



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.25.12

APRIL 21, 2023

EFFECTIVE DATE

(04-21-2023)

PURPOSE

- (1) This transmits revised IRM 4.25.12, Estate and Gift Tax, Valuation Assistance.

MATERIAL CHANGES

- (1) IRM 4.25.12.1.2 paragraph (4) was revised to replace a citation to IRM 4.25.14 to IRM 1.2.2 and IRM 1.2.65.
- (2) IRM 4.25.12.4.1 paragraph (3) was revised to remove an obsoleted citation.
- (3) IRM 4.25.12.5 paragraph (2) is a new paragraph that explains the managerial approvals required for of all outside fee appraisals. IRM 4.25.12.5 paragraph (4) was revised. The first sentence in the paragraph was deleted.
- (4) IRM 4.25.12.5 paragraph (5) was deleted. IRM 4.25.12.5 paragraph (6) was revised. The second sentence was deleted, and the title of the Outside Fee Appraisal (OFA) Funding Application and Mandatory Feedback Form was changed to OFA Form. The citation to the SB/SE website was changed to a citation to the Estate and Gift Examination SharePoint.
- (5) IRM 4.25.12.5 paragraph (7) was revised. The second and third sentence were deleted. The procedures for requesting a COR through the Specialist Referral System are now in the new second and third sentence.
- (6) IRM 4.25.12.5 paragraph (8) was revised. The paragraph was moved to a new paragraph (10). The new content explains the transfer of the OFA Form from the Technical Advisor to the Chief.
- (7) IRM 4.25.12.5 paragraph (9) is a new paragraph that explains the working relationship between the COR and the Estate and Gift Examination management approval process.
- (8) IRM 4.25.12.5 paragraph (10) contains content moved from the previous published paragraph (8).
- (9) IRM 4.25.12.5 paragraph (11) was revised to remove the 30 day time period for Technical Advisor form completion.
- (10) The business unit name "Appeals" was revised throughout the document to reflect the new name "the IRS Independent Office of Appeals (Appeals)".
- (11) Editorial changes have been made throughout this IRM. Web page links, legal references, and IRM references were reviewed and updated as necessary.

EFFECT ON OTHER DOCUMENTS

This material supersedes the July 20, 2020 published version of IRM 4.25.12.

AUDIENCE

This section contains instructions and guidelines for Small Business/Self-Employed Estate and Gift Tax Specialty Programs employees.

Timothy J. Bilotta
Director, Specialty Examination Policy
Small Business/Self-Employed

4.25.12

Valuation Assistance

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4.25.12.1
(07-19-2018)
Program Scope and Objectives

- (1) **General Overview** - This IRM provides information about the valuation assistance services utilized by Estate and Gift examiners to determine the fair market value of property.
- (2) **Purpose** - This IRM explains the processes and procedures used by Estate and Gift examiners to obtain asset valuation assistance so that managers, senior-level officials, and estate, gift and generation-skipping transfer tax return examiners will be better equipped to prepare and submit accurate reports.
- (3) **Audience** - This IRM is for Estate and Gift Specialty Tax managers, examiners and personnel at the campus who examine and process estate, gift and generation-skipping transfer tax returns, refunds and claims.
- (4) **Policy Owner** - Director, Examination - Specialty Policy, is responsible for the administration, procedures and updates related to the technical guidance and information processing steps and methods specific to Estate and Gift Tax examiner responsibilities, IRM subsections, and forms created for the examination of returns and claims.
- (5) **Program Owner** - Director, Examination - Specialty Examination owns Estate and Gift Tax Examination.
- (6) **Primary Stakeholders** - Advisory Collections, the IRS Independent Office of Appeals (Appeals), Art Appraisal Services, Counsel, Estate and Gift Tax Workload Selection and Delivery, Specialty Examination, and SB/SE Examination Quality & Technical Support are the primary stakeholders for this IRM.

4.25.12.1.1
(07-19-2018)
Background

- (1) IRM text provides to Estate and Gift Tax examination specific procedures for obtaining real and intangible property valuation assistance. This IRM provides direction which is Estate and Gift Tax specific. These procedures and policies do not apply to Excise or Excise-fuel examinations.

4.25.12.1.2
(07-20-2020)
Authority

- (1) Estate and gift tax examiners and managers assigned to examine and oversee the examination of estate and gift tax returns and issues are responsible for complying with servicewide policies and authorities set forth in IRM 1.2.1.5, Servicewide Policies and Authorities, Policy Statements for the Examining Process.
- (2) Examination of estate and gift tax returns should be conducted in a manner that will promote public confidence as stated in the Mission of the Service. See IRM 1.2.1.2.1, Policy Statement 1-1.
- (3) Policy Statement 4-52 established a general guideline that examination and processing of returns should be completed within 18 months of the filing date. See IRM 1.2.1.5.18, Policy Statement 4-52, Establishment of 18-month Examination Cycle.
- (4) Estate and gift examiners and managers assigned to examine and oversee the examination of international estate and gift tax returns and issues are responsible for complying with all applicable servicewide examination delegation orders and SB/SE delegation orders. See IRM 1.2.2, Servicewide Delegations of Authority, and IRM 1.2.65, Small Business/Self-Employed Division Delegations of Authority.
- (5) Section 3504 of RRA 98, Public Law 105-206 requires the Service to include an explanation of the examination and collection process, as well as informa-

tion about assistance from the Taxpayer Advocate with any first report/notice of proposed deficiency. Pub 3498, The Examination Process, must be used for this purpose.

- (6) Statement of Procedural Rules 601.506 requires that examiners must forward any correspondence (or copy), discussions, reports and/or other material to the taxpayer at the same time it is sent to the representative.
- (7) The Form 706 return instructions and 26 CFR 20.6018-4, 26 CFR 25.6019-3, and 26 CFR 25.6019-4 list required filing documents.

4.25.12.1.3
(07-20-2020)

Program Objectives and Review

- (1) The National Quality Review System (NQRS) is a web-based review system used by Estate and Gift Tax Policy, Estate and Gift Tax Examination Management and Estate and Gift Tax Quality Measures and Analysis (QMA) to generate and review reports analyzing national quality performance based upon standardized quality attributes set forth in Document 12499, Estate and Gift Tax Examination Embedded Quality Job Aid. NQRS report data is compiled by QMA on a quarterly basis, but **ad hoc** reports may be obtained monthly. The use of NQRS is explained in additional detail in IRM 4.25.1.8, Manager Embedded Quality Review and Specialty Exam National Embedded Quality Review Programs.
- (2) Operational Reviews and related NQRS reports are conducted by Territory Managers and the Chief of Estate and Gift to measure national adherence to quality standards and managerial performance and/or oversight.
- (3) Customer (i.e. taxpayer) satisfaction reports are generated by SB/SE Operation Support Research on a quarterly basis. These reports provide masked taxpayer narratives that are responsive to a pre-defined set of survey questions. The quarterly survey reports are to be used to identify areas for examination quality improvement.
- (4) Frequent Front-line manager reviews are conducted under the Examination Quality Review System (EQRS), with the frequency based on annual personnel requirements.

4.25.12.1.4
(04-21-2023)

Terms/Definitions/ Acronyms

- (1) The following table sets specific terms, definitions and acronyms used in the Estate and Gift Tax program:

Term	Definition	Acronym
Art Appraisal Services	Business unit within the IRS Independent Office of Appeals (Appeals) responsible for internal art valuation.	AAS

Term	Definition	Acronym
Examination Quality Review System	The evaluative system used by estate and gift examination managers to conduct reviews of examination employees.	EQRS
Fair Market Value	The fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. 26 CFR 20.2031-1	FMV
Large Business and International	IRS business unit	LB&I
Outside Fee Appraisal	Asset valuation expertise provided by an external vendor.	OFA
Small Business/Self-Employed	IRS business unit	SB/SE
Specialist Referral System	SRS is a routing system for specialists' referrals.	SRS

4.25.12.1.5
(07-20-2020)

Related Resources

- (1) The Estate and Gift Tax program is required to follow all servicewide examination procedures and those set forth in SBSE examining process IRM. The following IRM subsections provide additional information relating to the examination of Estate and Gift Tax returns:

- IRM 4.25.1, Estate and Gift Tax, Estate and Gift Tax Examinations
- IRM 4.25.2, Campus Procedures for Estate Tax
- IRM 4.25.3, Planning, Classification and Selection
- IRM 4.25.4, International Estate and Gift Tax Examinations
- IRM 4.25.5, Technical Guidelines for Estate and Gift Tax Issues
- IRM 4.25.6, Report Writing Guide for Estate and Gift Tax Examinations
- IRM 4.25.7, Estate and Gift Tax Penalty and Fraud Procedures
- IRM 4.25.8, Delinquent Returns and SFR Procedures
- IRM 4.25.9, Requests for Abatement, Claims for Refund and Doubt as to Liability in Estate and Gift Tax Cases
- IRM 4.25.10, Case Closing Procedures

- IRM 4.25.11, Special Examination Procedures
- IRM 4.25.13, Appeals, Mediation and Settlement Procedures
- IRM 4.25.14, Miscellaneous Procedures

(2) The following IRM subsections provide additional information relating to the valuation of property by Engineering, Art Appraisal Services and Outside Fee Appraisers:

- IRM 4.48.1, Overview of Engineering Program
- IRM 4.48.2, Valuation Assistance of Cases Involving Works of Art
- IRM 4.48.3, Tangible Personal Property Valuation Guidelines
- IRM 4.48.4, Business Valuation Guidelines
- IRM 4.48.5, Intangible Property Valuation Guidelines
- IRM 4.48.6, Real Property Valuation Guidelines
- IRM 8.18.1, Appeals, Valuation Assistance, Valuation Assistance Procedures (Art Appraisal Services)

4.25.12.2
(07-19-2018)

Specialist Referral System

- (1) The Specialist Referral System (SRS) automates the specialist referral process. A referral can be generated online which will automatically notify the appropriate Specialist Manager by e-mail of the request. The manager can evaluate the referral and determine if it will be assigned, rejected or transferred. If assigned, a specialist is then notified by e-mail of the assignment and can initiate communication with the requestor. A conforming copy of the referral will be e-mailed to both the examiner requesting the referral and to the examiner's group manager.
- (2) Examiners may use SRS to obtain assistance from Art Appraisal Services, LB&I Engineers and Economists.
- (3) Examiners requesting a Specialist do not need any special permission to access SRS.

4.25.12.3
(07-20-2020)

Referrals of Artwork to Art Appraisal Services and the Art Advisory Panel

- (1) The Office of Art Appraisal Services (AAS) (under the Chief of Appeals) provides valuation assistance concerning works of art and cultural property. In addition, it administers and consults with the Commissioner's Art Advisory Panel (Art Panel), a group of nationally prominent art museum curators, scholars, and art dealers chosen to assist the Service in the appraisal of works of art. Items appropriate for AAS review include paintings, drawings, prints, sculptures, antiques, ceramics, photographs, furniture, textiles, carpets, silver, books, glass, coins, rare manuscripts and historical memorabilia.
- (2) IRM 4.48.2.3, Art Appraisal Services Referral Procedures, provides procedures for requesting art valuation assistance.
- (3) All referrals made to AAS must be made using the *Specialist Referral System (SRS)*. The examiner must include a copy of the SRS referral in the IMS case file. The examiner must also include a copy of the SRS referral in the hard copy case file if the case is closed unagreed.
- (4) Material in support of referrals, such as appraisals, photographs, etc., should be provided to the assigned appraiser, using encrypted email or sent using UPS ground.
- (5) Prior to any formal referral, examiners may contact the AAS for any advice or preliminary assistance. Questions should be submitted using the SRS

“Comments” box to facilitate tracking and assignment of questions within AAS. Additional internal resource are available on the AAS’ web page.

4.25.12.3.1
(07-20-2020)
**Art and Art Appraisal
Services—Mandatory
Referrals and
Procedures Applicable
to All Referrals**

- (1) If an examiner has a return under examination that involves a taxpayer’s appraisal of a work of art with a claimed value of \$50,000 or more, it must be referred to Art Appraisal Services (AAS) for review by the Commissioner’s Art Advisory Panel (Art Panel) when applicable. AAS may consult with the Art Panel for advisory opinions on value in twice annual meetings.
- (2) Exception: Referrals are not required for estate or gift tax cases in which works of art do not form part of the tax base because they pass (or are deemed to pass) to a surviving spouse or to a qualified charity or in matters involving non-taxable returns that are not likely to result in deficiencies. Where referrals would otherwise be required and, due to the application of these exceptions or other considerations (for example, risk analysis) they are not made, documentation of the applicable exception or analysis must be included in the file with an indication of concurrence by the group manager. See IRM 4.10.3.2, Examination Techniques, Risk Analysis and IRM 4.25.1.9.10, Risk Analysis Lead Sheet.
- (3) In cases with art work or an art appraisal identified on the classification sheet, group managers will assign (or survey before assignment) cases within 45 days of receipt.
- (4) Examiners will make a referral to AAS within 60 days of receipt of the case from the group manager, if the case will be examined and includes a piece of art with a returned value of \$50,000 or more and all required information for the referral is contained in the file. If all required information for the referral is not in the file, a document request must be made within 45 days of assignment and documented in the file.
- (5) The referral must adhere to the requirements set forth by AAS pursuant to IRM 4.48.2, Valuation Assistance for Cases Involving Works of Art, and IRM 8.18.1, Valuation Assistance Procedures, including the required use of the *Specialist Referral System (SRS)*.
- (6) When submitting items to AAS for valuation review, refer to IRM 4.48.2.3, Art Appraisal Services Referral Procedures, for links to a complete listing of required items and information. All required information, including complete appraisals in color and color photographs, should be assembled before making the SRS request for valuation assistance. To allow AAS time to prepare cases for Art Panel review, submissions for the Spring meeting should be received by January 15 and submissions for the Fall meeting should be received by June 15. Please allow ample time for an AAS review considering the Art Panel only meets twice annually and AAS appraisers conduct extensive research and write professional appraisal reports. Submissions to AAS should be made as early in the audit as possible to allow for a typical AAS review, which may take 3-12 months depending upon number of items and complexity. Please call the Director of AAS or the Lead Appraiser prior to making an SRS request for referrals of cases which have less than 16 months left on the statute.
- (7) If agreement cannot be reached with the taxpayer, further assistance may be requested of AAS. Taxpayers may request an Appraisal Reconsideration of a proposed valuation adjustment by AAS only if they submit a request in writing which includes **substantial evidence which will affect the valuation of the**

item(s) to support their fair market value opinion. Further, their request must respond specifically to the report issued by AAS. See IRM 4.48.2.1.1, Art Advisory Panel and IRM 8.18.1.9, Reconsideration and Dispute Procedures. If the valuation issue is not ultimately resolved between the taxpayer and AAS and the taxpayer chooses to pursue resolution through participation in Fast Track Settlement, AAS will also participate in this process. See IRM 4.25.13.3, Fast Track Settlement.

- (8) In all referred cases as to which a determination of value is rendered by AAS, a Form 8256, Art Valuation, will be provided. This form is a feedback loop that AAS partially completes and includes with its closing memorandum and report, and the referring office completes and returns to AAS upon disposition of the case. The AAS appraiser completes Section I of the Form 8256 and submits it to the referring party with the AAS closing memorandum and report. The referring office completes Section II of Form 8256 and mails a copy of the updated Form 8256 back to AAS upon closure of the examination.
- (9) The referring employee's manager is responsible for ensuring that a copy of the completed Form 8256 is returned to AAS immediately upon disposition of the case.
- (10) The original Form 8256 along with the AAS closing memorandum and report, should be placed in the case file, after indexing it in the exam planning documents and/or lead sheets and workpapers.
- (11) To enhance the valuation assistance provided by AAS, examiners are encouraged to include comments with the returned Form 8256. See IRM 4.48.2.4, Form 8256 Procedures, and IRM 8.18.1.8.3, Receiving Office's Closing Procedures, for additional information.

4.25.12.3.2
(07-20-2020)

**Art Appraisal Services
Statements of Value and
Consultations**

- (1) When Statement of Value reports (pre-filing requests from taxpayer, per Rev. Proc. 96-15, 1996-1 (C.B. 627) are received from the IRS Independent Office of Appeals (Appeals), they will be logged in by Estate and Gift Tax Specialty Examination Headquarters Staff and then forwarded to the Estate and Gift Operations at the Campus (Campus) for suspense. Estate and Gift Headquarters will direct the Campus to take the following actions with respect to the matter:
 - a. The account will be monitored quarterly to screen for filed returns.
 - b. When a return filing is detected, the return will be pulled from the Files section and reviewed for consistency with the Statement of Value.
 - c. If a discrepancy is detected, Campus E&G will forward the file to Estate and Gift Workload Selection and Delivery for classification. If the return is examined, the person to whom the case is assigned will contact AAS to provide information on the disposition of the case.
- (2) Consultations: In situations where a mandatory referral is not required, examiners may submit a request for assistance using the *Specialist Referral System (SRS)*. It is understood that AAS will not provide an opinion of value in such situations but may provide comparable sales data sufficient to support risk analysis determinations as to whether a full referral should be made. See IRM 4.10.3.2, Examination Techniques, Risk Analysis and IRM 4.25.1.9.10, Risk Analysis Lead Sheet.

4.25.12.4
(07-20-2020)
**Referrals to Engineering
Services**

- (1) Engineering teams have specially educated and trained professionals who can add value to examinations. Many engineers have credentials or certifications in technical and valuation areas beyond their formal education. These credentials or certifications were earned from nationally recognized professional associations such as appraisal societies, and societies of professional scientists, foresters and engineers.
- (2) IRM 4.48, Engineering Specialty, describes the referral process and requirements for requesting engineering assistance on audits. Engineering referrals are encouraged but not mandatory. Referrals to Engineering should be made to determine if the fair market value of an asset reported on an estate or gift tax return, and any applicable discounts, are reasonable under the circumstances. The referral may include a request for various types of assistance ranging from a consultation to a valuation appraisal report.

Note: While IRM 4.48 recommends referrals of real property assets with a minimum fair market value of \$500,000, there are no minimum or maximum dollar thresholds requirements for making an engineering referral.

Note: For personal property art assets valued on the return, the Art Appraisal guideline referral process in IRM 4.25.12.3.1 should be followed. All other personal property referrals should be made after conducting a risk analysis. See IRM 4.10.3.2, Examination Techniques, Risk Analysis and IRM 4.25.1.9.10, Risk Analysis Lead Sheet.

- (3) Requests for engineer assistance must be made through the *Specialist Referral System (SRS)*. This includes consultation services for assistance. The SRS is an online automated system that allows for submissions and approvals for specialist assistance. It automates the referral request process. SRS is accessed from the intranet at SRS Referral. When an online request is submitted, SRS automatically notifies the appropriate specialist manager of the request. The system is web-enabled and can provide management necessary information reports of Engineer resources utilized by Estate and Gift. The examiner will include a copy of the SRS referral in both the hard copy and IMS case file.
- (4) Engineer resources are available on a national basis. The engineer manager will attempt to seek assistance from other engineer teams to provide the needed expertise in situations where the locally available engineer staff does not have a required specialist in a particular field. Therefore, Estate and Gift groups should submit referrals if needed whether or not they believe there are sufficient engineering resources which can be allocated to their cases.
- (5) During the assignment of a case, the group manager may determine that a valuation issue exists that warrants a referral for engineering assistance. In this situation, the group manager will annotate the case accordingly by providing instructions to the examiner as to the scope of the proposed referral.
- (6) Examiners may forgo an engineering referral of a classified valuation issue or managerial selected issue. Documentation of the examiner's decision must be included in the case file. This decision may be based on a number of risk analysis factors. See IRM 4.10.3.2, Examination Techniques, Risk Analysis and IRM 4.25.1.9.10, Risk Analysis Lead Sheet.

- (7) If an examiner makes the determination during the planning phase that a referral is needed, managerial approval must be obtained prior to submitting a request for engineering assistance. The examiner should document the consideration of the referral in the workpapers or lead sheets.
- (8) If a case is referred, a copy of the referral must be included in the IMS case file. The referral must also be in the hard copy case file if the case is closed unagreed.
- (9) A Form 3210, Transmittal Document, should be used when providing the engineer hardcopy information.
- (10) When an engineer is involved in a case, the examiner maintains control of the return and its management. The engineer is added as a Team Member on IMS for the issue assigned.
- (11) Engineer(s) assigned to the case should meet with the examiner to discuss the issue, scope of services to be provided, information required, time-frames for information to be requested, estimated time to be charged to the case, and an estimated date for the completion of the referral. This information is documented and supported by the Engagement Letter, the initial Case Status Report, the engineer's workpapers, correspondence with the engineer, and the engineer's Activity Record.
- (12) The Engagement Letter will be issued by the engineer no later than 30 days from the assignment of the referral to the engineer and it will include the date that the referral was made. The examiner will document receipt of the Engagement Letter on the Form 9984, Activity Record.
- (13) The examiner will prepare the initial Case Status Report and add it to IMS. The engineer will use the report to provide a monthly status report to the examiner. The Case Status Report template can be accessed via the Estate and Gift and LB intranet websites.
- (14) Continued cooperation with the engineer is required to ensure issues are material to the return and time charged commensurate with the issue. This coordination will be documented on the monthly Case Status Report and the activity record.
- (15) The engineer will serve as a technical consultant and will be available to assist the examiner in meetings with the taxpayer (when appropriate) for case resolution.
- (16) Disagreement on proposed adjustments between the examiner and engineer specialist should be elevated to their respective managers for resolution.
- (17) Estate and Gift group managers/delegated support staff should verify that time spent to work the issue by the engineer (including travel time) is properly accounted for on ERCS.
- (18) The engineer specialist's examination plan, activity record and work product documentation must be included in the examiner's case file on IMS.
- (19) Ongoing risk analysis discussions should be held between the examiner and the assigned engineering referral staff. Engineering's process for risk analysis is described at IRM 4.48.1.3.1, Pre-Examination Analysis. The examiner will work with the engineer to compare the benefits and prioritize issues. The

examiner is responsible for providing clear instructions regarding the scope of the referral and explaining any legal issues that should be taken into consideration as part of the valuation analysis.

4.25.12.4.1
(04-21-2023)
**S Corporation Valuation
Issues**

- (1) An S Corporation is a domestic business entity that is treated as a corporation for Federal tax purposes. The corporation made an election under IRC 1362(a) to be governed by Subchapter S of the Code. See IRC 1361 through IRC 1379. In actual form, such an entity may be a state-chartered corporation or an unincorporated entity, such as a limited liability company. Subchapter S places limitations on such things as the number and the type of owners (interest holders) and the number of classes of stock. Generally, electing S Corporations pay no entity level Federal taxes on their income. Instead, the income and deductions of the entity flow through to the interest holders who are responsible for their appropriate share of the entity's Federal income tax liability, in a manner similar to partnership taxation models. Electing S Corporations may still be responsible for State and/or local income or franchise taxes.
- (2) Electing S Corporations are subject to the same valuation considerations that are applicable to any closely held business entity. Valuation guidance is set forth by Rev. Rul. 59-60. Given the organizational structure necessary to conform to Subchapter S, as opposed to that of otherwise similar closely-held business entities, potential differences in such things as the cost of capital and the marketability of non-controlling interests must be addressed.
- (3) Absent a compelling showing that unrelated parties dealing at arms-length would reduce the projected cash flows on an S Corporation by a hypothetical entity level tax, no entity level tax should be applied in determining the cash flows of an electing S Corporation.
- (4) Prior to referring the S Corporation valuation issue to engineering, the examiner should review the formation and entity governance documentation, previous tax return filings and the taxpayer's appraisal(s) to determine the taxpayer's valuation method. Upon completion of this review, the examiner is responsible for setting the scope of the valuation referral and providing instructions to the engineer regarding what entity level taxation should be applied, if any. See *Gross v. Commissioner*, T.C. Memo 1999-254, aff'd 272 F.3d 333 (6th Cir. 2001), cert. denied, 537 US 827 (2002); *Wall v. Commissioner*, T.C. Memo 2001-75; *Estate of Heck v. Commissioner*, T.C. Memo 2002-34; *Estate of Adams v. Commissioner*, T.C. Memo 2002-80, and *Dallas v. Commissioner*, T.C. Memo. 2006-212.

4.25.12.5
(04-21-2023)
Outside Fee Appraisals

- (1) The Outside Fee Appraisal (OFA) process provides access to outside services on a contract fee basis for Estate and/or Gift Tax cases.
- (2) All requests for OFA funds must be reviewed and approved by the examiner's group manager and Territory Manager prior to submission to the Chief, Estate and Gift Tax Program for approval.
- (3) The Territory Manager should consider program priorities and evaluate case needs and compliance impact when approving the use of OFA funds. Consideration will also be given to available in-house/Service expertise and the timeline for service delivery. In-house/Service expertise includes all qualified IRS experts including engineers, valuation specialists, and economists.

- (4) Funding priorities are determined by the Chief, Estate and Gift Tax Program. Review and approval by the Chief, Estate and Gift Tax Program must be obtained and documented.
- (5) The Estate and Gift Tax OFA Funding Application Form (OFA Form) is required to provide uniformity and documentation of the factors considered in the requisition and approval process. The OFA Form can be found on the *Estate and Gift SharePoint*.
- (6) The preparation of the OFA form should be coordinated effort between the examination team, management, and the Contractor's Office Representative (COR). Examiners must request COR assistance through the Specialist Referral System (SRS). Select **Outside Expert – COR** as the specialist.
- (7) Once the OFA Form is completed, the OFA Form will be secure e-mailed to the E&G Technical Advisor for review and concurrence, and the E&G Technical Advisor will forward the OFA Form to the Chief for signature approval.
- (8) The COR will be responsible for Procurement for Public Sector (PPS) input of requests for approval of funds for the appropriate fiscal year (FY). The PPS request should be routed to the proper Territory Manager for initial approval, then to the E&G Technical Advisor, and the Plan Manager as the last person in the approval path.
- (9) Upon PPS approval, the examination team and the COR will work closely with the Estate and Gift Technical Advisor to ensure the proper statement of work is drafted, including Area Counsel's agreement to the description of the property rights being valued, the date of valuation, and any alternative property rights or valuation methods to consider.
- (10) Results will be captured by the Estate and Gift Technical Advisor following case closure. This is necessary to provide essential information to management for analysis, to achieve effective utilization of OFA funds in the future and to justify additional funding, if warranted.
- (11) The Estate and Gift Technical Advisor will monitor all expenditures and results and will maintain a contemporaneous decision point spreadsheet available at all time for use by the Chief, Estate and Gift Tax Program, in making funding determinations. Analysis of the costs and benefits derived will be utilized in making future decisions to fund OFAs.