



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

FSLG IGM
#55

July 7, 2014

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Affected IRM: 4.90.9
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MEMORANDUM FOR ALL FEDERAL, STATE, AND LOCAL GOVERNMENTS (FSLG)
MANAGERS AND EMPLOYEES

FROM: Paul A. Marmolejo /s/ *Paul A. Marmolejo*
Director, Federal State & Local Governments

SUBJECT: FSLG Examination Reports Involving Reclassification of Workers

Purpose:

This memorandum supersedes FSLG Interim Memo #53 (Control No. TEGE-04-1113-0022) issued December 5, 2013 and replaces the guidance provided in that memorandum. This memorandum clarifies use of reports used in examinations involving reclassification of workers, regardless of whether or not the government entity is covered under a Section 218 Agreement. The guidance will be included in the forthcoming revision of IRM 4.90.9, Workpapers and Report Writing.

Agreed and Unagreed Cases

If the taxpayer does not agree with the Specialists findings and there is a question as to whether or not an issue involves worker classification the Specialist should contact the CPM Counsel Liaison to obtain guidance from Counsel.

When a case involves the issue of worker classification, a Form 2504-WC should be used regardless of whether the case is closed agreed or unagreed. The Form 2504-WC includes a waiver of the restrictions on assessment under IRC 7436.

If additional adjustments are identified during the exam, for example, a fringe benefits issue, a separate report and Form 2504 should be used for these per IRM 4.23.10.12(2).

This guidance is currently included in IRM 4.90.9, Workpapers and Report Writing.

Effect on Other Documents:

This guidance supersedes Interim Memo #53, and clarifies procedures contained in IRM 4.90.9, Workpapers and Report Writing.

Effective Date:

This memorandum is effective upon issuance. It will be posted to the IRS Freedom of Information Act Electronic Reading Room for public inspection.

If you have any questions, please contact Dwayne Jacobs, CPM Manager, at (307-672-7425 ext. 33).