402-A, Change/No Change Report Transmittal - Adjustments do not affect other tax years, the taxpayer and, if possible, the taxpayer representative. Letter 3402-A advises the taxpayer that is proposed unchanged with adjustments but subject to consideration. It is not necessary to consolidate the taxpayer's contract, since there is no tax liability. No changes to adjustment report procedures apply to partnership or S Corporation expertise. The examiner must, according to the conclusion of the examination, create an agreed report using CSG and provide it to the taxpayer and, if necessary, a representative of the taxpayer. The examiner must prepare an undated letter 1156, Change, No-Change Final Letter, have it signed by the group leader, and place it in the case files when the case is closed from the group. Letter 1156 is issued by the CPC and informs the taxpayer the report has been reviewed and accepted. In form 3198, check the blocks for No-Change Sheets and Sheet 1156 under Letter instructions for PDA. Resopening procedures do not apply if further changes are required before issuing Letter 1156. If taxpayer leads to adjustments that do not change the taxpayer's liability for the year but affect other tax years filed or unfiled, the expertise must be expanded to include other tax years. If extending the exam to other tax years affected leads to a tax liability, follow the procedures in IRM 4.10.8.3.4. If the expertise is extended to other tax year(s), there is no tax liability in any other tax year(s), and the taxpayer agrees to the adjustment, the examiner must: Prepare and provide letter 3402, Change/No Change report Transfer - Adjusting the impact of other tax years, taxpayer (s) and, if applicable, to the taxpayer representative. Letter 3402 advises the taxpayer to be offered unchanged with adjustments but subject to review. To create an agreed report using CSG and provide it to the taxpayer and, if necessary, to the taxpayer's representative, according to the conclusion of the examination. The examiner must secure the taxpayer's signature as there are adjustments to declarations and they affect other tax years. Close the cpc case by using the recycling code 01. The examiner must prepare an undated letter 1156, have it signed by the group leader, and post in case files when the case is closed from the group. Letter 1156 is issued by the CPC and reports the taxpayer's report was reviewed and accepted. Prepare Form 5346, an expertise information report, and submit planning and special applications (PSP) if expertise leads to adjustments that affect other tax years that have yet to be filed. For information about preparing a form, see <a0><a1> Prepare a form if the unchanged adjustment examination affects other tax years, there is no deficit and the taxpayer does not agree to the adjustment, they may be offered the opportunity to appeal. As a rule, cases handled by the Appeals provide for a controversial tax liability. However, the Appeals will look at cases that have no immediate tax consequence but may affect the tax liability of the year(s) that have not been reviewed. See IRM 8.11.3.2, there are no immediate tax consequences of cases. If the taxpayer requests an appeal conference, the examiner must follow the 30-day letter procedures in IRM 4.10.8.12 (SB/SE Examiners) or IRM 4.10.8.13 (LB&I Examiners). Adjustments made to NOL carryforward or timing issues such as depreciation. When many years of expertise leads to both changes and a year unchanged, the examiner must prepare a separate report for the year unchanged, depending on the type unchanged, i.e. without adjustments affecting other tax years, etc. See IRM 4.10.8.3.1 through IRM 4.10.8.3.3. Review the IRM 4.10.8.1 procedures for closing cases that contain at least one agreed/unchanged year and one non-agreed year. The following letters form are issued as not changing message letters: Letter 590 - Final closing letter unchanged without changing cases without adjustments; Letter 992 – Final closing letter for non-TEFRA flow through entities; Letter 1156 - Final closing letter unchanged with adjustment cases; Letter 3401 – No adjustments affecting taxpayer liability or other tax periods; Letter 3401-S - No adjustments affecting taxpayer liability or other tax periods (non-TEFRA Flow Through Entities); Letter 3402 – Adjustments affecting taxpayer liability of other tax periods; Letter 3402-A – Adjustments that do not affect the taxpayer's liability of other tax periods. In cases of TEFRA partnership, such form letters are issued as letters notifying you of no changes. Letter 1864 – no more than 45 days have passed since the date in letter 1787; Letter 2064 –More than 45 days have passed since the beginning of administrative proceedings for partnership; or Sheet 2621 - No adjustments. For unfiled cases closed without an exam report, the following form letters are issued as non-change notice letters: Letter 2769 - Delinquent return accepted as filed, and the unfiled had no reasonable reason for indigestion; or letter 2778 - Return delinquent accepted as filed, and no penalty is claimed. For cases unchanged, CSOs will fill in the problem codes unchanged in the 5344 on issues created and not changed. Enter Enter code according to the corresponding line of form 5344 as: 01 - No-Change with Adjustments 02 - Regular No-Change 07 - Contested War Zone (CZ) - is an area designated in the executive order of the President of the United States. Certain taxpayers in the war zone are given tax relief and special processing requirements. As a rule, as soon as it is determined that the examination is carried out on the taxpayer in the war zone, the case should be unchanged. Information about the war zone can be found in different places of the VMR, as well as the publication of 3, the Tax Guide of the Armed Forces. Examiners can contact IRM 25.6.1.10.2.9.6, War Zones and ExhibitionS IRM 4.4.1–3, War Zone, for more information. When it is well-known or obvious that the taxpayer is in a war zone, the incisive indications are acceptable to indicate that the taxpayer is entitled to a special tax treatment of the war zone. When it is not universally known or obvious that the taxpayer is the personnel of the war zone, the written justification, for example, a copy of military or civilian orders or a DOD statement is not readily available. In addition, the IRS may have previously identified the taxpayer as war zone personnel by introducing a C freeze on the master file. For more information about identifying a master file, see <a0><a1> Identify a master file </a1><a2><a2></a2></a0> According to IRC 7508 field examiners are instructed not to conduct any examinations on taxpayers deployed in the war zone. In addition, current examinations involving any person identified as war zone personnel must be closed immediately if the criteria for compelling reasons (discussed below) are not determined for existence. Cases that have not been initiated must be interviewed using The Recycling Code 31 - a pre-appointment survey. Open cases where books and records have not been reviewed should be surveyed using The Recycling Code 32 - survey after appointment. It is necessary to send the taxpayer a letter of withdrawal of the letter-record on appointment/scheduled examination. Attach a copy of the letter to your tax return. The following verbiage would be appropriate: The internal income code of section 7508 requires us to suspend all actions on your exam. Your examination has been terminated for the tax year _____. When the workbooks and records have been examined, close the case as unchanged using Disposal Code 02 unless you entered it in state code 90. Cases should be closed as uns changing, even if a signed report is received. Include the relevant documentation of the working documentation for the use of the requirements of the war zone. If a 30-day letter is issued/signed, inform the payer of the that the report is being removed. Close the case by using unchanged procedures. Include Include working documentation for the use of the requirements of the IRC 7508 combat zone. For cases where a deficit notice has been issued, an additional report must be prepared to reduce the deficit to zero and not modify the report issued to the taxpayer. Scattering procedures should not be used because it requires taxpayer consent. If compelling reasons for continuing expertise exist (discussed below), the notice must be suspended with the approval of the area director or its projector. Examiners can use the following criteria to determine when to postpone the exam instead of applying the survey policy, or unchanged, in an examination involving combat zone personnel. This authority should not delegate below the territory manager level. A compelling reason exists to continue the examination when there is one of the following reasons: There is evidence of fraud, impropriety, conspiracy, concealment or misrepresentation of the fact; No changes/surveys of the war zone case will lead to serious criticism of the Administration of the Tax Legislation Service; The absence of changes/examination of the war zone case will set a precedent that seriously hinders further attempts by the Service to take corrective measures; Tax defined or determined leads to overpayment to the taxpayer in such a situation - to issue a refund immediately. When there are compelling reasons, send a letter to the taxpayer informing that the examination action will be suspended until they are returned from the war zone. Let the taxpayer know that the term for the Service to assess the tax will be extended. Also, let the taxpayer know that his/her deadline for taking certain actions with the Service will also be extended (for example, filing any return on income, property or gift tax; paying any income tax, property or gift; filing a claim for credit or returning any tax). As a rule, periods are extended for 180 days after the last day of the taxpayer in the war zone/qualified danger zone of duty (or on the last day when he has a qualification service outside the combat zone/qualified zone of dangerous duty). In addition to 180 days, the term is extended by the number of days remaining in any period to take action when the taxpayer entered the war zone/skilled area of dangerous duty; for example, the period for submitting an individual income tax return, which usually lasts from January 1 to April 15, 76-425, 1967-2 C.B. 447. You can refer to the tax guide Publication 3 of the Armed Forces of Ukraine for more information. For internal guidance, see <a0><a1></a1><a2><a2></a2></a0> Demand that the taxpayer not be informed by the IRS when they return from combat duty. These cases should be suspended using the AIMS 38 status code. Contact IRM 4.8.2.11 for Suspend cases for busy procedures. This section contains instructions for preparing reports, taxpayer agreed with the proposed examiner's explanation. Some cases except procedures set forth in this section. See IRM 4.10.8.5.1. A regular agreed report is designed to cover a three-year period and should include an adequate explanation (such as standard paragraphs or leading sheets, as discussed in IRM 4.10.8.12.4) to support the proposed adjustments. Typically, regular agreed forms of the report require a taxpayer's signature and include a statement that the report is subject to acceptance by the director of the area (or a comparable level of management). Be very careful in making waivers where taxpayers have added writing other than their signatures. If possible, a new waiver should only be obtained with the taxpayer's signature. If this is not possible, all facts will be obtained to determine the intention of the taxpayer. Conditional statements invalidate the waiver. Field Expertise:Letter 4121, an agreed examination report of the transfer, could be used to send taxpayers a report when they pointed the agreement to all adjustments. The response date added to Letter 4121 is determined by the examiner based on the facts and circumstances of the case. When the taxpayer does not respond to letter 4121 within the requested timeframe, the examiner must monitor the taxpayer to determine if no agreed case procedures should be started. Office Expertise: If there are 240 or more days left for the statute of limitations, typically Letter 915, the examination report transfer, is used to release agreed and non-agreed reports. Update the ERCS action code to 104 for further action in 15 calendar days. If the taxpayer does not respond within 15 days, the examiner will prepare and issue a letter to 1912, follow-up letter of transfer of examination reports and update the ERCS 07 action code for further action in 15 calendar days. If there are less than 240 days left for the statute of limitations, follow the procedures in IRM 4.10.8.12.1(4). The authority to sign and issue 30-day letters (e.g. Letter 915) is delegated to group leaders. See Delegation Order SBSE 4.55, authority to sign thirty day letters. Form 4549 is the main form of the report for regular agreed individual and corporate affairs. The instructions for preparing Form 4549 are as follows: Sections of the form that have not been discussed are clear. Name and address – enter the correct name and address of the taxpayer. When it comes to the deceased taxpayer, please make sure you enter the name correctly (see IRM 4.10.8.20.1). Tax IDENTIFICATION number – use the Social Security Number (SSN) if the individual also has an employer identification number (EIN). During the shared return, check the master file to determine which SSN was used as the primary number for the years discussed. The person with whom the changes in expertise were discussed – enter the name of the person with whom the changes were discussed. If the power of attorney or corporate position, also enter ownership. Tax period – enter the taxable year for which the column applies. For financial and 52-53-week year show the year ending (mm/dd/yyyy). Within a short period, show the start and end date. Income adjustment – adjustment of the list. Place a parentheses around the dollar amount if the adjustment is in favor of the taxpayer. If more than sixteen adjustments are written, see page _____ in line 1(s) and use form 4549-B, report changes in the income tax review, for listing adjustments. Taxable income for profit or as previously adjusted – enter the final figure calculated by the taxpayer for the last processed return or calculated in the report of the previous processed examiner, if possible. If a mathematical error is detected during processing and corrected on campus, then a corrected figure should be entered here. Strikethrough or add words as needed to determine the shape you're using. Fixed tax liability – determine how tax is calculated (tax table, tax rates schedule, etc.), status of taxpayer submission (full for individual income only) and tax amount. If an additional tax such as parental elections to report a child's interest and dividends, the tax on the accumulation of distribution of trusts, the tax on one-time distributions, the maximum tax, etc., is applied, point to this line and attach a graph showing the calculation of the corrected tax figure. Similarly, if an alternative minimum tax (AMT) is applied, attach a graph that shows the AMT calculation. Don't include credits such as earned income or withholding tax and excess FICA credits. Other taxes include reclamation taxes, self-employment tax, etc. Attach the appropriate shapes with a detailed description of the calculations. Does not include an alternative minimum tax on this line. Total tax shown on income or as previously adjusted – include income tax plus any additional tax assessed/abates, as shown in the transcript. Adjustment – Any changes to special fuel or prepayment credits must be reflected on this line. Calculation of any changes must be added to the agreed report. Penalties – IRC 6751(a) requires that penalties be determined by the name of the penalty, the IRC section under which the penalty is imposed, and include calculating each penalty on each notice (report) on the imposition of penalties. Standard explanations contained in CSG should be used by all examiners. See IRM 4.10.10-1, Standard Explanation Index and IRM 4.10.10-2, Standard Explanations, for a list of standard explanations. If the penalty cannot be calculated at this time, place the asterisk in the row amount field and describe the calculation process under Other Form Information 4549. IRC 6751(b) requires management approval to assess most penalties. 20.1.5.2.3, Supervisory approval of penalties. IRC 6751 Procedural requirements. Interest – IRC 7522 states that the message (including the first proposed deficit, allowing the taxpayer to be able to administratively review the IRS appeals and statutory notices of deficiencies) should describe the grounds for and identify the amounts (if any) of the tax contribution, interest, additional amounts, supplements to the tax and appraisal penalties included in such notice. If the examiner cannot calculate interest, for example in case of limited interest, they must provide a comment under Other Form Information 4549. For examples of comments for restricted interest cases, see IRM 4.10.8.15.3.4. In general, IRC 7522 is satisfied if the notice or report contains the following statement: Interest, as required by law, will be charged an unpaid amount until it is paid in full. Our information section – See IRM 4.10.8.4.3 for additional situations where comments in the Other Information section apply. The signature of the examiner is a digital signature acceptable, subject to procedures in IRM 4.10.1.4.4, Digital signatures. Letters, letterheads, and other digitally signed documents issued to the taxpayer and/or representative must contain a graphical image of the signer's handwritten signature instead of the signature SEID. Form 9984 must correct document actions related to delivery reports. When issuing reports, be sure to include the date(s) of messages, Method(s) of delivery of messages (i.e. personal delivery, regular mail, certified mail), Person(s) to whom the messages were delivered, items included in the delivery (e.g. letter, report form, publication, etc.). The report of information only is a completed form 4549, which does not offer a tax liability. He is imposing information about the taxpayer on others who need this information. The report must be marked AS INFORMATION ONLY. Information reports are usually filed in connection with proposals and requests for information from the headquarters and other offices of the region. Applications must be included in the Other Information section of the report if necessary. The following are examples of situations that require an application to clarify the results of the examination: A statement about corrected or revised reports such as this report corrects the report from _____. Link to attachments: When increasing or decreasing personal holding company tax or accumulated income tax, write additional tax on the amount or net revaluation and dollar amount under the corresponding column and explain the change in attachment; Statements concerning disposal of claims or amended returns as discussed in IRM 4.10.8.10.6. The application for any penalties or additions to the tax (or attachment reference) is not otherwise specified in the report. Includes the IRC section, the name of the fine and the dollar amount; Statements concerning the determination of an innocent spouse (IRM 25.15.6.10.1, determination of preliminary evaluation and writing of reports); Statement of interest applicability when the examiner cannot calculate interest in the report, such as interest, provided is charged to unpaid liability until it is paid in full. Statements regarding IRC 6404(g) (suspension of interest provisions) and the date to which the notice was provided when it is applied (see IRM 4.10.8.15.13). Statements concerning the application of IRC 6601(d) for cases of limited interests. For examples, see IRM 4.10.8.15.3.4. Statements concerning the application of IRC 6621(c) for large corporate underpayments. 20.2.5.8, Large corporate underpayment (LCU) for rules and requirements when applying this tariff. IRC 6621(c) previously refers to interest on tax-motivated transactions (TMT) and was cancelled for a refund with due date (excluding extensions) after December 31, 1989. To review IRM 20.2.5.9, GST motivated transactions (TMT) interest, for certification of this 120% rate for returns with deadlines before January 1, 1990. Statements concerning the application of an additional 50% interest component in respect of negligence and fraudulent penalties stipulated in IRC 6653 for tax returns due after December 31, 1981 and until January 1, 1989. For more information about using and calculating this percentage component, see <a0><a1> Using and calculating this percentage component </a1><a2></a2> To return after December 31, 1988, this additional 50% percentage component was canceled. Form 4605, an examination of the change in partnership, fiduciaries, S corporations and interest charge domestic international trading corporations, is the main form of report for use in these cases. Form 886–S, shares of income, deductions and loan partners, as well as Form 886–X, shares of shareholders of income, deductions and loans, are forms used to determine the adjustment of the level of partners and shareholders for each year in which changes are recommended in examinations not related to TEFRA. Form 886–X, a stock of TEFRA Partners revenue, should only be printed for case files. It reflects the interest of the property, which is not in form 886–S or form 886–X. Review IRM 4.3.1.2, TEFRA Expertise - Field Office procedures and IRM 4.3.1.5, Investor-level charter control exams (ILSC) - Field Office procedures for procedures in the TEFRA key case or non-TEFRA and related investors. For procedures, see <a0><a1></a1><a2><a2></a2></a0> TEFRA procedures do not apply to S corporations during tax years beginning December 31, 1996. The Small Business Jobs Protection Act of 1996 eliminated S Corporations from special TEFRA audit provisions during tax years beginning December 31, 1996. All S audits with tax years starting from this date must comply with non-TEFRA procedures. See IRM 4.3.1.5.6, S Corporations. Although the TEFRA Rules of S will not apply, S Corporation must be the owner of the partnership. The partnership will be TEFRA, so S Corporation may be party to the TEFRA proceedings. Form 886–S, Form 886–X, and Form 886–X should clearly reflect the corrected income edit separately specified items to be adjusted at the investor level. For reports to write reports, see <a0><a1> Write reports </a1><a2></a2></a0> Write reports <a1><a2></a2></a1> Letter 921, Non-TEFRA, Fiduciary, & S Corporation is a transfer letter report for non-TEFRA Partnerships, Fiduciary and S Corporation cases. Following instructions for preparing Form 4605. If the form section is not addressed, it is self-objective. This section applies only to entity cases that do not apply to TEFRA. Name and address – show the current address. Line 1 – Adjust normal, distributed net, or taxable income – cross out words that do not apply. After the year, enter the tax period to which the column applies. Line 1a through 1g – list adjustment. Place a bracket around the dollar amount when the adjustment is in favor of the taxpayer. If there are more than seven adjustments, write See <a0><a1></a1><a1></a1></a0>. This report should only be displayed: separately specified items adjusted in amounts and/or all individually stated items affected by the change in distribution percentages for investors. Line 2, 3 and 4 cross out text that is not applied. Line 5, Other Adjustments – This section applies to adjustments that do not affect normal, distributed net or taxable income. For example, change in contributions or capital gains distributed to partners. Define items adjusted on lines 5a and 5b. If there are more than two adjustments, use Form 886–A, Item Explanation, or Notes. Note - Include any additional information that may be required to clarify adjustments and other elements contained in the report. In certain circumstances, Corporation S pays tax on embedded earnings or excessive net passive income. IRC 1374 and IRC 1375 are taxes imposed at S Corporation level and do not pass to shareholders. This section covers forms that are used when deficit or revaluation is recommended directly against Corporation S or if a claim is involved. Deficit, revaluation or claim – These results must be presented in form 4549. For instructions on preparing Form 4549, see IRM 4.10.8.4.1. In some cases, a deficit (such as a built-in income tax), revaluations or claims directly against Corporation S and a change in distribution to shareholders may be present. In this situation, both Form 4549 and Form 4605 must be prepared together with Form 886–X. If Corporation S is converted to a taxable entity, two reports are required: Form 4549 is required to display taxable income, and any corporation tax. Form 4605 and Form 886–X are obliged to delete income articles and separately specified articles from shareholder income. The reference to corporation tax - non-TEFRA is as follows: IRM 4.10.1.2.1.5, right to appeal the IRS decision in the independent form IRM 25.6.2.2.6.3. Subchapter S Corporations (not TEFRA) S &amp; IPG Web Page Cooperatives In case of a change in the way partnership or corporation S is registered, the adjustments required by IRC 481 (a) must be made on a partnership or S Corporation return. However, IRC 481(b) tax limits apply at the partner/shareholder level. IRC 481(b) applies to a partner/shareholder whose income increases by more than \$3,000 as a result of the IRC 481 adjustment (a) to the partnership or ordinary income of S. Exhibit Corporation 4.10.8-3. Also, see <a0><a1></a1><a2><a2></a2></a0> Form 886–Y, Examination Changes – Share of shareholders in distribution of recognized and actual domestic international trading corporations, prepared in conjunction with Form 4605 for each year, which recommends to make changes to reflect the corrected schedule of distributions. The main reports used for fiduciary cases are as follows: deficiency, revaluation or claim – the results must be submitted in form 4549. Distributions to beneficiaries – changes should be reflected on form 4605. Form 886–W, The distribution of shares of the beneficiary of income and loans, must be prepared for each year in which the change is recommended. Form 886–W is used to display the corrected distribution of the share of each beneficiary's fiduciary income and loans. When both situations occur in paragraphs (2) and (3), follow the instructions in both of these paragraphs. Let taxpayers know that the agreed case is subject to review and once it is accepted, they will receive Letter 987, an agreed change in income tax, saying the case is closed. Examiners will prepare Letter 987, which was signed by the group leader, and leave it undated in the case files (with a copy for the file). Letter 987 contact information can be filled in either the name of the examiner or the name of the team leader. Abstract section Letter of instruction for PDA Form 3198 - NO 987. The CPC will be responsible for sending the letter. Letter 1002 is used instead of the group 987 for agreed cases unrelated to TEFRA S Corporation and partnership. When the taxpayer agrees to the proposed adjustments, but the results of the examination are subject to consideration or additional processing, or some other condition, the taxpayer may way the statutory limit when assessing and collecting the tax deficit. Signing a waiver stops the performance of interest 30 days from the date of receipt if the assessment and payment notice are not made within a 30-day period. Signing the waiver does not exclude allegations of further deficiency by the Commissioner or a request for further consideration of the issues by the taxpayer. That is, the case except from the application of the criteria for reopening the case. Partially agreed corporate and individual cases; Claims permitted in full or in part agreed in the presence of agreed adjustments in addition to the claim; When the revaluation with one return and the deficit proposed for the associated return is the result of shifting incomes or expenses (the issue of whips); Except for agreed fiduciary cases; Form 1120S for the S Corporation case, where the provisions of the Small Business Corporation Of The Internal Revenue Code (Subchapter S) do not apply; Reconciled report forms are used in cases involving converting a return from Form 1120S to Form 1120. Cases related to the deficit of dividends of personal holding; affairs of the Joint Committee; Transfer – transfer incidents; No agreed cases requiring a previous (30-day) letter. 870 series forms are used to indicate that the taxpayer waives the statutory limit on assessing and charging tax deficits. Form 870, Waiver of limits on estimation and collection of deficits in tax and acceptance of revaluation is generally used instead of Form 4549. Form 870-PT/TL - TEFRA transaction forms are used instead of form 4605. Instructions for forms in series 870: Date received – enter the date of receipt. Name and address – enter the correct name and address of the taxpayer. Social Security or employer IDENTIFICATION number – use SSN if an individual also has an EIN. Upon joint return, show the number that corresponds to the first person listed upon return. Ended tax year (enter each individual line). Calendar year - show end date, Fiscal year - show end date, Short period - show start and end dates, and 52-53 weekly period - show the last day of the period. Tax – enter the amount of additional tax, as agreed, separate line by years. When prepayment loans are adjusted, the waiver will show the amount of the deficit before the proposed change in prepayment loans. This is because changes to prepayment loans can be assessed without deficit procedures. For clarity, the explanation or form 4549–A must be accompanied by Form 870. Penalties – to conclude separately for the year and under the Code to separate the penalty or penalty for agreed. Signature of the taxpayer – see the instructions on the form. Reports/waivers for a joint refund will require the signature of both spouses (and authorized powers of attorney(s) if possible) unless the shortfall is paid in full. We will continue to follow current procedures when full pay by the taxpayer, in addition to the payment marked as deposit 6603, will be considered a deficit agreement. See IRM 4.10.8.2.4.2. When full payment is not received and only one spouse signs a waiver, inconsistent procedures must be followed for non-signing spouses. In addition, the couple's consenting account will need to be evaluated using the MFT 31 procedure. See IRM 4.10.8.12.3. This section provides general instructions for preparing reports for partially reconciled activities. Partially agreed except for the agreed cases described in IRM 4.10.8.5. After a partially reconciled report non-consistent proceedings concern the remaining issues. The partially agreed case contains more than one issue with at least one issue is agreed and at least one issue is not agreed by the taxpayer. Examiners should contact IRM 4.4.12, Considered Closures, Claims surveyed and partial assessments, for partial assessment procedures, including the preparation of Form 5344. The partially agreed package sent to the CPC includes: Form 3198, anonymized Partial Assessment requested, and in the Other Instructions section, Return fax after completion. Waiver and copy of the Form 5344 report with the results of a partial agreement Copy of the first page of the tax return with the transcript of IMFOLT or BMFOLT. The letters, reports and forms required to close a partially agreed individual or corporate matter are as follows: The 1967 letter, a partially agreed letter-case, is used to transmit and explain the examination reports required for a partially agreed case. Form 4549–A should be prepared using only agreed adjustments. Additional tax calculations will be displayed in form 870. Specify the Agreed Issues at the top of Form 4549–A. Form 4549–A, reflecting the agreed issues, should be included in the case as a working document for documenting the tax calculation shown in form 870. Form 870 is used where TEFRA issues are not involved. Second form 4549–A should be ready to show both agreed and not agreed adjustments. An asterisk must be placed in front of the letter for each agreed adjustment. The line total income tax or as previously adjusted includes tax on agreed adjustments. The Other Information section should contain the following statement: These adjustments have been reconciled. The taxpayer is consistent with the adjustments listed as agreed and the applicable deficit is assessed and included in the total tax as previously adjusted. You must add leading worksheets for all remaining issues, and you must follow the procedures for inconsistent business. See IRM 4.10.8.12.4. Form 3198 must be external case files indicating the Partial Agreement. Form 870 must be processed prior to issuing a 30-day letter on non-consistent matters. Letter 921 passes form 4605 for an unfulfilled passable entity is returned when adjustments are made to the return entity (both reconciled and not reconciled). Take Form 4605 to reflect adjustments made to the ordinary income/loss of an entity and separately specified articles of income, loss, deduction and credit. An unfulfilled passing entity indicates an agreement with an authorized person to sign Form 4605; however, an entity-level label is optional. Therefore, the contract (or partial agreement) must be obtained at the investor level. Partial agreements are not processed on unfulfilled pass entities. More information about pass exams (LISC) The procedures for processing a partially agreed corporation S or fiduciary case to be taxed are the same as the procedures for individual and corporation affairs set forth in IRM 4.10.8.6.1. Letter 921-L, Report Transfer for Non-TEFRA Partnership, Fiduciary, S Corporations & The Domestic International Sales Corporation (DISC) interest charge is used to transfer to the end of audit adjustments from Form 4605 to investors. The agreement (or partial agreement) must be obtained at the investor level. Partial transactions are not processed on the interest charge of the Domestic International Sales Corporation. Cases excluded from partial assessments are as follows: Joint Committee cases and cases requiring consideration by the chief counsel; Cases over a certain year with both agreed tax cuts and non-agreed tax increase issues, with an obvious net overall deficit. Several years when the cumulative net total deficit is evident, despite the fact that a coherent result over one or more years would be a revaluation; The cases are moored in the United States Tax Court. Delinquent returns secured after publication of TC 150 SFR when there is audit potential, but income tax is zero (before withholding and/or refundable credits). If the partial estimate was not processed because the tax was zero, the return figures for the report will be the amounts that are displayed on the return filed by the taxpayer. See IRM 4.4.9.7.5, Delinquent return secured examination after TC 150 SFR, with audit potential - final closing package (partial evaluation processed), for more information. Assistance from partial revaluation should not be done routinely, but only if facts and circumstances warrant such actions. Whether a partial revaluation should be allowed should be a matter of cirrhative judgment and discretion. Approval of the group leader will be received before the partial revaluation. The simultaneity of the group leader will be documented in form 9984. A partial revaluation will be made only if there has been an agreement on this issue(s), which will lead to a partial reassessment. These cases tend to fall into the following categories: Cases for a given year related to two or more tax reduction issues; Cases for a given year related to several issues, both tax reduction and tax increases, subject to the overall result, after they take effect on tax increases, are a net revaluation; Cases involving more than one year if the net result is a reassessment. Below are examples of partial revaluations that can be made for the situations listed above: Providing a concerted tax cut issue leads to a revaluation of \$15,000 per taxable year. The challenged issue of lower taxes over the same year, if allowed, would result in an additional \$10,000 revaluation. Partial allowance reflecting revaluation not exceeding \$15,000 can be done. The case for a certain year involves two issues of tax reduction, one of which and two issues that increase or cannot be challenged. Allowing one of the agreed tax cuts leads to a net \$50,000 revaluation, after considering offsetting adjustments for two tax-increasing issues. A partial revaluation not exceeding \$50,000 can be made. There is an unjustified proposed deficit of \$40,000 for 2002, but a full \$70,000 revaluation agreement for 2003. A partial revaluation not exceeding \$30,000 (\$70,000-\$40,000) for 2003 can be made. When closing a multi-year case containing at least one agreed/unchanged year and one not agreed year, examiners must split the case into agreed/unchanged case files and no agreed case files. Agreed and non-agreed files must remain together and be sent to technical services in status 21. All years will be moved to CEAS RGS using two separate actions (explained in (3) below) to the corresponding CSG group code. CSG group codes are changed periodically and changes are reported in the field on a multi-year case as divided in CSG. Agreed and non-agreed years can eventually be merged, so examiners must transfer unfiled and unfiled unfiled and un

taxpayer employees, accountants or solicitors in a way that suggests wrongdoing or negligence. Examiners should focus on explaining how inadequate the taxpayer's books and records are and what steps need to be taken to bring them into line with current statutes. Examiners must document: the nature of the inadequacy of taxpayer records, the Examiner/Group Leader discussions and the Basics for a conclusion. If the examiner determines that the taxpayer has not substantially complied with the law and regulations regarding the conduct of adequate books and records or record preservation agreements, the examiner should discuss inadequacy with the group leader to determine whether an inadequate record notice should be issued. If the case contains a record retention agreement, you must contact a computer audit specialist. Typically, Letter 979, Inadequate Write Notice, requesting further corrective action from the taxpayer within 6 months, will be used to notify the taxpayer. If the taxpayer is within the classification of racketeers, engaged in unlawful activity or worthy disregards the law, the examiner will prepare Form 2807, the Agreement on maintaining adequate accounting books and records, and Letter 978, notice of improper records, which includes a description of the exact records required and penalties for not keeping records. The assigned contact identified in Letter 978 or Letter 979 must be an individual in the PSP responsible for monitoring future taxpayer compliance. Form 2807 or Nov 979 should contain The date when the taxpayer was verbally notified that the records were inadequate or not in compliance with the record retention agreement, the tax rivers considered, a clear and concise statement indicating how the taxpayer's records were inadequate or not in compliance with the records retention agreement. Form 2807 must specify the books and records to be maintained. Form 2807 and Letter 978 (or Letter 979) are approved and signed by the group leader. Inadequate record notices must be served personally by examiners or sent by certified mail. The examiner will complete the service record on Letter 978 and Letter 979 during delivery or before he is sent certified mail. The service record must also be completed on all saved copies. In the case of a certified mail, the return receipt will make a record of the service and will be attached to a copy of Letter 978 or Letter 979 stored in the case files. If Form 2807 is mailed, letter 978 must be held 15 days to give the taxpayer the opportunity to complete Form 2807. Section 3201(d) of RRA 98 requires that, when it is clear, any message related to the joint return be sent separately to each person submitting a joint refund. Congress believed that sending individual messages would cause the mail to be forwarded to the couple who moved in. For detailed procedures, see <a0><a1></a1></ When the message is addressed to the corporation, it must be delivered to the employee authorized to sign the tax returns, and preferably to the employee who signed the return under examination. In the event of a partnership, the message will be addressed to all partners and will show the name in which the partnership does business. The original notice will be delivered to the partner who signed the refund or, if that is not possible, to a partner who is actively involved in the business. A copy of the message, including a personal service record or mailing receipt, will be sent by registered or certified mail to all other partners. Receipts from these mailings will be associated with a copy of the message stored in the activity file. Income agents must deliver letter 979 or letter 978 and Form 2807, at the closing conference if possible. Otherwise, send certified mail. In cases where Form 2807 is required, the taxpayer will be given the opportunity to fulfill the contract by specifying the books and records to be maintained. In joint investigations, the criminal investigator will determine the appropriate time to inform the taxpayer about the inadequacy of the records and the issuance of a letter of notification. Criminal is also responsible for providing a Notice of Improper Records. Letter 978 and Letter 979 serve as a notice to taxpayers that their records are inadequate and the implementation of Form 2807 is not necessary to close the case. Regardless of whether the taxpayer signed Form 2807 will be listed in Letter 978. If the taxpayer fails to comply with Form 2807 and the case is not agreed, the taxpayer will be informed of the further opportunity to discuss the matter at the Conference of Appeal. The appeal conference is not given to taxpayers who agree to the proposed adjustments but do not comply with Form 2807. Examiners will prepare a detailed form 5346, following the instructions on the back panel of the form. The Other section should state that the package is documentation for reporting inadequate records. The package must include: copies of the relevant workpapers, a copy of the audit report, a copy of letter 978 or letter 979, the original form 2807, if possible. A copy of completed form 5346 must be included in working documents with other question documentation. The original 5346 form and documentation should be suspense psp for tension and follow-up. Further examinations will be carried out when necessary. These examinations should be started with sufficient time to complete within established audit cycles. The case files should document the consideration of an inadequate record-keeping issue and indicate whether the taxpayer has corrected inadequacy in the practice of accounting. If the examiner concludes that the taxpayer significantly complies with the requirements to keep an adequate record, information about improper notification of the record should be included in the case files when the examination is closed. If the examiner concludes that the taxpayer does not substantially comply with the requirements to keep an adequate record, the consideration of additional enforcement measures, such as allegations of penalties, is guaranteed. In addition to preparing all necessary reports to document the results of the audit and organize the content of cases, examiners have other critical requirements to close the case. Filling out form 5344 is required before the activity is closed. The use of Form 5344 in CSG is required. Mandatory records for examiners are set out in IRM 4.4.12, considered closures, claims surveyed and partial assessments. Because case assessment is the responsibility of the group leader (but a record in this area is required for an agent to forward a case), examiners must enter their own class unless instructed to enter another class by their group leader. Group leaders are also required to review this record on form 5344 before the case closes to ensure accuracy. EOAD was designed to provide data that would track expertise adjustments by release. This data will be used to enhance the ability to identify specific areas of non-compliance based on the results of the examination and to track the effectiveness of the Exams. Capture Capture data are mandatory for all exams of individual, corporate, S corporations and return partnerships. EOAD data should be entered for all issues considered, both adjusted and non-adjusted elements. Data collection for EOAD must be done immediately before the case is closed (after the completion of the examination report and automated 5344). For detailed instructions, see IRM 4.10.16, Database Operational Automation Expertise (EOAD). Since March 1, 2006, the CPC has established uniform recommendations on the color of the file folder. Expertise teams must use the following file folder colors when closing cases to handle cases: Red is a statute case that expires within 180 days. Yellow – HQ approved only use. The purpose of the use will change periodically as temporary guidance is issued and posted on the Orange Interim Management website - IRS Audit of Lavender employees - NRP Form 1040 Plum - NRP Form 1120S Light Blue - Claims (this includes an innocent spouse; injured spouse; and any other type of claim). The type of claim must be marked on Form 3198. CSG is intended for use by expertise or other users who select, review, monitor, process or track revenue taxation cases. The system improves workflow performance by automating numerous measures such as tax calculations, penalty calculations, interest calculations, case file documentation, time reporting, IDRS interface, work documents preparation, charter date protection (normal and TEFRA), letter preparation, inventory control, management report preparation, case retrieval (both open and closed), issue tracking, and many other features. For more instructions, see <a0><a1></a Advantages realized from the use of CSG: Accurate and consistent tax and interest calculations and recalculation, Calculate the regulatory adjustments provided by the report, Timely reports that can be provided to taxpayers immediately or after management approval, Preparation and verification of Form 5344, Sequential formatting, identification and organization of work documents, passive data flow to correspondence and forms, and passive data collection with related conversion and deployment programs such as EO. In order to close the case with CSG, the CSG group codes must be introduced. CSG group codes can be found in the Excel employee group code file® the AIMS/ERCS website. CSG provides standard explanations automatically for legislative adjustments. In addition, CSG provides nationally approved Standard Explanations and the user has the ability to customize standard paragraphs. The number of individual standard explanations should be limited because national standard clarifications have been approved by the chief counsel. IRM 25.2.2, Whistleblower Awards and IRM 25.2.1, General Operating for working whistleblower claims, provide recommendations for obtaining, evaluating and processing whistleblowers' claims for remuneration. These IRMs should be consulted for correct correct informative claims. See IRM 4.11.57.4.3.6, Confidential Whistleblowers, for third-party contact rules that apply to informants. For more information about contacting informants, see <a0><a1> Contact informants </a1><a2></a2></a0 Often informants may need to reconnect in order to develop cases. Before contacting the informant again, examiners are advised to consult with their group leader. When an examination involves an informant's claim, AIMS N Freeze must be used to ensure that the results are reported to informative claims experts (ICE). Information on the whistleblower's claim for remuneration: IRC 7623- Expenses for the detection of underpayments and fraud, etc.; Treas. Reg. 301.7623-1 - Reward for information, related to violations of internal income laws, IRM 1.2.1.5.15 - Policy Statement 4-36 - Identity of other whistleblowers of the state agency must be protected, IRM 1.2.1.5.12 - Policy Statement 4-27 (formerly P-4-86) - Rewards, determined by the cost of information that is furnished and calculated and paid remuneration, IRM 1.2.2.10.10 - Order of delegation 9-10 (formerly DO-16.16 - Permission to approve confidential expenses, IRM 1.2.2.14.7 - Delegation Order 25-7 (Ed. 3) - Authority to make decisions in accordance with IRC 7623 , IRM 1.2.2.14.12 - Delegation Order 25-12 (Ed. 1) - Third Party Contact or Representative Resolve, IRM 25.2.1 - General Operations Division Guidance for Whistleblower Claims, IRM 25.2.2 - Whistleblower Awards, IRM 4.11.57 - Third Party Contacts, IRM 25.27.1 - Third Party Contact Program, RRA'98 Section 3503 - Disclosure of examination selection criteria, whistleblower notices are confidential. The presence of informant communication should not be disclosed to the taxpayer. All claims, reports and informant information are transferred from office to post in double sealed confidential envelopes marked Be opened only by the addressee and stored in locked file cabinets. The informant's name should not be used in the examiner's report, work data, or form 4665. It is necessary to make every effort to close the case. Remove all information relating to the informant or informant from the case files before the case files are withdrawn from the office for examination. The taxpayer may ask about why his return was selected for examination. Pub 1 has been revised and includes a statement describing the criteria and general procedures for selecting taxpayers for examination. The service is not obliged to disclose the grounds for selecting a particular taxpayer for examination. Typically, it is the Service's practice to respond if the source of the expertise is accidental, the DIF is generated (without explaining the counting process), or if generated from a public source (e.g. a public media report). However, if examination is an informant, the Service is not obliged, and it would not be appropriate to disclose the informant exists. The examiner and his team leader should consult on the disclosure when asked to provide a response to return selection for informative communication cases. See the Office Contacts with Disclosure webpage. If the assigned return contains Form 211, the application for the award of the original information and/or form 3949, the referral information report, determine if the return should be accepted as filed. A refund can be interviewed. Normal 1900 examination procedures should be followed. Form 11369, the Confidential Assessment Report on a referral claim, must be filled out in all cases that contain Form 211 of the claim. This applies to cases closed by the survey. See IRM 25.2.1.5.5.2, Form 11369 for the claims surveyed. Seal all information regarding the whistleblower's claim and all forms mentioned above in a confidential envelope. Remove all references to Form 211 claims from the case files. Note on Form 3198 Whistleblower Reward Claim, Route to Campus, Attn: Informative Claims Examiner (ICE). According to the conclusion of the examination, the examiner must prepare two files: the full case file for regular processing through the CPC, as well as a partial file to be diverted to the campus/compliance center to handle the whistleblower's claim of a claim by the Examiner (ICE). The remuneration claim file must contain the following documentation: Form 11369; Copies of all returns considered, return substitutes prepared during the exam and/or secured refunds prepared by the taxpayer; A copy of the examination report; The Special Agent Assessment Report (if any) is attached to Form 3949; Copies of activity records; Copies of form 4318; Any other information that may assist PE in processing a reward claim. The memorandum on the remuneration claim, together with the whole case files, must be approved by the head of the group. All of the above items will be included in a confidential envelope marked ICE Copy and included in the case files when closing the case. Annotation form 3198 with the following instructions: The case of the whistleblower's claim. The designated area reviewer (currently a PSP function) will review form 11369 to determine the reward and sign form 11369 in addition to PSP Manager. A rewards claim file will then be sent to the ICE campus, which will release an N freeze. All informants claim the cases have an N freeze on the case and cannot be closed from the area until the N freeze has been removed. This section provides procedures for deceased taxpayers. Deceased taxpayer procedures should be followed when the taxpayer has died, whether the death occurred before or after filing a refund. Certificates for deceased taxpayers: IRM 4.4.3.7, Refund to other taxpayers, IRM 4.10.9.8, documentation, Pub 3920, Tax relief for victims of terrorist attacks. If a fiduciary relationship exists, there is a must contain probate letters and Form 56, Notices of Fiduciary Relationships, which must be attached to the return. If an indention exists, reports and correspondence must include the name of the current administrator or other proper delegate. Correspondence and reports will also be sent to the fiduciary. After legal evidence of death is obtained, reports of correspondence and examination should be considered as follows. For joint returns: For one/separate refund: Joint return agreements - must be signed by the surviving spouse and executor or administrator of the deceased taxpayer's estate. If no performer has been appointed, the surviving spouse signs himself and for the deceased (for example, John Doe, the deceased, Mary Doe, the surviving spouse.) If both taxpayers die, the executor on each property must sign a contract. If the surviving spouse does not receive all assets or sufficient assets to cover the tax liability, he cannot sign as a surviving spouse, and correspondence must be sent to the last known address of the deceased and to the surviving spouse at his current address. If the surviving man has received all the assets of the decedent and the estate is closed, Form 2045, The Transferee Agreement and Form 870 with a special language must be sought out. See IRM 4.11.52, Transfer Liability Cases. Contact IRM 25.6.22.6.1.4 Decedents when preparing consent for indention. If the deceased is dead and no appointees executor or administrator is appointed, no one can sign consent for the deceased or property extending the income tax assessment period. Similarly, consent cannot be met after the executor or administrator has been discharged. 83-41, 1983-1 C.B. 349.B, explained and ampled reverend Ruhl. The heir responsible for IRC 6901 as a transfer can sign the consent of his own responsibility. The surviving spouse usually does not have the authority to sign consent on behalf of the deceased spouse. Estates are generally considered successors representing interests for apostates under state law, and as a successor decedent in the interests, the executor or administrator of the property is the proper party to comply with the consent. If necessary, a notice of deficiency must be issued by law. When a refund is to be issued to someone else in whose name the tax is paid, documentary evidence must be provided to allow a refund. This includes (but is not limited to) deceased taxpayers, trustees, estates, guardians, minors, dissolved corporations, reorganisations and bankruptcy cases. See IRM 4.4.3.7, Refunds to other taxpayers and its next sections for guidance in determining what evidence is needed. In addition, Form 1310, the Application of a person claiming a refund in connection with the deceased taxpayer shall be secured if recommended upon joint return and have died since returning. IRC 692(d) provides relief for federal income tax liabilities for the deceased in some terror attacks. IRC 692(d) refers to victims: Oklahoma City Attack - For 1994 and later before and including the year of death. September 11 attack - 2000 and later. Attacks on ulcers - for 2,000 and later individuals. Any astronaut whose death occurs on duty after 31.12.12.02. See IRM 21.7.4.4.1.13, Victims of Terrorism Tax Relief Act of 2001 - Tax Forgiveness, for more information. The minimum allowance is \$10,000 for IRC 692 (d)(2). The 2003 law did not change the minimum benefit. If the total tax forgiven for all relevant years is less than the minimum difference, it is treated as a tax paid for the last tax year of the decedent, and will be refunded just as if the amount had actually been paid. IRC 692(d)(3) provides that revenues are not subject to terrorist assistance provisions. For example, deferred compensation that would have been paid if the death had occurred because of an event other than the attacks. For more information, B see Proof of death - death certificate or form 1300, the Victims Report issued by the Department of Defense. Form 1310, unless applicable any of the following applies: The survivors of the wife submits the original or amended returns from decedent, or the personal representative filing of the original Form 1040 or Form 1040NR for indention and a court certificate showing the appointment is attached to the return. Note form 3198 that the case involves an indention and any name or address change. To write non-TEFRA reports, refer to: IRM 4.31.5, Investor Level Charter Management (ILSC) Expertise - Office Non-TEFRA Field Procedures, Statutes and Penalties, Work Allowance located at To write the TEFRA report, see: IRM 4.31.2, TEFRA Expertise - Field Procedures Office TEFRA Website at Please click here to describe the image text. Please click here for a text description of the image. Please click here for a text description of the image. Please click here for a text description of the image. Please click here for a text description of the image. More Internal Income Guide

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