



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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MEMORANDUM FOR ALL FEDERAL, STATE AND LOCAL GOVERNMENTS
(FSLG) MANAGERS AND EMPLOYEES

FROM: Gerald A. Masters
Acting Director, Federal State and Local Governments

SUBJECT: Short Statute Case Procedures

The purpose of this memorandum is to provide FSLG Examination processing procedures for short statute cases. Please ensure this memorandum is shared and discussed with all appropriate employees. This policy statement will be incorporated into IRM 4.90.10.

This memo will also provide additional clarification of the EO Interim Memo 01-2008 issued on 03/05/2008.

Compliance & Program Management (CPM) and the EO Examination Special Support Unit (ESS) continue to receive a number of short statute cases lacking the **required prior notification**. This improper submission of short statute cases creates an undue hardship on the receiving units and severely limits proper consideration of issues and procedures, thus jeopardizing the Government's interests.

IRM 4.90.10.2.1(9) currently states "The Field Manager will attempt to ensure that agreed cases have at least **180 days** remaining on the statute of limitations, and unagreed cases have **240 days** remaining, when they are closed from the group. All cases submitted for technical advice must have at least one year remaining on the statute of limitation before being sent to CPM for mandatory review processing. A memo will accompany the case file providing an explanation by the Field Manager of the reasons the case was submitted with less time remaining than indicated in the above guidelines." This section will be updated to reflect IRM 4.75.16.3 below.

IRM 4.75.16.3, Case Closing/Statute Control Procedures, states "The Group Manager will ensure agreed cases have at least **180 days** remaining on the statute of limitations and unagreed cases have **270 days** remaining, when they are closed from the group."

IRM Section 25.6.23.6.6(1) and IRM Section 25.6.22 indicate if the examiner cannot expeditiously conclude the examination within 180 days of the statute expiring, the examiner and his or her manager may decide to execute a statute extension, subject to the consent of the taxpayer. **Every attempt should be made to complete the case before a**

statute extension becomes necessary.

To facilitate compliance with the IRM and alleviate the concerns indicated above, new and/or revised statute and procedural requirements will become effective for the transmission and receipt of all cases in CPM or ESS beginning May 1, 2008. The new/revised procedures are as follows.

All Cases

All paper files received in CPM must include:

Current (no more than 30 days old) AMDISA, BRTVU, and INOLES prints;

Proper statute controls, including completed and signed Form 895 and red folders as applicable. The statute of limitations should be clearly documented on Form 3210.

Form 3198-A, TEGE Special Handling Notice, should be completed and placed on the outside of the case folder.

Short statute cases received in CPM without prior notification as explained below, without indication of timely solicitation of a statute extension and/or with unexplained delays in processing may be returned to the group via Reviewer's Memorandum, with a copy concurrently forwarded to the Director, FSLG for their information. CPM will provide assistance with these cases for technical and procedural guidance however; the control of the case will remain with the group.

When closing the cases on TREES to CPM and from CPM to ESS, all TREES records **will clearly indicate the statute of limitations in the "comments" field in the closing dialog box** for the purpose of alerting the receiver that this case requires expedited handling.

Unagreed and Appeals Cases

Unagreed and Appeals cases must have at least 270 days remaining on the statute of limitations when closed from the group.

Unagreed cases (i.e., not going to Appeals) with less than 270 but at least 180 days remaining on the statute of limitations must contain prior written notification from the Group Manager to the Manager, CPM regarding the pending submission of the case and proof of timely solicitation of consent to extend the statute of limitations. The proof of timely solicitation of consent to extend the statute of limitations must be documented both on the case history sheet (F9984) in the paper file and the same posted in the office documents folder within TREES.

Unagreed cases with less than 180 days on the statute must contain both of the following:

- Prior written notification from the Group Manager to the Manager, CPM regarding the pending submission of the case and proof of timely solicitation of consent to extend the statute of limitations. All cases must be sent via UPS overnight for tracking purposes.

- A memo or other documentation with the signature and concurrence of the Director, FSLG attesting to knowledge of the facts that occurred during the examination which resulted in the short statute situation.

Although Appeals requires six months (180 days) remaining on the statute to accept the case into the Appeals process, according to IRM 4.23.14.3(i), CPM & ESS need sufficient time for processing. Therefore, Appeals cases should be closed to CPM following the same guidelines as unagreed cases, with at least 270 days remaining on the statute.

All Other Cases

All other cases closed to CPM or ESS including deletion requests (Forms 10904) **must have at least 180 days remaining on the statute of limitations.**

We recognize there will be instances when it will be necessary to close cases with less than the required timeframes for processing; however, these instances should be kept to a minimum.

Closure of any case, including a deletion request (Form 10904) to CPM with less than 180 days remaining on the statute will require advance managerial notification ranging from Group Manager up to and including the Director, FSLG and the Director, Government Entities as shown below:

- 120 – 179 days – a phone call and follow-up e-mail notification to the receiving manager or actor prior to transferring the case on TREES/AIMS, and EOIC. Cases must be sent via overnight mail (UPS) for tracking purposes.
- 61 – 119 days – a phone call and follow-up e-mail notification to the receiving manager or actor with a copy to the Director, FSLG and Manager, CPM. The Group Manager must indicate whether or not an assessment is to be made. Cases must be sent via overnight mail (UPS) for tracking purposes.
- 60 days or less – a phone call and follow-up e-mail to the receiving manager or actor, with copies to the Director, FSLG and Manager, CPM. In addition, the e-mail will also be sent to Director, FSLG and Director, Government Entities. The manager must indicate whether or not an assessment is to be made. Director, FSLG and Group Managers will be responsible for monitoring the case to AIMS closure to ensure assessments are timely made. Cases must be sent via overnight mail (UPS) for tracking purposes.

These procedures will be incorporated in the IRM within one year from the date of this memorandum.

If you have any questions, please contact Jayne E. Maxwell, Manager, CPM at (512) 499-5070.