INDEPENDENT OFFICE OF APPEALS

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

July 31, 2026

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Affected IRM: 8.6.4

MEMORANDUM FOR ALL IRS INDEPENDENT OFFICE OF APPEALS EMPLOYEES

FROM: Steven M. Martin */s/ Steven M. Martin*
Director, Operations Support

SUBJECT: Appeals Case Management System (ACMS) procedure update for IRM 8.6.4, Reaching Settlement and Securing an Appeals Agreement Form

This guidance provides general information for ACMS detailed in IRM 8.6.4, Reaching Settlement and Securing an Appeals Agreement Form. Please distribute this information to all impacted employees within your organization.

Purpose: This guidance provides changes in terminology and new processing functionality for the IRS Independent Office of Appeals (Appeals) new case management system, ACMS.

Background/Source(s) of Authority: Appeals Centralized Database System (ACDS), Appeals' aging legacy system, is being replaced by ACMS, a more modernized system. Appeals contracted Salesforce to create ACMS, which will provide Appeals with a new level of automation and analytics. These updates will allow for more effective collaboration within Appeals and, in the future, with other IRS business units.

Procedural Change: Release 1 of ACMS focused on Collection Appeals work. Release 2 of ACMS will focus on Examination Appeals and Specialized Examination Programs and Referrals (SEPR) work. Future releases will incorporate concepts introduced in this guidance and will be reinforced via training and applicable user guides. Procedural changes pertaining to this guidance are included in the attachment.

Additional Information: Additional information on ACMS can be found on the Appeals Exchange (ApEx) ACMS Home Page. This site contains links for helpful information with ACMS, training documents, etc.

Effect on Other Documents: Portions of this guidance may be extended, modified, or made permanent, and incorporated into the affected IRM section within two years from 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.

Distribution: FOIA Library on IRS.gov (https://www.irs.gov/privacy-disclosure/foia-library)

Attachment

cc: www.irs.gov

Attachment to AP-08-0726-0039, Appeals Case Management System (ACMS) procedure update for IRM 8.6.4, Reaching Settlement and Securing an Appeals Agreement Form

Throughout IRM 8.6.4:

- Form 5402, Appeals Transmittal and Case Memo, has been replaced. The 'Printable View' feature in the Appeals Case Management System (ACMS) now captures the information formerly found on Form 5402 and is referred to as the E-5402. All references to Form 5402 in this IRM, even if not specifically addressed in this memorandum, are changed to E-5402.
- References to Examination will be changed to Compliance

Specific changes to IRM 8.6.4:

IRM 8.6.4.2.3
Specific Dollar Settlements

Paragraphs (7), (8), and (10) are restated as follows:

(7) Prepare the E-5402 in the Appeals Case Management System (ACMS) with the following items typed into the Remarks text box:

a. Include this statement: “This is an Appeals settlement for a specific dollar amount. There is no audit statement or schedule of adjustments, and the change to Adjusted Gross Income (AGI) and Taxable Income (TXI) can’t be determined.”
b. Include the tax settlement amount.
c. Include the penalty settlement amount, if any.

(8) If a Form 3623, Statement of Account, or an IRC 6404(g) workpaper, or a May/ Sequa worksheet is needed, prepare and submit a technical support request in ACMS to request tax computation assistance. For additional information on support requests, visit the Appeals Exchange (ApEx) ACMS-homepage.

(10) Submit the case to the Appeals Team Manager (ATM) for review and approval.

IRM 8.6.4.5.4
Modification of Agreement When Overpayments Applied Against Deficiencies

Paragraph (2) is restated as follows:

(2) Also make appropriate notation on the E-5402 in the Remarks text box.

The title of the following IRM section, as well as both of its paragraphs, are updated as:

IRM 8.6.4.8.3
Settlements Which Do Not Become Effective When the E-5402 is Approved

(1) Occasionally, settlements of non-docketed cases are made, which are conditioned upon approval of a closing agreement: a case pending in another Appeals office or before the Department of Justice, or the disposition of some other matter not under Appeals' jurisdiction. All these cases, of course, require special handling, and generally the ATM does not review and approve any settlement until all conditions related to the settlement have been met and approved in all respects. In some instances, however, as in the case of a closing agreement referred to Appeals' National Office for final action, the ATM may have conditionally reviewed and approved the settlement, and, in a few instances, the transmittal memorandum may possibly have been signed in anticipation of final action by another Bureau, government agency, or other Appeals office.

(2) If the ATM reviews and approves the settlement conditionally, and a Form 870-AD-type agreement is secured, acceptance of the agreement form may be deferred until the conditions have been met. It may be preferable in some cases to obtain an agreement form modified to become effective upon termination of the conditions. However, a modified agreement made effective upon acceptance of a closing agreement determining tax liability would be ineffective either as a waiver of restrictions on assessment or for the purpose of suspension of interest. See IRM 8.13, Closing Agreements.

IRM 8.6.4.9
Policy for Use of Fax in Taxpayer Submissions

Paragraphs (2) and (7) are restated as follows:

(2) If taxpayer contact has been made, and the Case Action Record (CAR) in ACMS documents the date of contact and the desire of the taxpayer to submit the consent by fax, Appeals can accept by fax:

- Waivers to assess additional tax (Forms 870 and others) of any amount;
- Closing agreements involving any amount of tax; and
- Consents to extend the time to assess tax (Forms 872, Form SS-10, and others).

(3) The following specific documents, forms, and letters can be accepted by fax, if contact has been made with the taxpayer by phone or in person, and the CAR in ACMS is documented with the date of contact and a notation that the taxpayer wants to send the document, form, or letter by fax. **This list is not all-inclusive:**

- Form 8857, Request for Innocent Spouse Relief
- Form 433-D, Installment Agreement
- Form 2159, Payroll Deduction Agreement
- Form 656, Offer in Compromise
- Form 433-A, Collection Information Statement for Wage Earners and Self-Employed Individuals
- Form 433-B, Collection Information Statement for Businesses

- Letter to designate a payment
- Waivers to assess additional tax (e.g., Form 870)
- Closing agreements (e.g., Form 866, Form 906)
- Consents to extend the statute of limitations for assessing tax (e.g., Form 872, Form SS-10, and other consent forms)

IRM 8.6.4.10
Electronic Signature Use on Appeals Letters and Documents

In the Note following paragraph (4), the words “Form 5402 and” are stricken from the second sentence.