



Part 4. Examining Process

Chapter 46. LB&I Examination Process

Section 1. General Information and Definitions

4.46.1 General Information and Definitions

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Manual Transmittal

March 09, 2016

Purpose

(1) This transmits revised IRM 4.46.1, *LB&I Examination Process, General Information and Definitions*.

Background

LB&I is in the middle of several initiatives that will change the way we do business. Various teams are evaluating the CIC designation, the examination process and IRM 4.46. This IRM will undergo further changes as these initiatives progress.

Scope

Not all examinations are the same in scope, size, and complexity; therefore, portions of this IRM may be more applicable to some cases than others.

Material Changes

- (1) Changed section title to be more descriptive of the content.
- (2) Added an overview of the issue-driven process for LB&I (IRM 4.46.1.3.1).
- (3) Added roles and responsibilities for the managers and issue team members (IRM 4.46.1.3.3).
- (4) Added principles of collaboration (IRM 4.46.1.4).
- (5) Added definitions in Exhibit 4.46.1-1 for the following terms:
 - Advance Pricing Agreement (APA)
 - Advance Pricing and Mutual Agreement (APMA)
 - Assistant Deputy Commissioner International (ADCI)
 - Associate Chief Counsel International (ACCI)
 - Business Results
 - Case-Built File
 - Case Manager
 - Central Withholding Agreement (CWA)
 - Chief Counsel Advice (CCA)
 - Collateral Subject Matter Expert
 - Competent Authority Arrangement
 - Compliance Data Environment
 - Content Management and Collaboration (CMC)
 - Criminal Investigation (CI) Division
 - Cross Border Activities Practice Area
 - Decision Point (Issue Timeline)
 - Delegation Order 4-24 (formerly DO 236 (Rev. 3))
 - Delegation Order 4-25

- Early Referral to Appeals (ERA)
- Employee Satisfaction
- Employee User Portal (EUP)
- Estimated Completion Date (ECD)
- Examination Plan - Form 4764-IC
- Examination Returns Control System (ERCS)
- Exchange of Information (EOI)
- Excise Tax Specialist
- Expatriate
- Focus Guide (formerly Field Focus Guide)
- Foreign Account Tax Compliance Act (FATCA)
- Foreign Based Books and Records
- Foreign Financial Institution
- Global High Wealth (GHW)
- Industry Issue Resolution (IIR)
- Inter-American Center of Tax Administrations (CIAT)
- Intergovernmental Agreement (IGA)
- International Individual Compliance (IIC)
- IIC Campus Compliance Unit (CCU)
- Issue Discussion Meetings
- Issue Manager
- Issue Team
- Issue Timeline
- Joint Committee Case (JCC)
- Large Case Technical Unit (LCTU)
- LB&I Electronic Classification System (LECS)
- LB&I Examination Process
- LB&I Workload Identification System (LWIS)
- Manager Settlement Authority
- Months in Process
- Mutual Agreement Procedures (MAP)
- Offshore Voluntary Disclosure Program (OVDP)
- Organization of Economic Cooperation and Development (OECD)
- Overall Cycle Time
- Practice Area
- Pre-Filing Agreement (PFA)
- Quality and Special Projects
- Rapid Appeals Process (RAP)
- Saba Meeting (formerly Centra)
- Secure Email
- Selection Workload Classification C-2 (SWC-C2)
- Small Business/Self Employed Division (SB/SE)
- Standard Audit Issue Numbers (SAIN)
- Subject Matter Expert (SME)
- Tax Exempt/Government Entities Division (TEGE)
- Tax Law Specialist - TPP (Transfer Pricing Practice)
- Team Member
- Technical Advice Memorandum (TAM)
- Technical Specialist (formerly Technical Advisor)

- Transfer Pricing Operations (TPO)
- Transfer Pricing Practice (TPP)
- Treaty Assistance & Interpretation Team (TAIT)
- Uncertain Tax Position Statement (Schedule UTP)
- Uniform Issue List (UIL)
- U.S. Territories (or U.S. Possessions)
- Wage and Investment Division (W&I)
- yK1

(6) Updated definitions in Exhibit 4.46.1-1 for the following terms:

- Associate Office Counsel
- Balanced Measures
- Captive and Offshore Insurance Transactions
- Competent Authority
- Computer Audit Specialist (CAS)
- Continuing Professional Education (CPE)
- Customer Satisfaction
- Cycle time
- Disclosure Office
- Economist
- Electronic Freedom of Information Act (E-FOIA)
- Employee Satisfaction (formerly Employee Engagement)
- Employment Tax Specialist
- Engineer
- Financial Accounting Standards Board Interpretation 48 (FIN 48)
- Financial Products Specialist (FPS)
- Focus Guide (formerly Field Focus Guide)
- Form 4764 - Examination Plan (formerly Examination Plan - Form 4764)
- Formal Document Request
- Fraud Coordinator Program
- Industry Case
- Information Document Request (IDR) Enforcement Program (formerly IDR Management Program)
- Internal Management Document
- International Examiner (IE)
- Issue Management System (IMS) (corrected term from Information Management System)
- LB&I Compliance Plan
- Minimum Refund
- One-Case Concept
- Opening Conference/Opening Meeting
- Post-Appeals Conference
- Pre-Appeals Conference
- Preliminary Meetings
- Preliminary Risk Analysis
- Specialist Manager
- Team Coordinator
- Team Manager
- Technical Specialist (formerly Technical Advisor)

(7) Removed definitions from Exhibit 4.46.1-1 for the following obsolete terms:

- Administrative Procedures Form 13327 (per Director, PFTG Memorandum dated October 15, 2012)
- Business Systems Planning (BSP) for LB&I

- Centra (now Saba Meeting)
- Communications, Technology and Media (CTM)
- Customer Service Resource Guide for Examiners
- Field Focus Guide (now Focus Guide)
- Field Specialists
- Filter Focused Examinations (FFE)
- Financial Services Industry
- Heavy Manufacturing and Transportation Industry (HMT)
- Industry Director
- Limited Scope Audit
- Midwest Automated Compliance System (MACS)
- Natural Resources and Construction Industry (NRC)
- Primary Team Manager
- Quality Examination Process (QEP)
- Retailers, Food, Pharmaceuticals & Healthcare (RFPH)
- Risk-Based/Issue-Focused Examinations
- Senior Team Coordinator
- Senior Specialist
- Support Examination
- Team Manager Settlement Authority (now Manager Settlement Authority)
- Technical Advisor (now Technical Specialist)

(8) Added Forms 870, 886-A, 1900, 4665, and 13664 to Index of Forms in Exhibit 4.46.1-2.

(9) Hyperlinks updated throughout.

(10) Editorial corrections made throughout.

Effect on Other Documents

This IRM section replaces IRM 4.46.1, dated July 22, 2011.

Audience

All LB&I personnel

Effective Date

(03-09-2016)

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4.46.1.1 (03-09-2016)

Introduction

1. Part 4, Chapter 46, *LB&I Examination Process*, includes procedures for all LB&I cases.
2. Case managers are concerned with the complex problems inherent in planning and managing examinations. This includes properly fragmenting the examination for a multi-agent approach and assigning specific examination work to each team member (including agents from other offices), and directing, controlling, and evaluating the examination. The manager must be completely knowledgeable about the case (taxpayer and returns), and be involved in the examination as it progresses in order to make any necessary changes in the examination plan.
3. All team members must perform their professional responsibilities in a way that supports the IRS Mission. This requires team members to provide top quality service and to apply the law with integrity and fairness to all.
4. Taxpayers should receive quality customer service. Team members should assist taxpayers in solving any tax problems identified during an examination, even if the problems are not associated with the examination. This IRM emphasizes problem solving with collaboration, communication, cooperation and one-stop service through the one-case concept.
5. Case managers and issue managers are expected to demonstrate their leadership on the examination site and to develop the relationships necessary to coordinate the examination across Industries and Operating Divisions and with Counsel when appropriate.
6. The following sections are designed to address the particular complexities of LB&I examinations and the unique responsibilities they impose on case managers, issue managers and examination teams. The sections are composed of suggestions and guidelines that will be of assistance to case managers, issue managers and examination teams in satisfying their responsibilities and in orienting new team members in LB&I examination concepts and techniques. The guidelines contained here are not all inclusive and are not intended to replace or limit individual initiative in developing techniques in the management and examination of cases.

4.46.1.2 (03-09-2016)

Chapter Overview

1. Each of the sections in Chapter 46 is briefly discussed below.

- A. IRM 4.46.2, *Administrative Matters and Annual Compliance Planning* – This section sets out the Annual Compliance Process for LB&I and describes the responsibilities of each office within LB&I contributing to the development of the Compliance Plan. This IRM section also contains the LB&I point computation criteria used to identify cases as CIC or IC. The purpose of the Annual Compliance Plan and the LB&I point computation criteria is to ensure that LB&I applies its resources in the most efficient manner to reduce taxpayer burden, increase customer satisfaction and improve business results.
- B. IRM 4.46.3, *Planning the Examination* - This section sets out the LB&I Examination Process. It emphasizes the use of issue-based examination planning principles. It covers the importance of collaboration within the issue teams as well as with the taxpayer during various planning meetings (Internal, Opening and Issue Discussion). It also expands on expectations of the taxpayer regarding the filing of claims.
- C. IRM 4.46.4, *Executing the Examination* – A significant portion of this section covers examination techniques in detail. The application of penalties is given special attention in this chapter to help ensure uniform and sustainable application of penalties. Procedures are set out for requesting information to perform the examination using the Information Document Request (IDR) Enforcement Process.
- D. IRM 4.46.5, *Resolving the Examination* – This section covers the development of issues through their resolution. It emphasizes that it is critical for LB&I examinations to be as current as possible. In addition, this section describes issue resolution tools that will assist the case manager in resolving issues at the team level. These tools will contribute to overall cycle time reduction and improve customer satisfaction.
- E. IRM 4.46.6, *Workpapers and Reports Resources* - This section sets out the various procedures for preparation of workpapers and reports.

4.46.1.3 (03-09-2016)

Overview of the LB&I Examination Process

1. The LB&I Examination Process provides a collaborative approach for conducting professional examinations from the first contact with the taxpayer through the final stages of issue resolution.

4.46.1.3.1 (03-09-2016)

Issue-Based Principles

1. The issue-based principles require LB&I to focus on issues with material risk and significant compliance impact throughout the examination process. Using an issue-driven risk analysis, issue teams, issue-discussion meetings and issue timelines will enable LB&I and the taxpayer to accomplish a more efficient examination. By working the issues selected for examination collaboratively, we can better estimate our case completion date based on the issue timeline that is expected to take the longest to complete.

4.46.1.3.1.1 (03-09-2016)

Issue-Driven Risk Analysis

1. Risk Analysis is an on-going process that engages managers, examiners and the taxpayer from the earliest stage of the examination through the resolution phase. This process should be conducted collaboratively by the exam team with the initial risk being developed in the planning stage by working with the taxpayer. To leverage and effectively utilize our resources, a risk analysis should be issue driven with consideration given to available resources, materiality, timing and other factors that will impact voluntary compliance. As the examination progresses and issues are developed, the risk analysis should be reviewed and updated accordingly. In addition, the taxpayer should be timely advised of any changes.

4.46.1.3.1.2 (03-09-2016)

Issue Teams

1. An issue team is comprised of LB&I personnel who will be responsible for the successful development and management of each issue selected for examination. Issue teams can range from a revenue agent and his/her case manager to multiple revenue agents, specialists, and managers depending upon the complexity of an issue. The issue team will work collaboratively with taxpayer personnel who have knowledge of the issue, and can assist in determining the information available and most efficient audit steps to develop the issue.
2. Issue teams should improve the utilization of LB&I resources through knowledge sharing, transfer of skills, coordinated document requests, issue continuity, and more efficient fact development.

4.46.1.3.1.3 (03-09-2016)

Issue Discussions

1. Issue-discussions are conducted with the taxpayer to seek taxpayer input and suggestions, so that all examiners assigned to that issue team can collaborate to risk assess issues and determine effective and efficient audit procedures for issues selected for examination. Large or complex issues may require multiple issue discussions to achieve the desired objectives. A successful issue discussion occurs when both sides are transparent and collaborate to leverage resources, establish examination procedures and develop a timeline specific to each issue.

4.46.1.3.1.4 (03-09-2016)

Issue Timelines

1. The issues selected for examination drive the scope and length of the audit. It is important to leverage our knowledge and experience of the issues in collaboration with the taxpayer to establish issue timeline(s). The issue that is expected to take the longest to develop will determine the ECD for the case. It is to the advantage of each issue team to review the issue's audit steps and resource needs to determine important milestone dates such as: issue discussions, completion of examination procedures, the date to issue the Form 5701, and other issue-related activities to determine the expected issue completion date. Once issue timelines have been estimated by the issue team(s), the overall case timeline and the case estimated completion date (ECD) can be established. One issue timeline may be used for multiple issues, while a complex issue may require a separate timeline.
2. To avoid delays during the audit, the exam team will share, solicit and consider input from the taxpayer when planning the timelines for audit issues to consider availability of taxpayer and examination team resources.
3. The principles of collaboration will be timely considered, and used as appropriate, when impasses and significant concerns arise that cannot be resolved at the IRS issue/case manager and taxpayer audit manager level, so the concerns will not cause delays that impact the case timeline.

4.46.1.3.2 (03-09-2016)

Mutual Cooperation and Benefits

1. Mutual Cooperation - The examination should be conducted in the spirit of mutual cooperation. Both LB&I and the taxpayer can benefit if each works toward a candid and professional relationship. This can be achieved when:
 - A. Each party understands, at the beginning of the process, each others' priorities, resources, and available time frames.
 - B. Both parties make a clear commitment as to the resources they will be providing throughout the exam process.
 - C. Steps are taken to mutually apply resources to ensure minimum down time for both the taxpayer and the examination team.
 - D. Both parties have responsibilities for how the audit is planned and executed.
 - E. Both parties assign personnel having the most relevant knowledge to work together to develop an efficient issue focused examination.

2. Open and Candid Communication - Interaction internally as well as with the taxpayer will be conducted to foster open and candid communication between the parties. This is achieved when both parties understand that the examination is to be conducted in an efficient manner that will minimize the impact on both party's resources. Committing the necessary resources and working together will expedite the examination resulting in the reduction of the overall cycle time. Communications throughout the entire examination should include:
 - A. Candid discussion about new issues, affirmatives, and claims for refund that allow for the allocation of resources needed to establish an effective timeline
 - B. Assignment of personnel to the issue team that have knowledge about the issue
3. Mutual Understanding of Processes and Procedures - The taxpayer and LB&I should agree to develop an understanding of each other's processes and procedures early in the planning process. This will include a study of the taxpayer's accounting system including tax accounting organization chart, commercial framework, tax return preparation methodology, industry practices, language and terminology, and LB&I examination procedures

4.46.1.3.3 (03-09-2016)

Overview of Roles and Responsibilities

1. Our goals in LB&I are to encourage voluntary compliance and promote greater efficiency in resource utilization and examination time span. The issue-based examination process is intended to facilitate execution and decision making in a collaborative process where all parties work together to resolve issues at the earliest appropriate point in an examination.
2. Once the issues have been identified for examination, each issue will have a designated issue manager. The size of the issue team can vary depending on the complexity of an issue. At a minimum the issue team is comprised of the examiner and case manager, when designated as the issue manager, working collaboratively with the taxpayer or their representative. For a complex issue, several team members having different managers may be assigned to the issue team. For each issue, one manager will be designated as the issue manager to facilitate the planning, execution, and resolution of each issue.
3. All IRS personnel have the responsibility to ensure that all taxpayer rights are protected and observed. See IRM 4.10.1, *Taxpayer Rights* and Pub. 1, *Your Rights as a Taxpayer*.

4.46.1.3.3.1 (03-09-2016)

Case Manager Roles and Responsibilities

1. The case manager is the manager of the team who has the AIMS controls of the open examination. The case manager maintains the responsibility for the overall management of the case and must collaborate with issue managers to ensure execution of the exam plan.
2. The case manager may also serve as the issue manager for all or some of the issues on the case. For issue-specific duties when the case manager also serves as the issue manager refer to IRM 4.46.1.3.3.2, *Issue Manager Roles and Responsibilities*.
3. The following duties are specific to the case manager:
 - A. Ensure that ERCS, IDRS, and IMS are timely updated and accurate.
 - B. Protect all statutes of limitations.
 - C. Oversee initial risk assessment to determine potential issues.
 - D. Collaborate with peer managers for the appropriate staffing of the case.
 - E. Ensure all financial disclosures (Form 13664) are properly documented.
 - F. Ensure appropriate opening conference and issue meetings are held.
 - G. Ensure taxpayer contacts are duly authorized; such as, corporate officers or delegates who can provide information and enter into agreements regarding the examination.
 - H. Facilitate the selection of issue manager(s).
 - I. Ensure that the claims process is consistently applied.
 - J. Collaborate with and support the issue managers, and if conflicts arise, elevate to all chains of command.
 - K. Ensure proper approvals are secured for exam plan/agreements.
 - L. In collaboration with the issue manager(s), set the overall case timeline and ECD based on the issue timeline(s).
 - M. Monitor the overall case progress and support the issue manager with IDR and 5701 procedures.
 - N. In collaboration with the issue manager(s) and taxpayer, modify the case timeline and extend the ECD and statutes when warranted.
 - O. Participate in the ongoing risk assessment performed by issue managers and coordinate collaboration of a mid-cycle review as necessary.
 - P. Support the issue manager(s) in pursuing issue resolution at the earliest appropriate point using the tools available to resolve tax controversies.
 - Q. Ensure timely issuance of the RAR and if warranted, a 30-day letter.
 - R. Collaborate with issue manager(s) to ensure the rebuttal appropriately addresses the taxpayer's protest.
 - S. Coordinate a post-audit critique when warranted.
 - T. Coordinate and encourage consideration of issue exit strategies.
 - U. Coordinate all meetings with Appeals.

4.46.1.3.3.2 (03-09-2016)

Issue Manager Roles and Responsibilities

1. The issue manager will be one of the managers with an examiner or technician assigned to the issue; the managers collaborate on which one will be designated as the issue manager. The designated issue manager should be determined in planning discussions based on the specific tax issue and the experiences and availability of the managers. The issue manager is responsible and accountable for approving the scope and depth of the issue, securing and maintaining the appropriate resources, determining the issue timeline, the issue development and disposition according to their issue timeline. During all phases of the examination, the issue manager and case manager will collaborate on behalf of the government's position.
2. The following duties are specific to the issue manager:
 - A. Coordinate the formation of the issue team by bringing together the appropriate resources to examine the issue.

- B. Promote communication, collaboration and cooperation among LB&I issue team members and with the taxpayer.
- C. Before approving the risk analysis, ensure that the issue is risked appropriately and that the audit steps are efficient.
- D. Determine the issue timeline and if the case has multiple issues, coordinate with the case manager on overall impact to case ECD.
- E. Ensure the claims process is followed.
- F. Coordinate with counsel, subject matter experts, competent authority and/or Appeals when appropriate to support development of the issue.
- G. Conduct ongoing risk assessment.
- H. Ensure issue team members adhere to the issue timeline and milestone dates.
 - I. Update the case manager and ensure changes that may impact the overall case are timely shared and addressed.
- J. If issue team resources change, timely replace them or modify the issue scope to ensure every effort is made to achieve the timeline.
- K. If an issue timeline extension is warranted and the ECD extension is beyond the current statute, the issue manager will collaborate with the taxpayer and the case manager to secure appropriate extensions.
- L. Ensure the IDR Process is followed and lead discussions when appropriate.
- M. Promote interactive discussions to obtain and document the facts provided on the issue.
- N. Facilitate issue resolution discussions at the earliest appropriate point and determine the strengths and weaknesses of each side's tax positions and consider the tools available to engage in an issue resolution discussion.
- O. Discuss, review and approve assertion of penalties as appropriate.
- P. Follow the acknowledgment of facts process and lead discussions when appropriate.
- Q. Review and ensure the appropriate approvals are secured for Form 5701/886-A.
- R. Facilitate a discussion with the taxpayer prior to issuing any Form 5701/886-A.
- S. Consider appropriate issue exit strategies.
- T. Participate in and provide feedback on improvement opportunities if a post-audit critique is held.
- U. Review the rebuttal to ensure it appropriately addresses the taxpayer's protest.
- V. Participate in issue meeting(s) held with Appeals.

4.46.1.3.3.3 (03-09-2016)

Managers of Team Members Who Are Not Designated as the Case Manager or Issue Manager

1. These team manager(s) are accountable for delivery of a timely and professional work product on all issues that utilize the expertise of their team member(s).
2. They will assist and support the issue manager to ensure their team member is timely participating in the issue team risk analysis, determination of audit procedures and the development of the issue.
3. They will keep issue manager(s) informed of any event involving their examiner(s) that would impact the issue timeline(s).
4. They will assist the case manager in the selection of the issue manager.

4.46.1.3.3.4 (03-09-2016)

Team Coordinator Roles and Responsibilities

1. The team coordinator is the examiner who has been assigned the AIMS controls for the case. In addition to examining issues, team coordinators have the following responsibilities:
 - A. Ensure that ERCS, IDRS and IMS are timely updated and accurate.
 - B. Protect all statutes of limitations.
 - C. Monitor the case for TEFRA links.
 - D. Coordinate the scheduling of issue team meetings.
 - E. Prepare and distribute minutes/memos detailing significant meetings, etc., during the course of the exam.
 - F. Ensure financial disclosures (Form 13664) from all team members are secured when appropriate per LB&I policy.
 - G. Coordinate the preparation of the examination plan and risk analysis.
 - H. Share a copy of the exam plan with the taxpayer and ensure the taxpayer acknowledges receipt.
 - I. Facilitate the formation of issue teams.
 - J. Ensure that the IDR management process is followed by all issue teams.
 - K. Review all issue team IDR requests for duplication and coordinate the prioritization of IDRs.
 - L. Maintain and monitor an IDR log to document the current status for the IDR enforcement process.
 - M. Ensure that the acknowledgment of facts procedures are followed for unagreed issues.
 - N. Collaborate with issue team(s) to ensure the appropriate review occurs on proposed adjustments (Form 5701/886-A) and discussed with the taxpayer.
 - O. Timely issue the RAR and if warranted a 30-day letter.
 - P. Support the issue team(s) in preparing the rebuttal to the taxpayer's protest and ensure a copy is provided to the taxpayer.
 - Q. Coordinate with issues team(s) when preparing the Form 4665, *Report Transmittal*, to Appeals.
 - R. Conduct a post-audit critique when warranted.

- S. Coordinate and support issue exit strategies.
- T. Coordinate all meetings with Appeals.
- U. Examine tax issues.
- V. Participate on issue team(s).
- W. Perform other duties as assigned by the case manager.

4.46.1.3.3.5 (03-09-2016)

Issue Team Member Roles and Responsibilities

1. As a member of an issue team, team members are responsible for working collaboratively with the issue manager and other issue team members to complete the issue risk analysis, issue timeline, audit steps and development of the issue. This will include timely completion of workpapers, IMS input and participation in issue discussions. The issue team member will work with the issue team to prepare a comprehensive response to the taxpayer's protest and participate in any pre-conference or meetings held by Appeals, participate in any post-audit critique, provide feedback for opportunities to improve future examinations and participate in issue exit strategy discussions if appropriate.

4.46.1.4 (03-09-2016)

Principles of Collaboration

1. Issue or case interactions can be initiated by taxpayers, examiners or LB&I leadership for a variety of reasons. In the issue-based approach, the issue team may request LB&I leadership to address a particular need or concern. In other instances, LB&I leadership may proactively become involved in an issue with a strategic opportunity that broadly impacts tax compliance. Taxpayers may also request LB&I leadership involvement during an examination. Under the Taxpayer Bill of Rights, taxpayers have a right to quality service, and they have the right to speak to a manager about inadequate service. Typical interactions start with the issue manager or case manager before elevating to senior managers and executives. Regardless of how interactions are initiated, it is essential that all parties involved interact in a collaborative manner and timely elevate concerns.
2. In order to facilitate success the principles of collaboration are designed to:
 - A. Clarify individual roles, responsibilities and lines of authority to help ensure end-to-end accountability, and provide clear procedural guidance for elevating concerns
 - B. Facilitate getting to the right answer for a particular issue or case
 - C. Encourage engagement with subject matter experts in Practice Area(s) and Counsel
 - D. Promote consistent tax treatment between similarly situated taxpayers or cases
 - E. Reinforce the importance of transparency
3. Taxpayers should be willing to disclose the facts for issues that have been identified. LB&I must be transparent regarding issues and positions that are being considered. All parties must be objective when considering the facts and legal positions and should be willing to resolve issues through the appropriate dispute resolution tools when appropriate.
4. An issue team manager may identify a need to invite senior manager or executive interaction. Typical needs identified may include:
 - A. Questions regarding availability of team resources
 - B. Concern or disputes at the issue team level
 - C. Appropriate points during IDR enforcement process
 - D. High level discussions with taxpayers not adhering to the claims expectations
 - E. Appropriate points during the NOPA process
 - F. Disputes when dealing with taxpayers
 - G. Taxpayer requests for senior leader or executive interactions
 - H. Potential compliance impact or visibility of an issue
 - I. Strategic input or assistance to ensure consistent treatment of an issue
5. Senior managers or executives may determine a reason to initiate interaction. Typical reasons include:
 - A. Taxpayer requests
 - B. Trade Association or Industry Group requests
 - C. Other "relationship management" purposes
 - D. Increasing understanding of a particular issue/case
 - E. Ensuring consistent taxpayer treatment
 - F. Discussing a strategic initiative or issue that has impact to the taxpayer
 - G. Operational or peer reviews

4.46.1.4.1 (03-09-2016)

General Principles of Collaboration and Communication

1. All of the areas within LB&I share the same primary goal of ensuring that the government's issues are well-developed and technically sound. Achieving this shared goal can only happen through effective **collaboration** among everyone involved in the government's issues and cases. That includes those who administer the case, the examiners focused on developing issues, practice areas, our managers, Chief Counsel Attorneys and others.
2. **Communication** within the IRS must be based on the principle of "one IRS". Open and inclusive communication with everyone involved in or impacted by issue(s) will lead to more effective collaboration and better decisions. Examination teams and taxpayers should be able to communicate openly. Taxpayers often, look for one person to be their primary point of contact with IRS in the examination. One point of contact (typically the team coordinator) can be established during communication discussions in the planning stage.

4.46.1.4.1.1 (03-09-2016)

Requests to Field Employees for Work/Case-Related Information

1. For requests from external stakeholders, such as Congressional staff and members of the media, to an LB&I employee asking for work-related information, the following procedures and steps should be taken:
 - A. The employee should notify his or her manager of the request before responding.
 - B. The manager should forward the request up to the practice area director.
 - C. The practice area director should coordinate the response with LB&I Headquarters.
 - D. Requests from Congressional staff or the media should be coordinated with LB&I Communications and Liaison.
2. For requests from other IRS employees asking for work/case related information, the following procedures and steps should be taken:
 - A. If LB&I employees receive a request from another IRS employee whom they do not know, they should take actions to verify the identity of the employee making the request, the reason for the request, and the need to know.
 - B. If employees are unable to verify employee's identity, a valid reason for request, and need to know, they should notify his or her manager immediately.
3. The employee may contact the Office of Chief Counsel for assistance involving highly sensitive issues where discussions of those issues can pose risk of an unauthorized disclosure and any related questions as to what information may be discussed.

4.46.1.4.2 (03-09-2016)

Establishing Issue-Driven Timelines

1. The initial Estimated Completion Date (ECD), which is used for IMS purposes upon opening a case, will be a place holder. The actual ECD will be set once the issue(s) have been identified through risk analysis. The issue audit steps and issue timelines will drive the overall case timeline.
2. Meaningful discussion of the most complex issue(s) early in the planning phase will assist the team in setting an issue-based ECD. Particular attention should be paid when the examiner is proposing examining complex issues, since these generally take longer to develop.
3. All managers need to be fully engaged in the issue-based processes and must collaborate with each other.
4. If the designated issue manager is not the same as the case manager, the issue manager will keep the case manager apprised of the status of the issue. If the issue team staffing changes, the issue manager is responsible for securing replacement staffing or re-risking the issue considering available resources.
5. If the issue manager determines the need to request an ECD extension, they will collaborate with the case manager and secure the proper approvals.

4.46.1.4.3 (03-09-2016)

Elevating Issue Concerns

1. Case decisions will be driven by the issues involved and the availability of resources to work the issues. When there are disagreements within the IRS team that cannot be resolved between the team and managers, the matter will be elevated to the next level of management. Disputes within the IRS will always be addressed internally and resolved outside the scope of taxpayer discussions.
2. The case and issue managers will collaborate on establishing the issues that will drive the overall case timeline. In the planning stage, if there are disputes as to the initial timelines needed for complex issues, those should be elevated to the next level of management.
3. On-going risk review will be performed by the issue manager(s) who will collaborate with the case manager to ensure that the initial and mid-cycle risk analysis is reviewed and approved by all of the appropriate manager(s).
4. Throughout the issue development if disagreements occur within the issue team(s) that cannot be resolved between the case and issue managers, the matter will be elevated to the next level of management.
5. The responsibility for the resolution of an issue resides with the manager designated as the issue manager.

4.46.1.5 (03-09-2016)

Glossary of LB&I Terms

1. Exhibit 4.46.1-1, *Glossary of LB&I Terms*, lists many terms used in the following sections. The list is not all inclusive, but should be useful to new LB&I team members.

4.46.1.6 (03-09-2016)

Index of Forms

1. Exhibit 4.46.1-2, *Index of Forms*, describes the forms most frequently used by team managers and examination teams. This exhibit also lists the location in the IRM where the use of the form is described.

Exhibit 4.46.1-1

Glossary of LB&I Terms

| Term | Definition |
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| Accelerated Issue Resolution | Accelerated Issue Resolution (AIR) is an examination process to apply the resolution of the same or similar issues arising for an examination of an LB&I taxpayer from one or more tax periods to other tax periods. |
| Administrative File | A file containing the tax returns, Revenue Agent's Report (RAR), protest, rebuttal, workpapers and other information for each LB&I taxpayer. |
| Advance Pricing Agreement (APA) | The Advance Pricing Agreement Program is designed to resolve actual or potential transfer pricing disputes in a principled, cooperative manner, as an alternative to the traditional examination process. An APA is a binding contract between the IRS and a taxpayer by which the IRS agrees not to seek a transfer pricing adjustment for a covered transaction if the taxpayer files its tax return for a covered year consistent with the agreed transfer pricing method (TPM). |
| Advance Pricing and Mutual Agreement (APMA) | The Advance Pricing and Mutual Agreement (APMA) Program is part of the Transfer Pricing Operations (TPO). The APMA Program encompasses the administration of the voluntary Advance Pricing Agreement (APA) Program and has primary responsibility for U.S. Competent Authority cases for transfer pricing and for mutual agreements relating to allocations of income, expenses and/or credits and the attribution of profits to permanent establishments under the tax treaties of the United States. The APMA Director oversees both of these programs. The APMA Program is staffed by Team Leaders, Economists, Senior Economists, Senior Managers and Senior Economist Managers who develop APA and double tax cases for negotiation, negotiate those matters with taxpayers and treaty partner countries and draft APAs and Mutual Agreements. |
| Alternative Issue Resolution Strategies (aka Issue Resolution Tools) | LB&I has introduced a number of these strategies since 2000 that reduce taxpayer burden and improve pre-filing and post-filing processes. These strategies include: Fast Track Settlement (FTS), Early Referral to Appeals (ERA), Rapid Appeals Process (RAP), Delegation Orders (DO) 4-24 and 4-25, Pre-filing Agreements (PFA) and Advanced Pricing Agreements (APA). |
| Area Counsel | Field attorneys in the LB&I Division of the Office of Chief Counsel, the division dedicated to providing legal services to the LB&I Operating Division. Area Counsel is the primary Counsel point of contact for LB&I industries. Area Counsel is also known as Local Counsel. |

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| Assistant Deputy Commissioner International (ADCI) | The Assistant Deputy Commissioner International oversees many aspects of tax treaty administration, including the Treaty Assistance and Interpretation Team (TAIT), the Exchange of Information Program, Joint International Tax Shelter Information Centre (JITSIC), and LB&I's support of the Treasury Department in Treaty and Tax Information Exchange Agreement (TIEA) negotiations and implementation of Intergovernmental Agreements. The ADCI also oversees and coordinates LB&I's foreign posts, the U.S. Territories, strategic initiatives, and participation in non-governmental organizations such as Organization for Economic Cooperation & Development (OECD) and the Inter-American Center of Tax Administrations (CIAT). ADCI also assists with a myriad of issues related to the implementation of the Foreign Account Tax Compliance Act (FATCA), including implementation issues with Intergovernmental Agreements. |
| Associate Chief Counsel International (ACCI) | Associate Chief Counsel International (ACCI) provides ongoing policy and interpretative guidance in the area of U.S. international taxation. |
| Associate Office Counsel | Associate Offices in Washington, DC issue technical guidance such as Revenue Rulings, Technical Advice Memorandums (TAMs) and Chief Counsel Advice (CCA). |
| Audit Information Management System (AIMS) | The Audit Information Management System (AIMS) is a computer system used by Appeals, Examination, and TE/GE to control returns, to input assessment/adjustments into Master File and to provide management reports. IRM 4.4 covers Examinations' use of AIMS and describes the data elements for AIMS. |
| Audit Standards | Audit standards are work standards and measurements that have been developed to ensure the examination team produces a quality product. These standards are intended to improve the examination process, but do not measure individual performance. Audit standards are used by the Quality and Special Projects team to analyze trends in quality of examinations and identify training needs. |
| Audit Techniques Guides (ATG) | Audit Techniques Guides (ATGs) are documents prepared by issue owners that identify steps required to examine specific issues or industries. These Guides contain examination techniques, common and unique industry issues, business practices, industry terminology and other information to assist revenue agents in performing examinations. https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Audit-Techniques-Guides-ATGs |
| Audit Tools Website | The Audit Tools website at http://msb.irs.gov/reference/audit_tools/index.asp provides revenue agents with relevant and commonly used tools in the examination process (e.g. current announcements, forms, publications, letters, notices, job aids, IRM sections relevant to policies, procedures and other job aids). |
| Balanced Measures | Balanced measures is the method used to measure performance at all levels of the organization. The three components of balanced measures are (1) customer satisfaction (2) employee satisfaction and (3) business results. Each component is equally important in carrying out the Service's programs and functions. Each component must be considered when dealing with any activity that includes balanced measures, such as setting targets, assessing progress and evaluating results. |
| Bankruptcy Coordinator | An LB&I analyst who provides support to teams auditing taxpayers with bankruptcy features. The Corporate Income and Losses practice area has information on bankruptcy issues. Bankruptcy procedures are also found in IRM 4.19.13.19 and the LB&I Bankruptcy Guide at http://msb.irs.gov/hq/pqa/Post-filing/pfa_bankruptcy_page.asp . |
| BNA Corporate Tax Analyzer | A commercial software product licensed by LB&I for preparation of reports of C corporation (Form 1120) returns. See also BNA Corporate Tax Analyzer (CTA) Information at http://msb.irs.gov/hq/bsp/BNA/bna_home.asp . |
| BRTVU | One of several IDRS command codes available in Corporate Files On-Line (CFOL) used to generate a business return transcript that shows all transcribed lines as reflected on the original return. It will not reflect any amendments, adjustments to the original filing or duplicate filings. |
| Business Results | Measures both quality and quantity. (Quality) -To do quality work by identifying the needs and characteristics of the customer, and utilizing programs, products and processes to carry out the mission of the Service. (Quantity)- To utilize numeric measures focusing on identifying and taking appropriate actions to improve performance and diagnosing the underlying factors that have influenced organizational outcomes. |
| Captive and Offshore Insurance Transactions | A group of insurance issues involving complex offshore insurance transactions. See also the Non-Life Insurance website at https://organization.ds.irsnet.gov/sites/lbi_ipg_program/nonlife/Default.aspx . |
| Case-Built File (CBF) | This folder's purpose is to be a repository for case related information that will be available to an employee working to a specific tax return. Types of items that will be included are Classification Sheets, TIG reports, SWC-C2 reports, yK1 reports, etc. As more departments discover the abilities of the Case-Built file folder, additional reports and information will be included. Case-Built files are requested through the front-line manager. |
| Case Manager | The manager who is assigned the AIMS controls of the open examination. This manager is the overall administrative owner responsible for all administrative items. This person has responsibility for the collaboration and execution of the examination plan. |
| Central Withholding Agreement (CWA) | A Central Withholding Agreement (CWA) is a tool that can help non-resident entertainers and athletes who plan to work in the United States reduce the amount of tax withholding to be more in line with their annual projected tax liability. A CWA is a contract between the athlete or entertainer, the withholding agent of the athlete or entertainer, and the Internal Revenue Service. |
| Certified Public Accountant (CPA) | A Certified Public Accountant is any person who is duly qualified to practice as a CPA in any state, possession, territory, commonwealth or District of Columbia. Headquarters Management and Finance's Training group provides support for Continuing Professional Education (CPE) for CPAs in LB&I. |
| Chief Counsel Advice (CCA) | Chief Counsel Advice is written advice or instruction that conveys legal interpretations or positions of the Service or the Office of Chief Counsel concerning existing or former revenue provisions. Chief Counsel Advice is written by any national office component of the Office of Chief Counsel to Chief Counsel field offices or Service field offices. These documents are not definitive statements of Service position and may not be used or cited as precedent in resolving cases. |
| Closing Agreement Form 906 | A closing agreement (Form 906) is an agreement between the taxpayer and the Service concerning the final disposition of an issue or tax liability. |
| Collateral Subject Matter Expert (SME) | A Collateral Duty SME will allocate less than 25% of his/her time on the SME assignment to an Issue Practice Group. A Collateral SME will have the opportunity to perform any or all of the same duties as a full-time subject matter expert. |
| Communications and Liaison (C&L) | Communications and Liaison(C&L) serves LB&I with world class communications and stakeholder relationship management support. C&L coordinates with IRS Media Relations on questions from reporters and press events, facilitates exchanges of ideas with external stakeholders and maintains the LB&I internal and external web sites. See http://msb.irs.gov/hq/cl/index.asp . |
| Competent Authority | A tax treaty, tax information exchange agreement (TIEA), or an intergovernmental agreement (IGA) is administered and interpreted by the competent authority for each country that is a party to it. The Deputy Commissioner, International, as the U.S. competent authority, discharges these functions for the United States, exercising his/her interpretative authority only with the concurrence of the Associate Chief Counsel (International). See Delegation Order 4-12 (Rev. 2) at IRM 1.2.43.12. |
| Competent Authority Arrangement | The Intergovernmental Agreement (IGA) provides for the execution of a competent authority arrangement under the MAP provisions of the treaty to establish the procedures for the automatic exchange obligations in the IGA, follow-up requests for information, and procedures to address IGA compliance and enforcement matters, including minor errors and significant non-compliance. |
| Compliance Assurance Process (CAP) | Compliance Assurance Process (CAP) is a compliance review approach that allows the Service to work with taxpayers to ensure compliance with tax laws through real time monitoring, review and issue resolution prior to filing their return. See the CAP website at http://msb.irs.gov/hq/pftg/CAP/index.asp . |
| Compliance Data Environment (CDE) | Compliance Data Environment (CDE) is a system that replaced the Midwest Automated Compliance System (MACS). It is a workload identification, planning and delivery system that operates in a web-based environment used to filter, order, classify and deliver returns. |
| Compliance Initiative Projects (CIP) | Compliance Initiative Projects (CIPs) are any activities involving contact with specific taxpayers within a group, using either internal or external data to identify potential areas of noncompliance within the group, for the purpose of correcting the noncompliance that meets the mission, standards and resources of the Service (IRM 4.17.1.2). See the CIP website at http://msb.irs.gov/hq/pqa/3/CIP/compliance_initiative_project_pr.asp . |
| Computer Audit Specialist (CAS) | An audit specialist who provides comprehensive computer support for LB&I cases by interfacing with the taxpayers' computerized accounting systems. The CAS program resides in the Western Compliance Practice Area. See http://msb.irs.gov/hq/fs/cas/index.asp . |
| Conflict of Interest | A conflict of interest exists if a team member or a manager's personal relationship(s) or private interest(s) (usually of a financial or economic nature) conflict, or raise a reasonable question of conflict with their public duties and responsibilities. Policy Statement P-4-6 (see IRM 1.2.13.1.4) prohibits revenue agents from examining or surveying a tax return if a relationship impairs impartiality. See IRM 4.46.3.1.4.1. |
| Content Management and | Content Management and Collaboration (CMC) is a comprehensive classification system that supports a flexible, yet well-defined, business process developed as a substitute for the Compliance Management System (CMS) once used by both LB&I Electronic Classification System (LECS)/LB&I Workload Identification System (LWIS) and CMS user groups. CMC is an integrated business process capitalizing on the similarities between LECS/LWIS and CMS |

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| Collaboration (CMC) | and providing flexibility where dissimilarities exist between the two systems. Initially created as a platform to support Compliance Management Operations (CMO), this system is now employed in the delivery of all LB&I cases delivered through LWIS. |
| Continuing Professional Education (CPE) | CPE offers various courses that give participants an opportunity to maintain technical competence, expand tax law knowledge, learn new skills and stay current on tax law changes. LB&I's CPE program is committed to providing quality and timely CPE training to agents. CPE is administered by the Learning and Education function in the Office of Resource Solutions. |
| Coordinated Industry Case (CIC) | Any case assigned to LB&I where the taxpayer and its effectively controlled entities warrant the application of team examination procedures. Cases normally have 12 or more points as defined by the criteria found in IRM 4.46.2. |
| Criminal Investigation (CI) Coordinator | The special agent designated to coordinate and interact with LB&I. The CI coordinator has the responsibility for assisting LB&I by supplying information gathered by CI. |
| Criminal Investigation (CI) Division | Criminal Investigation is the law enforcement arm of the IRS. Criminal Investigation (CI) serves the American public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes such as tax fraud and money laundering. |
| Cross Border Activities Practice Area (CBAPA) | The Cross Border Activities practice area provides complex tax administration services primarily related to inbound and outbound international issues while providing ad hoc services related to other international issues such as transfer pricing, advance pricing mutual agreements, and treaty related activities, to meet the needs of large and mid-sized businesses with international activity. |
| Currency | Currency is one of LB&I initiatives to improve employee and taxpayer satisfaction, and to enhance examination efficiency. Currency for CIC audits means that the last two filed return years are in opened, closed, surveyed, merged or decontrolled status. |
| Customer Satisfaction | Customer satisfaction is one of the three balanced measures. The primary measurement data comes from customer surveys. The goal of the customer satisfaction element is to provide accurate and professional services to internal and external customers in a courteous, timely manner. |
| Cycle Time | Cycle time refers to the time for completing the examination and disposition of income tax returns. It is used as a diagnostic indicator that measures the open year average age in months of returns that are under examination. |
| Decision Point (Issue Timeline) | An ongoing collaborative process and/or specific points in the issue timeline where an issue team conducts a risk assessment of an issue to determine whether to continue the examination of the issue or to discontinue it. |
| Delegation Order | A formal numbered document that places authority in the position(s) where actual operational responsibility resides. It delegates authority to a certain level of management to execute given procedures. See IRM 1.2.40 through IRM 1.2.54. |
| Delegation Order 4-24 | <i>Settlement Offers and Closing Agreements in (CEP) CIC Cases Where Appeals has Effected a Settlement.</i> See IRM 1.2.43.22. |
| Delegation Order 4-25 (Rev. 2) | <i>Settlement Offers, Closing Agreements, and Settlement Agreements under Section 6224(c) in Cases with Technical Advisor (TA) Program Issues and Appeals Technical Guidance Program (Compliance Coordinated and Appeals Coordinated) Issues.</i> See IRM 1.2.43.23. |
| Director of Field Operations (DFO) | An LB&I executive who supervises territory managers within his/her area of responsibility. |
| Disclosure Office | Disclosure Offices provide technical advice, training and administrative guidance regarding disclosure and privacy issues. They also coordinate demands for testimony and process Court Orders. Disclosure Managers prepare authorized responses to requests under IRC 6103, the Freedom of Information Act and the Privacy Act. Disclosure Managers also sign transmittals of documents to city, state and federal agencies. See the Disclosure website at http://discl.web.irs.gov/Default.asp . |
| Division National Partnering Council (DNPC) | Division National Partnering Council (DNPC) is a formal leadership group that fosters a collaborative relationship between LB&I and NTEU. DNPC is designed to ensure that the divisions' partnering principles are aligned with the Commissioner's modernization principles and embedded in the way decision making and day-to-day business practices are conducted in the new IRS. |
| Early Referral to Appeals (ERA) | A process in which LB&I and Appeals work simultaneously to resolve cases more expeditiously by having developed unagreed issues in an open audit referred to Appeals while the remaining issues continue to be worked by the revenue agent/examination team. See Rev. Proc. 99-28, 1999-2 C.B. 109. |
| E-Commerce | Electronic commerce covers a wide array of commercial activities carried out on the Internet. These include on-line trading of goods and services, electronic fund transfers, online trading of financial instruments and products, and electronic data interchange within and among companies. See http://msb.irs.gov/hq/fs/economist/information_resources/resources/techissueecom.asp for more information. |
| Economist | An economist is a specialist with specific expertise and experience in analyzing and determining the appropriate economic price/value based on like transactions between an unrelated buyer and seller for transactions affecting the profits/losses reported by a taxpayer. Economists are part of the Treaty and Transfer Pricing Operations practice area. |
| EEO & Diversity Advisory Council – LB&I | A council that serves in an advisory capacity to the LB&I Commissioner and Deputy Commissioner on EEO and Diversity issues. |
| Effectively Controlled Entities | Entities where more than 50% of a corporation's stock is directly or indirectly owned by the taxpayer under examination. Additional factors are discussed in IRM section 4.46.2.6. |
| Electronic Freedom of Information Act (E-FOIA) | The Electronic Freedom of Information Act (E-FOIA) amendments provide for public access to information in an electronic format and for the establishment of electronic FOIA reading rooms through agency FOIA sites on the Internet. The IRS has established a primary source of FOIA-related information on IRS.gov. See http://msb.irs.gov/hq/pqa/Post-filing/IMD_Legal_Requirements1.asp for more information. |
| Employee Satisfaction | Employee satisfaction is one of the three balanced measures. The primary measurement comes from employee surveys conducted by outside consultants to provide an enabling work environment by providing quality leadership, adequate training and effective support services to foster an ongoing partnership between the agency and employees. |
| Employee Suggestions | A program where employees may submit suggestions to improve IRS performance. The suggestions are assigned to responsible parties and evaluated. The employee may receive an award based on the evaluation. |
| Employee User Portal (EUP) | The EUP will assist field agents who need access to electronically filed returns prior to them being available on the LB&I Image Network (LIN). It will also grant agents access to e-filed return data through the Return Request and Display (RRD) Subsystem. This process eliminates the need to view e-filed tax return data on the Tax Return Database (TRDB) through the Integrated Data Retrieval System (IDRS). Special EUP roles have been created that determine the user's right to access the application. Access to RRD through the EUP is subject to UNAX rules. See the EUP website at http://msb.irs.gov/hq/bsp/modernized_efile.asp . |
| Employment Tax Specialist | An audit specialty directed by Small Business/Self-Employed Division with expertise in employment tax returns and related issues. See the Employment Tax website at http://mysbse.web.irs.gov/examination/specialty/et/default.aspx . |
| Engineer | A specialist providing expertise on numerous technical issues including Research Credit, Depreciation, Depletion and Valuation to LB&I and other operating divisions as warranted. Engineers have backgrounds in various Engineering disciplines (i.e. Petroleum, Mechanical, Computer Science, Civil and Chemical) and some are certified/licensed in Business and Real Estate Appraisal. |
| Estimated Completion Date (ECD) | Estimated completion date is the date the case is expected to close out of exam as indicated in the status code of 80 (case is in Nondocketed Appeals) or 90 (Closed, Computer generated) in the Examination Returns Control System (ERCS). Caution: Case and/or issue timelines should reflect processing time for preparing rebuttals if the case is unagreed, and the administrative processing, including examples like JCC and TEFRA procedures from the time the case leaves the group until it reaches the closed status. |
| Ex Parte | Revenue Procedure 2012-18 provides for the prohibition of certain ex parte communications that take place between Appeals and another Service function without the participation of the taxpayer or representative, to the extent that such communications appear to compromise the independence of Appeals. |
| Examination History Record - Form 5698 | Form 5698 is a spreadsheet showing the examination history by individual entity for the past 10 years. It is used in planning examinations to determine if a survey (cycling) is appropriate on an entity-by-entity basis. |
| Examination Operations Automated | EOAD provides data that tracks examination results by issue. This data is used to enhance the ability to identify specific areas of non-compliance based on examination results and track the effectiveness of the examination classification process. This database is also used to share audit results with states and |

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| Database (EOAD) | municipalities. |
| Examination Plan - Form 4764 | Form 4764 is a written document for each LB&I CIC case containing agreements with the taxpayer, information for Service personnel, work assignments, audit procedures, time estimates and special instructions. |
| Examination Plan - Form 4764-IC | Form 4764-IC is a written document between LB&I personnel and taxpayers to be followed in the examination process used during the examination of Industry Cases only. |
| Examination Returns Control System (ERCS) | ERCS is an automated inventory management system used to requisition tax returns, assign returns to examiners, change codes such as status and project codes, and charge time. ERCS can be used to control work that is not controlled on the Audit Information Management System (AIMS), such as preparer penalties. ERCS also provides real-time information in the form of screens and reports for LB&I and SBSE Examination groups, Planning and Special Programs (PSP), Centralized Case Processing (CCP), Technical Services (TS), SB/SE Examination and LB&I Quality Measurement Staff, and National Quality Specialty Review. |
| Examination Span | Lapsed time from the transaction code 150 posting to status code 80 or above. The examination span is planned so that no more than the two most recent tax periods remain unstarted. |
| Examining Officer's Activity Record - Form 9984 | Form 9984 is used by field examiners to record all case processing actions. This form may be used to record delays in processing or to record daily time applications in order to comply with issue tracking requirements. |
| Exchange of Information (EOI) | The Exchange of Information (EOI) Program Office administers and coordinates all exchanges of information under tax treaties, tax information exchange agreements (TIEAs), and FATCA intergovernmental agreements (excluding exchanges relating to transfer pricing and mutual agreement proceedings coordinated by the Advance Pricing and Mutual Agreement (APMA) program and the Treaty Assistance & Interpretation Team (TAIT)). Programs coordinated by EOI include specific spontaneous, and automatic exchanges of information, IRS involvement in Mutual Legal Assistance Treaty (MLAT) requests received from foreign authorities, the Simultaneous Examination Program (SEP), the Simultaneous Criminal Investigation Program (SCIP) and Mutual Collection Assistance Requests (MCARs). See http://msb.irs.gov/international/dir_treaty/eoi_overseas/eoi/index.asp . |
| Excise Tax Specialist | An excise tax specialist provides expertise on taxes levied on a wide variety of goods, services and activities. They may be imposed at the time of sale by the manufacturer, sale by the retailer, or use (by the consumer). Many of these taxes are set aside into trust funds earmarked for related capital projects, such as, highway and airport improvements. Excise taxes are independent of income taxes. The Excise Tax program is part of the SB/SE Division. See the Excise Tax website for more information. http://msbse.web.irs.gov/examination/specialty/excise/default.aspx . |
| Expatriate | For individual income tax purposes, expatriate means an individual who has renounced one's native land or allegiance to one's homeland (refer to IRC 877/877A), rather than an individual who has taken up residence in a foreign country. |
| External Liaison | Staff in LB&I's C&L function with responsibility for Federal/State contacts, Governmental Liaison, Disclosure and Safeguards, Stakeholder Relationship Management (SRM), and Legislative Affairs. See the External Liaison resource page at http://msb.irs.gov/hq/cl/new_liaison/liaison_resource_new.asp . |
| Fast Track Settlement (FTS) | An Alternative Dispute Resolution tool that expedites the consideration of unagreed issues by Appeals. Examination teams must consider referral to FTS whenever a taxpayer indicates disagreement on a Form 5701 (Notice of Proposed Adjustment). See the FTS web site http://msb.irs.gov/hq/pqa/Post-filing/pfa_fast_track_home.asp . |
| Federal Records Center | The depository for LB&I case files. All files must be retired to the Federal Records Center 4 years after the date of closing and should be destroyed 15 years from the date of closing. |
| Federal/State Coordinator | The Federal/State Coordinator in LB&I C&L has overall responsibility for coordinating Federal/State issues within LB&I and serves as the principal liaison between LB&I and National Governmental Liaison. See the Fed/State Resource Page at http://msb.irs.gov/hq/cl/new_liaison/fed_state.asp . |
| Financial Accounting Standards Board Interpretation No. 48 (FIN 48) | Accounting Standards Code 740, formerly known as Financial Accounting Standard (FAS) 109, and Financial Accounting Standards Board Interpretation No. 48 (FIN 48) of FAS 109 is intended to eliminate inconsistency in accounting for uncertain tax positions in financial statements certified in accordance with U.S. GAAP. FIN 48 mandated new rules for recognition, de-recognition, measurement and disclosure of all tax positions. A business may recognize an income tax benefit only if it is more likely than not that the benefit will be sustained. The amount of benefit recognized is based on relative probable outcomes. See the FIN 48 website at http://msb.irs.gov/hq/srp/FIN48/index.asp . |
| Financial Products Specialists (FPS) | Financial Products Specialists (FPS) are revenue agents who specialize in the taxation of financial instruments and financial transactions. FPS participate as a team member in the examination process, by examining the financial product transactions that a taxpayer may have undertaken. See the Financial Products website at http://msb.irs.gov/hq/fs/financial_products/index.asp . |
| Focus Guide | A reference sheet (Document 11809) providing concise, high-level direction to front-line managers and technical employees with overviews off LB&I's program priorities, guiding principles and staffing. |
| Foreign Account Tax Compliance Act (FATCA) | The Foreign Account Tax Compliance Act (FATCA) became law in March 2010. Its goal is to increase the income tax compliance of U.S. taxpayers holding foreign financial accounts and other offshore assets by introducing new reporting requirements for both U.S. taxpayers and foreign financial institutions. |
| Foreign Bank Account Report (FBAR) | Foreign Bank Account Report (FBAR) is an information return required to be filed by a U.S. Person who owns or has signature or other authority over foreign financial accounts worth over \$10,000 in any calendar year. |
| Foreign Banks | Foreign banks generally operate through a permanent establishment (PE) in branch form. The branch in the U.S. is taxed on effectively connected assets and the related liabilities to the U.S. scaled down from the bank as a whole. In addition, foreign banks comply with withholding taxes (Branch Level interest Tax and Branch Profits Tax). These taxes are computed and filed on Form 1120F. |
| Foreign Based Books and Records | Taxpayers maintaining books and records outside the United States must substantiate their transactions as if such records were maintained within the United States. See IRM 4.61.2. |
| Foreign Financial Institution (FFI) | Under FATCA, the term "foreign financial institution" has the meaning set forth in Treas. Reg. 1.1471-1(b)(47), and Treas. Reg. 1.1471-5(d). |
| Foreign Payments Practice (FPP) | The Foreign Payments Practice is an integrated withholding tax compliance program that encompasses FATCA implementation, Refund Withholding, and the Financial Intermediaries Program. FPP also has a nationwide cadre of specially trained withholding international examiners and a Program Office responsible for strategy, planning, analysis and training. |
| Formal Document Request | A formal document request is an administrative document used to gather information from abroad. IRC 982 provides that if a taxpayer fails to comply with a formal document request arising out of the examination of the tax treatment of any item within 90 days after the mailing of the request by the Secretary, then the taxpayer shall be prohibited from introducing into evidence any foreign-based documentation covered by the request in a civil proceeding in which the tax treatment of the examined item is at issue. |
| Fraud Coordinator Program | The fraud coordinator program is a staff function that coordinates all fraud activities within LB&I and acts as the liaison with our division partners in SB/SE, CI, Counsel and all specialty tax areas. The coordinator's role in LB&I is to inform and educate all LB&I employees on fraud detection and case development. |
| Global High Wealth (GHW) | The Global High Wealth practice area focuses on compliance risks of high wealth individuals and the enterprises they control. GHW is part of the Western Compliance practice area. http://msb.irs.gov/industries/ghw/ |
| In-Depth Probe | A penetrating review of a selected account, activity or transaction to determine its proper reporting for tax purposes. The examination may include any number of other issues. |
| Industry Case (IC) | Any case within LB&I that has not been defined as a Coordinated Industry Case. IC cases typically have activity codes 219 to 227. |
| Industry Issue Resolution (IIR) | IIR resolves frequently disputed or burdensome tax issues that affect a significant number of business taxpayers through published guidance. Under IIR, IRS solicits suggestions for issues that need guidance from industry associations, practitioners and individual taxpayers. A resolution team of IRS, Chief Counsel and Treasury Department personnel is assembled to analyze relevant information and recommend published guidance for issues selected for the program. |
| Information Document Request (IDR) - Form 4564 | Form 4564 is used by examiners to request information from taxpayers during examinations. |
| Information Document Request (IDR) Enforcement Process | The IDR enforcement process is a formal process to handle general and delinquent IDRs during the examination process. See IRM 4.46.4.5. |

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| Integrated Data Retrieval System (IDRS) | IDRS is a system that enables authorized IRS employees to have instantaneous visual access to certain taxpayer accounts. IDRS provides access to twelve different data files. The data files most commonly accessed by LB&I employees are: Audit Information Management System (AIMS), Key Index File (KIF), IRS Individual Taxpayer Identification Number (ITIN) and the Taxpayer Information File (TIF). Additional information and definitions are found in the Document 6209 (as revised). |
| Inter-American Center of Tax Administrations (CIAT) | The Inter-American Center of Tax Administrations (CIAT) is an international public non-profit organization created in 1967 with the aim of providing an integral service to the modernization of the tax administrations of its member countries' promoting the evolution, social acceptance and institutional strengthening thereof. CIAT was founded in Washington, DC and the United States is its founding member. |
| Intergovernmental Agreement (IGA) | An IGA is an executive agreement (not ratified) with a foreign jurisdiction that facilitates the effective and efficient implementation of FATCA. |
| Internal Management Documents (IMD) | An internal management document (IMD) is any official communication of IRS policies, instructions to staff, guidelines or procedures. Common examples are the IRM, Delegation Orders, Policy Statements, management directives and other documents, many of which must be published to IRS.gov to comply with E-FOIA rules. http://lmsb.irs.gov/hq/pqa/Post-filing/IMD_Home.asp |
| International Examiner (IE) | An International Examiner (IE) provides expertise in the area of global taxation. IEs collaborate with Revenue Agents and other Specialists to plan and conduct international aspects of examinations. |
| International Individual Compliance (IIC) | International Individual Compliance develops strategies and conducts examinations with respect to U.S. citizens engaged in cross-border transactions or residing abroad, U.S. resident aliens, and non-resident aliens with U.S. activities or investments. IIC plans, develops, directs and implements comprehensive tax administration programs, including the Offshore Voluntary Disclosure Program (OVDP) and the Campus Compliance Unit (CCU). |
| IIC Campus Compliance Unit (CCU) | The primary goal of the Campus Compliance Unit (CCU) in IIC is to increase coverage of international tax return filings or international tax issues reported or underreported on Form 1040, Form 1040NR and/or Form 1040 PR. The CCU also works closely with Submission Processing and Criminal Investigation to expediently address emerging schemes involving international tax returns, tax preparers, or tax issues, and supports international initiatives relative to individual taxpayers to facilitate early resolution of cases without field involvement. The CCU is located in Austin, TX and Philadelphia, PA. |
| Issue Based Management Information System (IBMIS) | The Issue Based Management Information System (IBMIS) is a software program used to prepare reports from a variety of LB&I and IRS databases including AIMS and IMS. http://lmsb.irs.gov/hq/bsp/IBMIS/IBMIS_User.asp |
| Issue Discussion Meetings | The issue discussion meeting(s) is conducted with the taxpayer after the internal planning meeting has been conducted and the initial risk analysis has been prepared. Large or complex cases may require multiple issue discussion meetings. The purpose is to identify issue team members, establish examination procedures and develop a timeline specific to each issue. |
| Issue Management System (IMS) | The Issue Management System (IMS) is a computer application for agents, specialists, international examiners, managers and others. It supports existing and new examination processes, including the Compliance Assurance Process (CAP). IMS consists of a laptop application and a centralized data repository. The laptop application provides the tools to support planning, selection and examination. The centralized data repository feature allows LB&I to better capture issue information. http://lmsb.irs.gov/hq/bsp/IMS/ims_home.asp |
| Issue Manager | The designated manager who is a part of the Issue Team and is responsible for monitoring and maintaining the progress of the specific tax issue assigned to the Issue Team. The case manager may also be the issue manager. The Issue Manager should be designated based on his or her experience with the specific tax issue selected. |
| Issue Resolution Tools (See Alternative Issue Resolution Strategies) | Issue Resolution Tools provide alternative dispute resolution methods such as Accelerated Issue Resolution (AIR), Early Referral to Appeals (ERA), Fast Track Settlement (FTS), Rapid Appeals Process (RAP) and Pre-Filing Agreement (PFA). http://lmsb.irs.gov/hq/pftg/pfts/downloads/irt/irt.asp |
| Issue Team | An Issue Team is a collection of team managers, team members, and taxpayer personnel gathered together for the purpose of planning, executing and resolving a specific tax issue within the overall case examination. Depending upon the complexity of an issue, an Issue Team could range from an agent, case manager and taxpayer to multiple agents, specialists, managers and taxpayer staff. |
| Issue Timeline | An issue timeline is for a specific tax issue. The issue timeline is developed collaboratively in the planning phase and incorporates execution and resolution events including decision points as well as the availability of issue team. The issue timelines should drive the overall case ECD. |
| Joint Committee Case (JCC) | A Joint Committee Case generally involves refunds or credits in excess of \$2 million (effective December 19, 2014, \$5 million for C Corporations). A refund or credit subject to Joint Committee Review (JCR) can arise from either an examination or an unpaid claim (typically unpaid refund from a Form 1120X or 1040X.) Tentative allowances under IRC 6411 are issued before reporting to the JCT. A determination as to the correct amount of the carryback may be made prior to preparation of the Joint Committee Report Examiners and managers are responsible for identifying all Joint Committee cases, ensuring all returns, both source and carry-back years, have project code 0077 on ERCS/AIMS, and ensuring all agreed and surveyed JCCs are reviewed by JCR. See IRM 4.36.2, IRM 4.36.3, the Joint Committee website at http://lmsb.irs.gov/hq/pqa/4/home.asp and the netting spreadsheet for help in identifying JC cases |
| Key Case | The case designated as the controlling taxpayer and tax period within a group of entities. One of the major objectives of LB&I is the concurrent consideration of the key case and all related returns under one team manager. The team manager becomes responsible for all examination activities of all entities comprising the key case. |
| Large Corporation Technical Unit (LCTU) | The purpose of the Large Corporation Technical Unit (LCTU) Program is to provide assistance to taxpayers and revenue agents, to help clarify and resolve account-related issues to corporations with continuous tax issues. See the LCTU Information & Procedures Home Page at http://lmsb.irs.gov/hq/pqa/3/LCTU/large_case_technical_unit_inform.asp |
| Large, Unusual and Questionable Items (LUQ) | Depends on the revenue agent's perception of the return as a whole and the separate items that comprise the return. Some factors to be considered when identifying LUQs are: <ul style="list-style-type: none"> A. Comparative size of item B. Absolute size of the item C. Inherent character of the item D. Evidence of intent to mislead E. Beneficial effect of the manner in which an item is reported F. Relationship to other items G. Whipsaw issues H. Automatic adjustments I. Missing items |
| LB&I Compliance Plan | The LB&I Compliance Plan is used to communicate LB&I's operating priorities and compliance objectives, including the allocation of resources needed to achieve these priorities and objectives. |
| LB&I Electronic Classification System (LECS) | The LB&I Electronic Classification System (LECS) is a process to allow classifiers to perform a quick remote classification of 1120S and 1065 inventory as needed. LECS is a database system which houses 1120S and 1065 returns that are available for classification. LECS will provide a pro-active quality classification process to integrate with existing workload delivery platforms. Classification will be performed as needed, in conformity to the yearly compliance work plan and classification plan. Classification issue data will be captured and provided to revenue agents as part of the LWIS (defined below) assignment process. http://lmsb.irs.gov/hq/pqa/3/LECS/LMSB_Electronic_Classification_System_Gateway.asp |
| LB&I Examination | The LB&I Examination Process (LEP) is a systematic approach for engaging and involving taxpayers in the exam process, from the earliest planning stages |

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| Process (LEP) | through resolution of all issues and completion of the case. |
| LB&I Imaging Network (LIN) | The LB&I Imaging Network (LIN) captures images of paper filed Forms 1120 and 1120S returns as well as e-filed returns maintained in XML formats.. LIN is a component of the Statistics of Income Distributed Processing System (SOI DPS). http://msb.irs.gov/hq/pqa/3/LIN/LIN_Home.asp |
| LB&I Workload Identification System (LWIS) | The LB&I Workload Identification System (LWIS) is used by PSP analysts to identify and order returns for team managers for 1120, 1120F, 1120L, 1120PC, 1120S and 1065 returns on an as needed basis, resulting in the delivery of just in time inventory for LB&I. http://msb.irs.gov/hq/pqa/3/LWIS/msb_workload_identification_sys.asp |
| LB&I Quality Measurement System (LQMS) | A quality assessment process that serves as the quality measurement tool for Business Results. This process focuses LB&I management on results and improvement opportunities as a daily business practice. |
| Manager Settlement Authority | Manager settlement authority is provided by Delegation Order 4-24 and Delegation Order 4-25 . DO 4-24 provides the authority to accept Settlement Offers where Appeals has effected a settlement with a taxpayer for the same issue on another cycle. DO 4-25 provides the authority to settle appropriate issues at the case manager level. See also IRM 4.46.5 . |
| Minimum Refund | Minimum refunds result when a taxpayer is due a net refund even if none of the unagreed issues are resolved in the taxpayer's favor. The examination team must solicit a partial agreement relating to the agreed issues. In the event the minimum refund amount exceeds \$2,000,000 (effective December 19, 2014, \$5 million for C Corporations) and the taxpayer has demonstrated agreement with the revenue agent's findings by executing the Form 870, the refund must be reported to the Joint Committee on Taxation before the unagreed issues are forwarded to Appeals. |
| Months in Process | The average amount of time in months an open return has been in status code 12. The average number of days from status code 12 to the current cycle close date multiplied by 12/365. Only returns currently in status code 12 are included in the calculation. |
| Multi-year Examinations | A multi-year examination is an examination cycle including two or more years. |
| Mutual Agreement Procedure (MAP) | Mutual Agreement Procedure (MAP) provisions are designed to assist taxpayers in obtaining benefits under tax treaties. In presenting the U.S. position to (and in negotiating with) a treaty partner, the U.S. Competent Authority relies on a well-developed MAP Report. All bilateral treaties contain Mutual Agreement Procedure articles with the intent to resolve international tax disputes. These disputes not only involve cases of double taxation but also inconsistencies in the interpretation and application of tax conventions. |
| Notice of Proposed Adjustment (NOPA) Form 5701 | Form 5701, <i>Notice of Proposed Adjustment</i> is used to summarize proposed adjustments to the taxpayer. Forms 886-A, <i>Explanation of Items</i> , are used to present the entire explanation and are included as attachments to Forms 5701. |
| Office of Chief Counsel | The independent legal counsel for the Internal Revenue Service. Its mission is to provide correct and impartial interpretations of the internal revenue laws and provide legal advice and representation for the Service. Associate Office Counsel and Area Counsel are part of the Office of Chief Counsel. |
| Offshore Voluntary Disclosure Program (OVDP) | The OVDP is a special program to allow taxpayers to disclose their offshore assets to the government. See the IIC Offshore Voluntary Disclosure Program website at http://msb.irs.gov/international/dir_compliance/campus_unit/OVDI.asp . For related resources on IRS.gov see http://www.irs.gov/Individuals/International-Taxpayers/Offshore-Voluntary-Disclosure-Program . |
| One-Case Concept | The concept that all components of an LB&I case remain together throughout the examination process under the control of the case manager. Exceptions may arise for returns that are not controlled by the case manager. This may include employment tax returns that are not controlled by LB&I. |
| One-Stop Service | The resolution of issues during the taxpayer's initial contact or as a direct result of that contact. One-stop service complements and promotes the Service's three key objectives: reduce taxpayer burden, improve voluntary compliance and improve customer satisfaction and quality-driven productivity. Service employees will take the necessary steps to provide one-stop service in all types of contacts initiated by the taxpayer whether the contact is by telephone, correspondence or face-to-face. |
| Opening Conference/Opening Meeting | The opening conference/opening meeting is the first formal meeting with authorized employees or corporate officers of the taxpayer. The main purpose of the meeting is for the exam team and taxpayer to have an interactive dialogue about their respective roles in the LB&I Examination Process. The exam team should ensure the taxpayer understands how the examination process will proceed from the beginning to the end. Additionally, the meeting's purpose is to summarize agreements on coordination and accommodations, and to discuss the general scope and depth of the examination. |
| Organization for Economic Co-operation and Development (OECD) | The OECD is an organization of 34 member countries committed to democracy and the market economy. It provides a forum where governments can work together to share experiences and seek solutions to common problems. One of the OECD's goals is to ensure transparent and fair tax systems. The IRS and Treasury Department send delegates to participate in various groups that address global tax issues. The OECD works with non-member countries as well as other non-governmental organizations to promote its mission. |
| Outside Expert | Individuals who are not employees of the Internal Revenue Service who provide specialized assistance in return for monetary compensation. Generally, they possess a high degree of knowledge, skill and experience in specific subject areas. |
| Overall Cycle Time | Overall Cycle Time is defined as the average number of months from file date to completion of the examination process for all IC and CIC returns closed during the prior twelve months. |
| Planning File (CIC) | A collection of information that would benefit subsequent examination teams. It is maintained on site and information is added to it throughout the cycle. The examination plan should contain instructions about the maintenance of the planning file. |
| Planning Meeting | A meeting (or series of meetings – sometimes called strategy meetings) that is held by the case manager with specialist managers and the examination team during the initial phase of the planning process. Its purpose is to review all available information and make decisions about the scope and depth of the examination. |
| Policy Statement | Published "Service Policies" are major decisions of the Commissioner, Deputy Commissioners, Chiefs and Directors within the framework of basic tax administrative policies of Treasury and Congress. These "Service Policies" govern and guide Service personnel in the administration of the internal revenue laws. Policy statements are organized in IRM 1.2 by business process. See the Policy Statement web page at http://irm.web.irs.gov/ind/ps/ for access to the IRM 1.2 series. |
| Post-Appeals Conference | A conference held on cases after final disposition by Appeals. The purpose of the post-closing conference is to discuss the settlement reached and its subsequent impact on the taxpayer. |
| Post-Examination Critique | A meeting held with the examination team and taxpayer after a cycle closes to discuss the effectiveness of the audit. The objective of the critique is to establish the groundwork for improving the quality of subsequent examinations. |
| Practice Area | A practice area is a group of employees organized together to focus on one of more areas of expertise. |
| Pre-Appeals Conference | A meeting of LB&I team managers, agents, taxpayers/representatives and Appeals before the Appeals process begins. The conference is to discuss the issues, taxpayer's protest and the audit team's written response to the protest. According to Rev. Proc. 2012-18 which prohibits ex parte communications for pre-conference meetings, the taxpayer/representative must be given an opportunity to participate. |
| Pre-Filing Agreement (PFA) | The Pre-Filing Agreement (PFA) program enables taxpayers to request consideration of tax issues before filing a return. Both taxpayers and the Internal Revenue Service (IRS) work together to resolve potential disputes earlier in the pre-filing process instead of during post-filing examinations. See Rev. Proc. 2009-14. |
| Preliminary Examination Work | The preliminary examination of records to validate decisions made during the risk analysis phase and to select issues to be included in the examination plan. It gives revenue agents a basis for developing audit procedures for each assigned area of responsibility. |
| Preliminary Meetings | Taxpayer involvement may begin with a series of preliminary meetings prior to the opening conference, depending on the size and complexity of the audit. The purpose of these meetings is to plan the examination in a cooperative manner with the taxpayer to insure the best use of both parties' resources. |
| Preliminary Risk Analysis | The first step in the planning process is to perform a preliminary risk analysis to determine if the case is worthy of examination. . This preliminary analysis may indicate a situation where a survey would be appropriate. Consideration should be given to examining a more current year if the initial analysis so indicates. |
| Quality and Special Projects (QSP) | Quality and Special Projects is a program dedicated to assessing case quality, identifying best practices and providing recommendations for quality improvement. |
| Rapid Appeals Process (RAP) | Rapid Appeals Process (RAP) is an Appeals process that is similar to Fast Track Settlement (FTS) except the case remains in Appeals' jurisdiction and is designed to be completed in one meeting. It helps reduce cycle time and increases LB&I's involvement in the traditional Appeals process while maintaining Appeals independence. It's available for cases worked by Appeals Team Case Leaders (ATCLs). LB&I and the taxpayer must agree to participate and can withdraw at any time. See the Rapid Appeals Process website at http://appeals.web.irs.gov/atcl/RAP/RAPdefault.htm for more information. |

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| Record Retention Limitation Agreement | A formal agreement between the Service and taxpayers subject to mandatory record retention requirements specifying that the taxpayer must retain all machine-sensible records generated by all automated data processing systems unless the CAS Territory Manager has consented to limit the retention to certain specific records. |
| Risk Analysis | The process of comparing the potential benefits to be derived from examining an issue to the resources required to perform the examination. Risk analysis is an integral part of the planning process to ensure the efficient and effective use of resources and should be based on experience, judgment and objective analysis. |
| RTVUE | One of several IDRS command codes available in Corporate Files On-Line (CFOL) used to display or print line items transcribed from the Forms 1040 series and their accompanying schedules and/or forms as the returns are processed at the campuses. It will not reflect any subsequent adjustments or amended returns. |
| Saba Meeting (formerly Centra) | An interactive software tool used for conducting Continuing Professional Education (CPE) and non-CPE training and other group communications. |
| Secure Email | LB&I Secure Email uses a feature of Microsoft Outlook and IBM Lotus Notes to encrypt email messages and attachments, allowing IRS to exchange sensitive but unclassified (SBU) data with other Secure Email users - including taxpayers and representatives. |
| Selection Workload Classification C-2 (SWC-C2) | SWC-C2 is a data driven system designed to identify possible areas of risk based primarily upon line items from return filings. Rules are programmed to look at various data including values from the tax return, the presence of certain reported items across different forms, trends (i.e. comparisons of multiple years), and ratios of line items to one another. As tax forms change and incorporate new line items, rules can be modified. Feedback from the customer will be used to create new or improve existing rules and reports. |
| Simultaneous Examination Program | A program under which the Service and the tax administration of a treaty partner agree to coordinate their examinations of related taxpayers in their respective jurisdictions. |
| Skip-cycle Examinations | Skip-cycle examinations are when an examination cycle is skipped. The option of skipping a year or more in order to get current may always be considered. The case manager would ask the taxpayer to file an amended return in order to incorporate all carryover adjustments. |
| Small Business/Self-Employed (SB/SE) Division | The Small Business/Self-Employed operating division serves roughly one-third of the overall taxpayer base. They have specialists in Excise, Estate, Gift and Employment tax, in addition to serving Schedule C, E and F filers and small corporations and partnerships. |
| Special Examination Feature | A special examination feature would be an unusual feature, such as a special project. When an in-depth probe is included in an LB&I examination plan, it is called a special examination feature. |
| Specialist | A team member with special skills or training. Examples of specialists include: Financial Products, International, Computer Audit, Engineer, Employment, Excise, Employee Plans, Exempt Organizations and Economist. Whenever "team member" is used in this IRM, the reference includes all revenue agents and specialists who may be assigned to an examination. |
| Specialist Manager | A manager supervising a team of experts within a specific area of expertise (CAS, International, Economist, Employment Tax, Engineer, Excise, Financial Products). The Specialist Manager is responsible for assigning resources to LB&I examinations based on need and availability. |
| Specialist Referral System (SRS) | <p>A totally electronic and web-enabled system used to generate referrals for the following specialists:</p> <ul style="list-style-type: none"> • Computer Audit • Economist • Employee Plans • Employment Tax (SBSE) • Employment Tax (TEGE) • Engineer • Excise • Exempt Organizations • Federal, State & Local Government (FSLG) • Financial Products • Indian Tribal Government • International • Tax Computation • Tax-Exempt Bonds <p>SRS is also used to request informal consultations with a specialist.</p> |
| Standard Audit Index Numbers (SAIN) | SAIN is a numbering system for examination workpapers. See the SAIN website at http://lmsb.irs.gov/hq/pqa/downloads_SAIN_ITAC/SAIN_Homepage.asp and IRM 4.46.6 for additional information. |
| Subject Matter Expert (SME) | <p>Subject matter experts (SMEs) are a diverse team of agents, specialists and counsel who maintain and share their sub-industry expertise in order to assist the field with technical issues. SMEs will assist the revenue agent by providing the relevant law and application of the law to the facts provided by the revenue agent. The SMEs will also provide resources that may assist the revenue agent in evaluating and developing the issue. The primary duties and responsibilities of SMEs consist of:</p> <ol style="list-style-type: none"> A. Collaborating on responses to case specific technical questions submitted from the field B. Providing technical assistance to industries and headquarters functions C. Developing training, technical guidance and audit tools D. Maintaining technical content on websites E. Assisting in decision making and issue elevation |
| Tax Computation Specialist (TCS) | A team member who specializes in determining the tax liability on LB&I cases. A TCS completes tax computations for 1120s using BNA and 1120Ss, 1065s and 1040s using RGS. In addition to preparing tax computations, the TCS also prepares Joint Committee spreadsheets and completes Section 1 of Form 2285, <i>Concurrent Determinations of Deficiencies and Overassessments in Cases Involving Restricted Interest Provisions of the Internal Revenue Code</i> . |
| Tax Exempt and Government Entities (TE/GE) | TE/GE has three major business units: Exempt Organizations (EO), Employee Plans (EP) and Government Entities (GE). Specialists include exempt organization and employee plan revenue agents, tax-exempt bond, Indian tribal government, and federal, state and local government (FSLG) specialists. |
| Tax Law Specialist – TPP (Transfer Pricing Practice) | The Transfer Pricing Practice's Tax Law Specialists assist examination teams in planning, directing, and coordinating the examination of international transfer-pricing issues. Tax Law Specialists in TPP serve as consultants and/or team members with other examination specialists, international revenue agents, counsel, appeals officers and revenue agents assigned to an examination regarding transfer-pricing issues. For the purpose of this IRM section, a tax law specialist is considered an examiner. |

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| Taxpayer Advocate Service (TAS) | The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. For more information, go to http://tas.web.irs.gov or www.irs.gov/advocate |
| Taxpayer Case Binder | A binder of information about each case controlled by the case manager. |
| Taxpayer Information Gateway (TIG) | The Taxpayer Information Gateway (TIG) provides a number of case building reports. Several years of data is provided to help analyze trends and potential issues. Examples: Reports analyzing data from Forms 1120, 1065, 851, 5471, 5472, K-1, Compustat, in year-to-year comparisons of income statement and balance sheet, book/tax analysis, percentage comparisons, ratios and more. This information is best utilized in the preaudit stage. See TIG SharePoint site for information how to obtain TIG reports. http://lmsb.irs.gov/hq/srp/TIGweb/index.asp |
| Team Coordinator (TC) | The team coordinator is the examiner who has been assigned the AIMS controls for the case. |
| Team Manager (TM) | A front line manager in LB&I who supervises LB&I employees. For the LB&I Examination Process, a team manager can also be the case and/or issue manager. |
| Team Member | A revenue agent or specialist assigned to an LB&I case. |
| Technical Advice Memorandum (TAM) | A TAM is advice furnished by an Associate Chief Counsel office in a memorandum that responds to any request for assistance on any technical or procedural question that develops during any proceeding before the IRS. See Rev. Proc. 2016-2 and successor rev. procs. (republished annually). |
| Technical Specialist (TS) | A technical specialist is a revenue agent who has developed significant expertise in a given subject area. The TS will provide the examination team with information relative to a particular subject area including industry issues or programs that will be helpful in setting the scope and depth of the audit. |
| Territory Manager (TTM) | A mid-level manager in LB&I who supervises team managers within his/her territory. |
| Time Tracking | A system for recording time by specific segment or Standard Audit Index Number (SAIN) line item for each revenue agent and specialist on the examination team. |
| Transcripts | On-line return data and master file account data that is transcribed or generated from original returns as they are processed at the submission processing sites. |
| Transfer Pricing Operations (TPO) | Transfer Pricing Operations includes two segments - Advance Pricing and Mutual Agreement Program (APMA) and Transfer Pricing Practice (TPP). APMA is responsible for negotiating advance pricing agreements with taxpayers and foreign tax administrations, and for resolving double tax cases with foreign tax administrations. The Transfer Pricing Practice assists examination teams in transfer pricing case selection and case development to ensure optimal compliance impact and the efficient resolution of transfer pricing disputes. APMA and the TPP operate as a single integrated team with a global focus and a unified strategy. |
| Transfer Pricing Practice (TPP) | The Transfer Pricing Practice (TPP) is part of the Transfer Pricing Operations (TPO). The TPP is comprised of a team of specialized transfer pricing professionals with a focus on the examination of income shifting transactions and transfer pricing issues. The TPP is responsible for providing strategic direction, technical advice, and hands-on assistance to exam teams on transfer pricing issues. |
| Treaty Assistance & Interpretation Team (TAIT) | Treaty Assistance & Interpretation Team (TAIT) has primary responsibility for U.S. Competent Authority MAP cases arising under all articles of U.S. income tax treaties other than transfer pricing and allocation cases arising under the business profits and associated enterprise articles, which are the responsibility of APMA. MAP cases and other treaty interpretation matters include, but are not limited to, articles concerning residence, dividends, interest, royalties, income from employment, social security, annuities, pensions and pension funds, other income and limitation on benefits. |
| Uncertain Tax Position Statement (Schedule UTP) | Schedule UTP requires the reporting of each U.S. federal income tax position taken by an applicable corporation on its U.S. federal income tax return for which two conditions are satisfied: A. The corporation has taken a tax position on its U.S. federal income tax return for the current tax year or for a prior tax year. B. Either the corporation or a related party has recorded a reserve (report a current year or prior year addition to Unrecognized Tax Benefits [UTB] in Income Tax Expense) with respect to that tax position for U.S. federal income tax in audited financial statements, or the corporation or related party did not record a reserve for that tax position because the corporation expects to litigate the position. An applicable corporation is one that issues or is included in audited financial statements and has assets that meet the applicable threshold for the particular tax year. Also see Announcement 2010-75 for more information. |
| Uniform Issue List (UIL) | The Uniform Issue List (UIL) is a list of codes used to track examination issues for various reports. http://lmsb.irs.gov/hq/bsp/IMS/UILFactsheet040709.asp |
| U.S Territories (preferred) or U.S. Possessions | Depending on the use, a U.S. territory means one or more of the following: <ul style="list-style-type: none"> • American Samoa • Guam • The Commonwealth of the Northern Mariana Islands • Puerto Rico • U. S. Virgin Islands |
| Wage and Investment Division (W&I) | The Wage and Investment Division is one of IRS' four main operating divisions. W&I serves taxpayers filing a 1040 tax return with no accompanying Schedules C, E, F, or Form 2106 and no international activity. http://win.web.irs.gov/ |
| Whipsaw | The term "whipsaw" refers to the situation produced when the government is subjected to conflicting claims of taxpayers. A potential whipsaw situation exists whenever there is a transaction between two parties and differing characteristics of transactions will benefit one and hurt the other for tax purposes. See Rev. Proc. 99-28, section 2.03(6) which precludes early referral of an issue to Appeals where the issue is part of a whipsaw transaction. See also IRM 8.2.3.13, <i>Whipsaw Cases</i> . |
| yK1 | yK1 is software that allows you to access a database that contains Return Transaction Files (RTF). RTF is a subset of the IRS Master File. The data is depicted visually and shows taxpayer relationships represented by linked K-1 returns (nodes and lines). The yK1 software was developed as an interactive tool to support examination teams, technical specialists and the field in investigating compliance risk. It is a collection of analytical tools specifically designed to help the IRS explore relationships between taxpayers. |

**Exhibit 4.46.1-2
Index of Forms**

| Form Number | Title | IRM and/or Citation |
|-------------|---|-----------------------------------|
| 870 | Waiver of Restrictions on Assessment & Collection of Deficiency in Tax & Acceptance of Overassessment | IRM 4.46.6 and IRM 4.10.8 |
| 886-A | Explanation of Items | IRM 4.46.6 and IRM 4.10.8 |
| 1900 | Income Tax Survey After Assignment | IRM 4.10.8 |
| 4485 | LB&I Request for Assistance or Support Resources | IRM 4.46.3.2.5.5 |
| 4564 | Information Document Request | IRM 4.46.4.5 Exhibit 4.46.4-2 |
| 4665 | Report Transmittal | IRM 4.46.6 |
| 4764 | LB&I Examination Plan | IRM 4.46.3.9.1 |
| 4764-A | Examination Plan (Special Instructions and Summary of Assignment) | IRM 4.46.3.8.6 and IRM 4.46.3.9.1 |

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| 4764-B | LB&I Examination Plan Procedures | IRM 4.46.3.8.6 and IRM 4.46.3.9.1 |
| 4764-IC | LB&I Examination Plan for Industry Cases | IRM 4.46.3.8.6 |
| 5698 | Examination History Record | IRM Exhibit 4.46.1-1 |
| 5699 | Information Document Request Log | IRM 4.46.4.5.1 |
| 5700 | Issue Control Log | IRM 4.10.7.5.6 |
| 5701 | Notice of Proposed Adjustments | IRM 4.46.4.11 |
| 6095 | Carryover and Recurring Adjustments Schedule | IRM 4.46.5.9.2.1 |
| 6609 | Schedule of Work Assignments and Planned Time | IRM 4.46.3.9.10 |
| 6782 | Certification of Financial Interest in a Work Assignment (Direct or Indirect) | IRM 4.46.3.3.3 |
| 9984 | Examining Officer's Activity Record | IRM 4.46.4.10.1 and IRM 4.46.6.4 |
| 13664 | LMSB (LB&I) Financial Interests or Other Conflicts of Interest and Disclosure | IRM 4.46.3.3.3 |

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