INDEPENDENT OFFICE OF APPEALS

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

July 31, 2026

Control No. AP-08-0726-0053
Expiration Date: 07/31/2028
Affected IRM: 8.11.3

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 updates for IRM 8.11.3, Return Preparer Penalty Cases

This guidance provides general information about ACMS detailed in IRM 8.11.3, Return Preparer Penalty Cases. 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) case 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(s) 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.

Attachment

cc:
FOIA Library
www.irs.gov

Attachment AP-08-0726-0053, Appeals Case Management System (ACMS) procedure updates for IRM 8.11.3, Return Preparer Penalty Cases

**Throughout 8.11.3**

- References to Appeals Centralized Database System (ACDS) will be changed to Appeals Case Management System (ACMS).
- Form 5402, Appeals Transmittal and Case Memo, has been replaced. The 'Printable View' feature captures the closing information previously found on Form 5402 and is referred to as the E-5402.
- References to Examination will be changed to Compliance.

**8.11.3.4 (MM-DD-YYYY)**
**Receipt of Return Preparer Penalty Cases**
Updated subsection, including title

(1) Refer to IRM 8.20.5.32.1.1, Return Preparer Penalty (RPP) Cases Carding, for Account and Processing Support (APS) carding procedures.

(2) All return preparer penalty appeals are controlled in the Appeals Case Management System (ACMS).

(3) ATEs should review the Case Summary for accuracy, including, but not limited to, the following:

a. **Penalty Reference Number (PRN) =** Identified on Form 8278, Assessment and Abatement of Miscellaneous Civil Penalties, under column (b)
b. **Category =** Civil Penalty
c. **Subcategory =** Return Preparer/Promoter/Appraiser Penalty (6713 penalties use Excise Penalty/Other subcategory)
d. **MFT** = 55 for individual, 13 for business (also identified on Form 8278)
e. **Statute date** or **statute code** = If the penalty is assessed, enter the statute code "ASESD." If the penalty is not assessed, see the table below:

| Penalty Code | Statute Date | Statute Code |
|---|---|---|
| 6694A | Three years from the filing of the return or claim for refund. Use the earliest Assessment Statue Expiration Date (ASED), if there is more than one statute date. | Blank |
| 6694B | Blank | 6694B – Penalties under 6694B do not have a statute of limitations on assessment. |
| 6695 | Three years from the filing of the return or claim for refund. Use the earliest ASED, if there is more than one statute date. | Blank |
| 6713 | Blank | 6713 – Penalties under IRC |

| | | |
|---|---|---|
| | | 6713 do not have a statute of limitations for assessment. |

(4) Treat the case as a single appeal number when multiple returns are involved in a preparer penalty case.

**Example:** IRC 6694(a) is proposed against a preparer on 10 returns that were prepared. The case will appear as one appeal number under the preparer's taxpayer identified number (TIN).

**8.11.3.5 (MM-DD-YYYY)**
**Return Preparer Penalties Assistance**
Updated title, deleted paragraphs (1) and (3), updated paragraph (2) and renumbered the remaining paragraph

(1) For assistance, ATEs assigned to an appeal with a return preparer penalty issue may submit a Technical Guidance support request in ACMS (Specialist – SME/TGC) for assistance from the designated subject matter expert (SME) found in the Appeals Issue Locator, as needed.

**8.11.3.5.1 (MM-DD-YYYY)**
**Consideration of Return Preparer Cases**
Updated paragraph (2)

(2) Upon receipt of the case, the ATE must follow the procedures outlined in IRM 8.2.1.4, Receipt of New Assignment by an Appeals Technical Employee (ATE). This includes, but is not limited to, the following:

a. Determining the statute of limitations and validating the statute-related fields in ACMS within 45 calendar days of receipt of the case (i.e., date of the CR/NR) in accordance with IRM 8.11.1.2.6, New Receipt Procedures for Appeals Technical Employees (ATEs), and IRM 8.21.3, Appeals Technical Employees Statute Responsibility. **The statute verification timeframe cannot be extended beyond 45 days.**

b. Validating the Case Summary information, including the Penalty Reference Number (PRN), and making updates, as necessary, in accordance with IRM 8.11.1.2.6, New Receipt Procedures for Appeals Technical Employees (ATEs). Refer to IRM 8.11.3.4, Receipt of Preparer Penalty Cases, for fields pertaining to return preparer penalty cases, and see IRM 20.1.1.5.3, Penalty Reference Numbers (PRNs), for information on PRNs.

**Note:** If a PRN was not entered by APS, the ATE must enter the applicable PRN. If multiple PRNs are applicable, enter the PRN for the most material penalty at issue.

c. ATEs can edit fields in ACMS. If a field cannot be edited, submit an Account Processing support request to APS requesting the appeal be updated.

**8.11.3.6 (MM-DD-YYYY)**
**Closing Procedures for Return Preparer Penalty Cases**
Updated paragraphs (2) through (5)

(2) Preparer penalties are closed in the same manner as other penalty appeals. The closing information is entered into ACMS, and populated on the E-5402 via the "Printable View" feature, with the following additions:

a. The E-5402 is the transmittal document for all preparer penalty cases and will be included in the closing package. The ATE enters the closing information in ACMS, which is populated to the E-5402. The E-5402 should include information on the revised penalty amounts needed to update ACMS.

b. Form 8278, if necessary, will be included for processing.

**Note:** The E-5402 provides a summary of the case resolution and identifies the penalties, while Form 8278 is the source document for Integrated Data Retrieval System (IDRS) actions. See Exhibit 20.1.1-2, Penalty Reason Code Chart, for a table of appropriate penalty reason codes and explanations used by Appeals to complete Form 8278.

(3) The following closing codes apply:

| Determination Made | Closing Code |
|---|---|
| Compliance Fully Sustained (penalties are not removed) | 14 |
| Compliance Not Sustained/Fully Abated (penalties are fully removed) | 15 |
| Compliance Partly Sustained/Partly Abated (only part of the penalties are removed) | 16 |
| Premature Referral (case returned to Compliance) | 20 |

(4) If closing a case as a premature referral that contains an IRC 6695(g) penalty, the ATE will advise APS to return the case to the appropriate EITC coordinator by notating this in the remarks section of the E-5402.