



OFFICE OF
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Today-s Date

Response Due: Today-s Date + 90 Days

MEMORANDUM FOR *NAME OF INDUSTRY*

Attn: *Name of Primary Reviewer, Title of Primary Reviewer*

FROM: Sean F. Foley, Director
Advance Pricing Agreement Program CC:INTL:APA

SUBJECT: Annual Reports for *Name of Taxpayer* Advance Pricing Agreement, TY
ending *YYYYMM*

Name of Taxpayer, a taxpayer for which we understand your Territory and Industry has examination jurisdiction, is subject to an Advance Pricing Agreement (APA) for the *YYYYMM* taxable year. Pursuant to the terms of the APA, the taxpayer has filed with us the attached Annual Report for that year.

Our office is providing a copy of this Annual Report for your preliminary review. Our office has made no decision concerning whether the taxpayer has complied with the terms of the APA

Rather than holding the report until our review is complete, we are sending the Annual Report to you now for your review. We ask that your office review the attached reports within 90 days. Your primary review should determine whether the taxpayer is in compliance with the terms of the APA. If you have questions pertaining to the APA Annual Report that you feel are necessary to determine whether the taxpayer is in compliance with the terms of the APA, your questions should be addressed, in written format, directly to the taxpayer. A copy of your letter should be sent to our office by facsimile, attention *Name of Team Leader Assigned Annual Report*, at (202) 874-3990. Your letter requesting additional information should contain the following language:

APursuant to section 11.01(3) of Rev. Proc. 96-53, the Service may request information necessary to clarify, verify, or complete the contents of the APA Annual Report. As a result of our review, we have several questions which are set forth in an attachment regarding information provided in these APA Annual Reports. Our inquiries with respect to these APA Annual Reports do not constitute an examination, or the commencement of an examination, under section 7605(b) or any provision of the Internal Revenue Code [section 11.01(3) of Rev. Proc. 96-53].@

Your letter should direct the taxpayer to send their response to your attention but that one copy of their response should be sent to the APA Program Office at the following address:

Advance Pricing Agreement Program
Internal Revenue Service
Attn: CC:INTL:APA2:MThomas
950 L'Enfant Plaza, S.W., 5th Floor
Washington, DC 20024

If based upon your review you determine a compensating adjustment, as specified within the terms of the APA, is required then an amended tax return should not be filed by the taxpayer nor should an adjustment be incorporated into the agent's Revenue Agent's Report (RAR) until the APA Program Office has had an opportunity to review the APA Annual Report. If you determine a compensating adjustment is necessary to place the taxpayer into compliance with the terms of the APA, please contact *Name of Team Leader Assigned Annual Report* at (202) 874-XXXX to coordinate the APA Program Office's review of the proposed adjustment.

Our office will conclude that if we do not hear from your office within a period of 90 days from the date of this letter that your review confirmed the taxpayer is in compliance with the terms of the APA and that no issue was raised.

We ask that your office confirm receipt of the Annual Report by faxing a copy of this memorandum, annotated as indicated below, to us at (202) 874-3990. Please call *Name of Team Leader Assigned Annual Report* at (202) 874-XXXX or me at (202) 874-4360 if you would like to discuss the attached report, the taxpayer's APA, or if you have any questions.

Attachment:
Name of Taxpayer for YYYYMM

Annual Report Received by _____
[name and title]

Phone _____ Date: _____