



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

April 23, 2018

Control No. AP-08-0418-0005

Expiration Date: 04/23/2020

Affected IRM: IRM 8.20.6, 8.22.9, 8.23.4

MEMORANDUM FOR APPEALS EMPLOYEES

FROM: Anita M. Hill /s/ *Anita M. Hill*
Director, Case and Operations Support

SUBJECT: Electronic Legal Sufficiency Review of Offers in Compromise

This memorandum provides guidance to Appeals employees who work Offer in Compromise (OIC) cases subject to a legal sufficiency review. Please ensure that this information is distributed to all affected employees within your organization.

Purpose: The Office of Appeals, in partnership with the Office of Chief Counsel, developed the Electronic Legal Sufficiency Review process to streamline Counsel's review of OIC cases by transmitting electronic documents instead of case files. Appeals tested this process at the Memphis campus location and determined the process reduced cycle time and resource expenditures. The attachments provide guidance and step-by-step procedures.

Background/Source(s) of Authority: IRC § 7122(b) requires an opinion from Counsel be placed in the accepted OIC case file if the liability, including tax, penalties and interest, is \$50,000 or more.

Procedural Change: OIC case files subject to legal sufficiency review are currently transmitted to the Office of Chief Counsel by mail. These procedures allow for the documents specified in the attachments to be transmitted electronically to and from the Office of Chief Counsel using a SharePoint site. [Counsel LSR Site](#)

Effect on Other Documents: This guidance will be incorporated into the above IRM sections within two years of the date of this memorandum.

Effective Date: This guidance is effective as of the date of this memorandum.

Contact: Appeals employees should follow existing procedures to elevate questions through their management chain and follow established procedures on [How to Contact an Analyst](#).

Attachment(s):
(1) Procedures
(2) Step Chart

cc: www.irs.gov

The IRM sections below provide updated guidance to Appeals Processing and Support (APS) employees and Appeals Technical Employees (ATE) when securing Area Counsel's Legal Sufficiency Review using Counsel's SharePoint site.

IRM 8.20.6.28.2
Counsel Review of Accepted OIC – DCOTHER

IRM section deleted – under the new procedures, OIC cases will not be routed to Counsel through APS.

IRM 8.22.9.4.3.4 (MMDDYYYY)
Acceptance-Counsel Review Required

(3) Route OIC's that require Counsel approval per the procedures at IRM 8.23.4.2.2(8).

IRM 8.23.4.2.2 (MMDDYYYY)
Counsel Review of Acceptance Recommendations

(8) If acceptance of the offer is subject to Counsel's legal sufficiency review, proceed as follows:

- The Appeals Technical Employee (ATE) will create an electronic file by scanning and e-mailing or faxing to their e-fax number the following documents (where applicable), (the documents appear in their preferred order with the F7249 on top):
- Form 7249, *Offer Acceptance Report*
- Account Transcripts (un-redacted)
- Form 1271, *Rejection or Withdrawal Memorandum* – if included in the administrative file
- Form 656, *Offer in Compromise* or Form 656-L, *Offer in Compromise (Doubt as to Liability)* Include any addendums.
- IMFOLI/BMFOLI Print
- OIC Acceptance Letter (Letters 5490 or 5521)
- Appeals Case Memorandum (Form 14559 may be substituted)
- Appeals Reasonable Collection Potential Tables (unless embedded in Form 14559)
- Appeals Case Activity Record
- Compliance's case history (AOIC history, if included. Do not submit ICS history.)
- Form 433A/B, *Collection Information Statements* (not including attachments)
- Any previous Counsel Memorandum in the case file (including those not solicited by Appeals)
- Form 5402, *Appeals Transmittal and Case Memo*
- The ATE will save the electronic file on their computer and will upload the documents to Counsel's SharePoint site and assign the request to the ATM for review.

- The ATE will update ACDS by inputting CARATS Action Code "AC" with Sub-Action Code "DC" to the OIC Work Unit Number (WUNO).
- The ATM will review the approval documents through the SharePoint site and, if approved, will assign the case to Counsel by updating the SharePoint case status. If the acceptance recommendation is not approved at the ATM level, the ATM will close the request and notify the ATE.
- Counsel will complete the review of the documents through SharePoint and electronically sign Form 7249. The signed documents will be returned by Counsel to the Appeals ATM through SharePoint by updating the case status.

Note: Upon closure of a case in which Counsel's opinion did not recommend acceptance and Appeals agrees with the opinion, either the ATM or the ATE must input an entry into CARATS to explain Counsel's decision and the general reason(s) why the offer was rejected. If Appeals does not agree with Counsel's opinion, Appeals will proceed with the acceptance following guidance in IRM 8.23.4.2.2(5). The case will not be resubmitted to Counsel unless the terms of the OIC have changed.

- Upon receipt from Counsel the ATM will send the signed and dated Form 7249, the signed acceptance letter and signed Form 5402 to the ATE who will update ACDS by inputting:
 - CARATS Action Code "AC"
 - Sub-Action Code "FR"
- The ATE will ensure all final OIC documents are electronically attached to the OIC WUNO, including the Form 656, Form 7249 and transcripts and any memorandum from Counsel.
- The ATE will then send a secure email request to the ATM to input the ACAPDATE when closing actions have been completed on the OIC.

Note: If the ATM is not the approving official, the ATM will not sign the acceptance letter or Form 5402 after receiving the case back from Counsel. Instead, the ATM will forward the documents to the approving official based on IRM 1.2.44.2 for review and approval. Once the ATE receives the signed Form 7249, OIC Acceptance Letter and Form 5402 from the approving official, the ATE will input the "AC/FR" action and Sub-Action codes and the ATM will input the ACAPDATE.

- The ATE or ATM will forward the case to APS for closing actions after ensuring any credit reports have been removed from the case file and destroyed per IRM 8.23.4.2.1.

Step	Description	Notes/Information
1	ATE prepares electronic copies of the required documents by scanning and emailing or faxing to their e-fax number. The final assembly of the documents is in this preferred order with the Form 7249 on top.	<ul style="list-style-type: none"> • Form 7249, Offer Acceptance Report • Account Transcripts (un-redacted) • Form 1271, Rejection or Withdrawal Memorandum – if included in the administrative file • Form 656, Offer in Compromise or Form 656-L, Offer in Compromise (Doubt as to Liability) • IMFOLI/BMFOLI Print • OIC Acceptance Letter (Letters 5490 or 5521) • Appeals Case Memorandum (Form 14559 may be substituted) • Appeals Reasonable Collection Potential Tables (unless embedded in Form 14559) • Appeals Case Activity Record (CAR) • Compliance’s case history (AOIC history, if included. Do not attach the ICS history.) • Form 433A/B, Collection Information Statements (not including attachments) • Any previous Counsel Memorandum in the case file (including those not solicited by Appeals) • Form 5402, Appeals Transmittal and Case Memo
2	ATE navigates to the Counsel SharePoint Site and opens a request by clicking “new task” under the “Appeals Manager’s Approval” view.	Home-Counsel Documents
3	ATE completes the SharePoint form.	<p>Complete the following fields:</p> <ol style="list-style-type: none"> 1. Taxpayer’s Name (Last name first, first name last) 2. Taxpayer’s TIN 3. WUNO 4. Offer Amount 5. Total Liability 6. Appeals’ POD
4	ATE assigns the priority level and assigns the request to their ATM.	<ul style="list-style-type: none"> • The default priority level is “normal”. • Use of the “high” priority level is limited to an impending TIPRA statute or other expedite situations subject to managerial approval. • The ATE insures the Case Status is set to “Case Uploaded.” • The ATE will assign the request to their ATM in the “Assigned To” box. Typing in the ATM’s last name will generally bring up a selection of options from Outlook. The ATE will notify their ATM that a request is pending their review either by setting an alert in SharePoint or by sending a secure email.
5	ATE attaches the electronically created documents and saves the request.	ATE clicks “attach file” which will bring up a screen enabling the ATE to locate the file with the “Browse” button. After locating the correct file, the ATE clicks “OK” and then Saves the request.

6	ATM is notified by the ATE to accesses SharePoint site to review the request.	The ATM will navigate to the SharePoint: Home-Counsel Documents
7	ATM updates the case status based on their review.	<ul style="list-style-type: none"> • The ATM reviews the uploaded closing documents. • If not approved, the case status will be changed to “case closed” and the ATE will be notified by secure email generated by the ATM. Once/if the employee corrects the documents or addresses the concern/s a new request is submitted. • If approved, the ATM changes the case status to “Counsel Assigned.” • The ATM changes the status by clicking the “edit item” button and at the “case status” field selecting the correct drop down.
8	Counsel Review.	<ul style="list-style-type: none"> • Once the case status is updated to “Counsel Assigned,” a General Litigation (GL) Operator will receive a notification that a request is pending. The GL operator will access the request and assign it to an attorney or paralegal. • The attorney or paralegal receives an alert and access the request to conduct the legal sufficiency review.
9	Counsel Determination.	<ul style="list-style-type: none"> • If Counsel determines the offer is legally sufficient, they will digitally sign Form 7249 and attach the signed Form 7249 to the request. The request will be updated to “Counsel Completed” status and assigned back to the ATM. • If Counsel determines the offer is not legally sufficient or if there are errors, Counsel will update the request to “Counsel Returned” status and assign back to the ATM.
10	The ATM notes that Counsel has completed the review.	<ul style="list-style-type: none"> • If Counsel determined the offer <u>is legally sufficient</u>, the ATM accesses the signed Form 7249 from SharePoint, electronically signs the Form 7249, acceptance letter and Form 5402 and forwards it to the ATE via secure email. Note: If the ATM is not the approving official, they will forward Form 7249, the unsigned acceptance letter and closing package to the proper delegated approving official per local procedures. • If Counsel determined the offer is not legally sufficient or identified errors, the ATM will notify the ATE to address the issues raised by Counsel and if appropriate, resubmit the file to the ATM per IRM 8.23.4.2.2. The request will not be returned to Counsel unless the terms of the offer are changed.
11	The ATM updates the case status to Case Closed.	<ul style="list-style-type: none"> • After all steps are completed the ATM edits the request, selects “Case Closed” status and the save button.
12	The ATE/ATM closes the case	<ul style="list-style-type: none"> • The ATE ensures all final OIC documents are electronically attached to the OIC WUNO, including the Form 656, Form 7249 and transcripts and any memorandum from Counsel. • The ATE sends a secure email to the ATM to input the ACAPDATE • The ATE or ATM forwards the case to APS for closing actions after ensuring credit reports have been removed and destroyed.

Electronic Counsel OIC Review Process

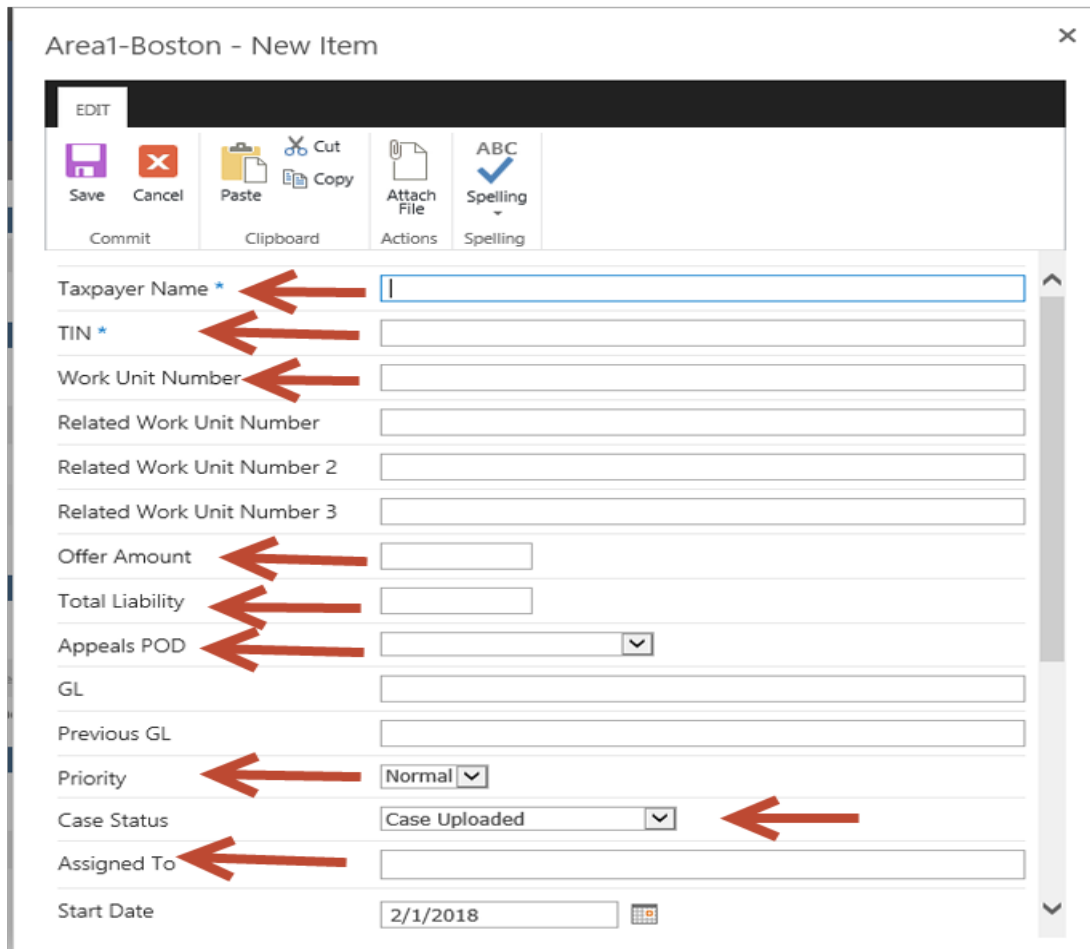
1) ATE navigates to the SharePoint Site ([Home-Counsel Documents](#)) and adds a request by going to the Appeals Manager Approval section and clicking on “New Task.”



✓	Taxpayer Name	Start Date	Assigned To	Case Status	Priority	Created By
	Taxpayer 1	10/3/2017	Fiore Michael R	Counsel Returned	Normal	Fiore Michael R
	Taxpayer 2	10/3/2017	Fiore Michael R	Counsel Returned	Normal	Fiore Michael R
	Taxpayer 3	10/3/2017	Fiore Michael R	Case Uploaded	Normal	Fiore Michael R

2) ATE completes the request by entering information at the arrows to include:

- The taxpayer’s name (last name first, first name last)
- The taxpayer’s TIN
- The WUNO
- The Offer Amount
- The total Liability
- The Appeals’ POD
- Setting the Priority Request (typically “Normal”)
- Confirming the case status is set to “Case Uploaded”
- Assigning the request to their ATM



Area1-Boston - New Item

EDIT

Save Cancel Paste Copy Attach File Spelling

Commit Clipboard Actions Spelling

Taxpayer Name *

TIN *

Work Unit Number

Related Work Unit Number

Related Work Unit Number 2

Related Work Unit Number 3

Offer Amount

Total Liability

Appeals POD

GL

Previous GL

Priority

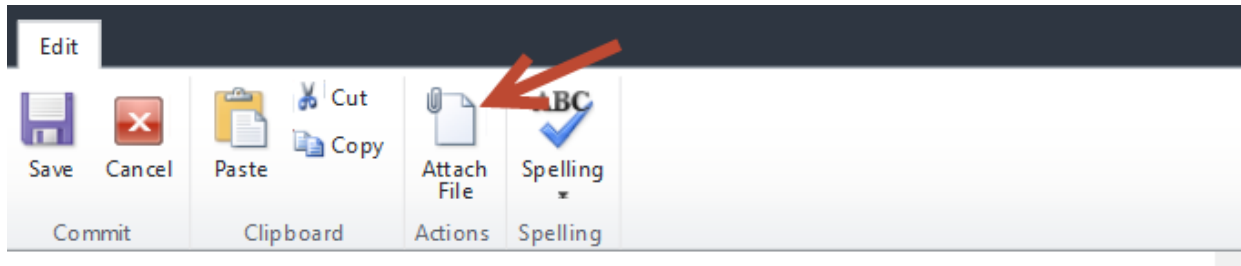
Case Status

Assigned To

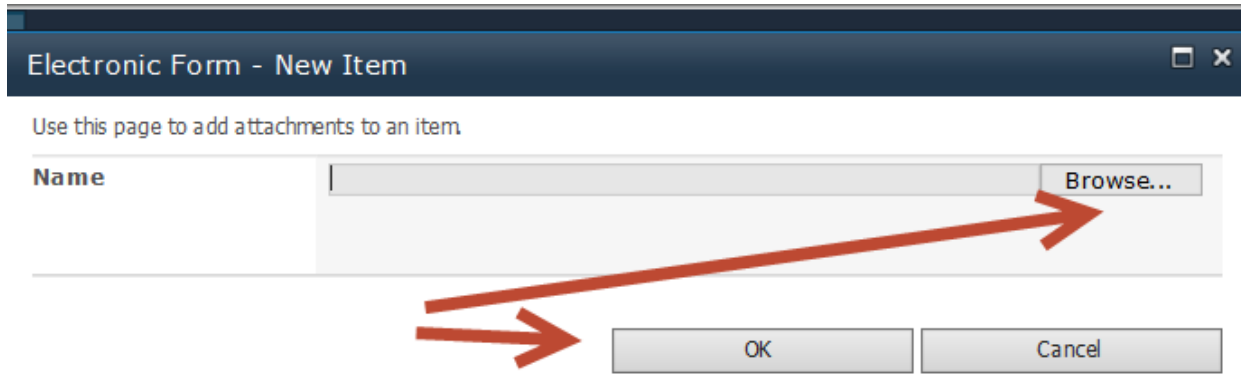
Start Date

Electronic Counsel OIC Review Process

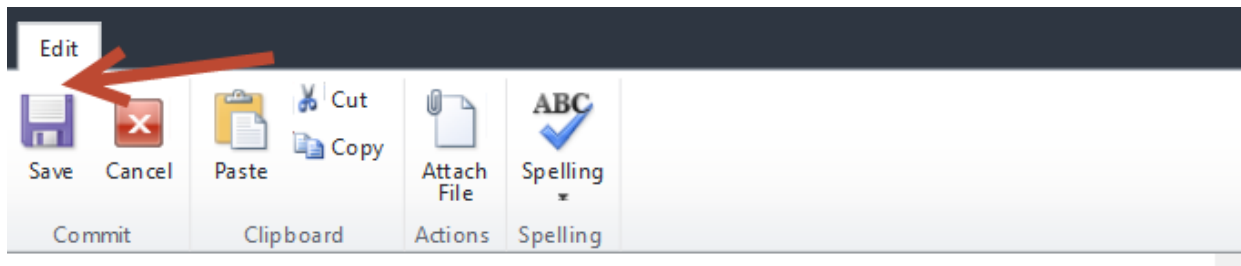
3) The ATE clicks "Attach File."



4) The ATE clicks browse to locate the electronic file saved on their computer and once found clicks "OK" to attach.

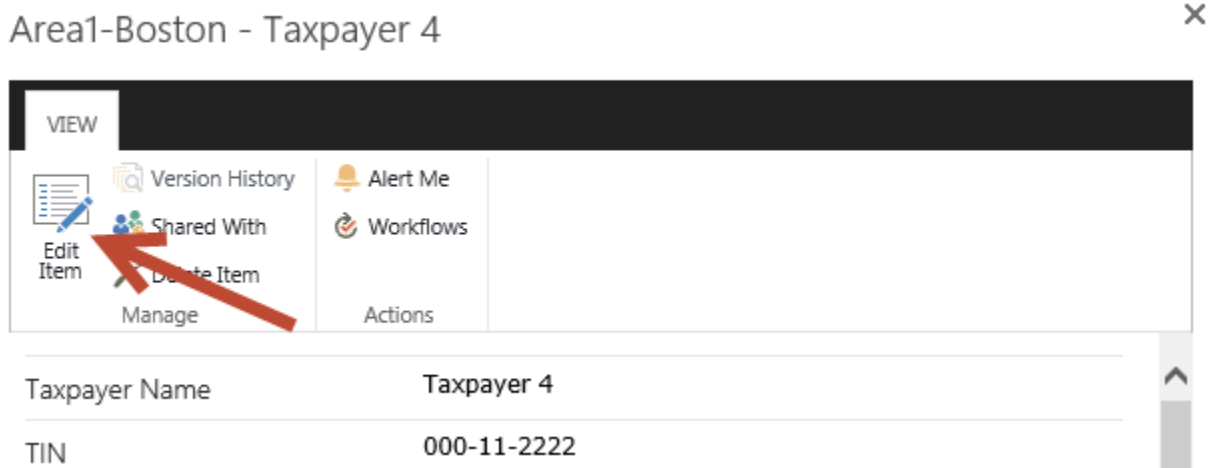


5) After the request is completed and the file attached, the ATE clicks "Save."



6) ATM reviews the documents and changes the "Case Status" upon completion.

a. To change the status the ATM clicks on "Edit Item."



Electronic Counsel OIC Review Process

b. If approved the ATM will change the status to “Appeals Manager Approved.”

Priority	Normal ▼
Case Status	Appeals Manager Approved ▼
Assigned To	

c. If not approved the ATM will change the status to “Case Closed.”

Priority	Normal ▼
Case Status	Case Closed ▼
Assigned To	

7) Area Counsel will complete their review and update the status as follows:

a. If the offer is deemed to be legally insufficient or there are errors, Counsel will update the status to “Counsel Returned” which reassigns the request to the ATM.

Priority	Normal ▼
Case Status	Counsel Returned ▼
Assigned To	

b. if Counsel concurs with acceptance they will electronically sign F7249, reattach it to the request and update the status to “Counsel Completed.”

Priority	Normal ▼
Case Status	Counsel Completed ▼
Assigned To	

8) When the approved request is reassigned to the ATM, the ATM will access the signed Form 7249 by clicking on the attachment and send it to the ATE via secure email with the signed acceptance letter.

Attachments	060217
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Note: If the ATM is not the delegated approving official they will forward the signed Form 7249 and closing package to the proper approving official per local procedures.

Electronic Counsel OIC Review Process

9) Once all steps are complete, the ATM will close the request on SharePoint by updating the status to “Case Closed”.

Priority	Normal <input type="button" value="v"/>
Case Status	Case Closed <input type="button" value="v"/>
Assigned To	<input type="text" value=""/>