



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
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8.20.5, 8.20.6, 8.20.7

MEMORANDUM FOR APPEALS EMPLOYEES

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

SUBJECT: Appeals Electronic Case Files Initiative (ECFI) for Large Business and International (LB&I) Report Generation Software (RGS) Examination Cases Pilot

This memorandum provides interim guidance (IG) for the IRS Independent Office of Appeals (Appeals) employees who are participating in the nationwide pilot program to test the paperless process for unagreed cases received from LB&I Examination. This guidance is applicable to LB&I RGS International Individual Compliance (IIC) cases only and excludes other large cases such as Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), Bipartisan Budget Act of 2015 (BBA), and Syndicated Conservation Easement (SCE) cases. LB&I Issue Management System (IMS) cases are also excluded from this pilot program. The Appeals ECFI for LB&I RGS Examination cases pilot program is a joint paperless initiative with LB&I.

**Purpose:** This interim guidance provides Appeals' steps and procedures for the paperless Appeals ECFI for LB&I RGS Examination cases pilot program.

**Background:** Currently, LB&I RGS Examination maintains the administrative case file in paper form. Paper case files are shipped multiple times from function to function. Only the current holder of the physical file can access it. The current process is slow, costly, and inflexible during emergencies such as pandemics and weather-related office closings. Further, the current process increases the risk of case file loss during shipping.

Appeals, in conjunction with LB&I, is testing a paperless process to replace the current paper file system. Appeals is implementing this nationwide pilot program to test the paperless process for unagreed (non-docketed and docketed) cases

received from LB&I RGS Examination groups. Appeals will assess and refine the paperless process during the pilot program and moving forward, along with LB&I, anticipates full implementation of a permanent paperless process for all cases originating from LB&I RGS Examination.

Instead of preparing a paper case file, LB&I RGS Examination will scan, upload, and organize all relevant documents in an accessible format to Report Generation Software (RGS)/Correspondence Examination Automation Support (CEAS). In the event the required documents are not uploaded into RGS, the case will be returned to LB&I RGS Examination as a premature referral following the procedures discussed below in "Returning case procedures to LB&I RGS Examination." LB&I RGS Examination will submit all new receipts included in this pilot through the Appeals Electronic Case Receipts (AECR) SharePoint [site](#). The documentation, previously included in the physical case file used by Appeals, will now be accessed and viewed on RGS/Appeals CEAS View. Multiple documents at a time can be downloaded from Appeals CEAS View. Any Appeals generated documents and correspondence will be uploaded to the Appeals Centralized Database System (ACDS) by the Appeals employee. Closed cases will be stored electronically in ACDS.

The attachment below contains a step chart for Account and Processing Support (APS), Appeals Technical Employee (ATE) and Appeals Team Manager (ATM) procedures.

**Effect on Other Documents:** This temporary guidance affects the IRMs listed above, while this pilot is ongoing. On December 4, 2020, LB&I issued [Interim Guidance LB&I-04-1220-0023](#), Approval for Deviation for LB&I RGS Case Closing Procedures to Appeals. That IG is a temporary deviation to the LB&I Examination process for certain unagreed paper case files closing to Appeals through September 30, 2021. The LB&I procedures are incorporated by reference in this IG, although paper case files are not required.

**Effective Date:** This guidance is effective as of October 1, 2021, and remains in effect through the end of the Appeals pilot program.

**Procedural Change:** See Attachment.

**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:**

cc: [www.irs.gov](http://www.irs.gov)

**RGS Cases meeting the following criteria are included in the ECFI pilot program:**

- Cases with at least one unagreed issue for tax years under examination. Agreed issues should be closed by examination using a partially agreed report
- Statute has at least 395 days remaining when sent to Appeals
- LB&I Manager verified that all related cases are being transmitted at the same time
- All relevant documents are uploaded to RGS/Appeals CEAS View using appropriate naming conventions
- Taxpayer has submitted a valid protest per [Publication 5](#), Your Appeal Rights and How to Prepare a Protest if You Disagree
- All examination work on the case stopped when the case was sent to Appeals
- LB&I has attached the following to the [AECR SharePoint application](#)
  - [Form 3198](#), Special Handling Notice for Examination Case Processing
  - Valid protest
  - Final Revenue Agent Report (RAR)
  - Copy of the most recent executed statute extension, if applicable
  - Copy of approved [Form 15042](#), Alpha Statute Approval Request to Extend Statute of Limitations, if applicable
  - Docket List if the case is docketed
  - [AECR Check Sheet](#)

***Step Chart for the Appeals ECFI for LB&I RGS Examination Cases Pilot Program includes:***

- Returning case procedures to LB&I RGS Examination
- APS carding procedures and ATM case assignment
- AO working/closing procedures
- ATM closing procedures
- APS closing procedures

**Returning case procedures to LB&I RGS Examination**

Electronic case files received by APS with less than 365 days remaining on the assessment statute, will not be accepted by APS unless an exception applies (See [IRM 8.20.5.3.1.2\(2\)](#), Verifying Administrative File Contents). Electronic case files not meeting this criterion will be returned by APS via encrypted email to the Technical Services (TS) group manager, and alternate. See [Technical Services Directory](#).

Do not attach the entire electronic case file to the encrypted email. Instead, APS will:

- State "Short Statute Case" in the subject line and body of the email
- List electronic case file identifying information (name, TIN, MFT, tax year(s), etc.)

## Attachment AP-08-0921-0021

- Follow normal case procedures per [IRM 8.20.7.52.1](#), Jurisdiction Released on Premature or Improper Referrals. Specifically:
  - Return Audit Information Management System (AIMS) controls to originating function
  - Attach [Form 3210](#), Document Transmittal, identifying the earliest Assessment Statute Expiration Date (ASED) for each tax period being returned to originating function
- Request that the TS group manager, or alternate, sign, date and return the Form 3210 to APS

Note: Follow [IRM 10.5.1.6.8](#), Email, policy for encrypting all internal email messages that contain Sensitive But Unclassified (SBU) data (including Personally Identifiable Information (PII) and tax information) with IT-approved encryption technology including password-protected encrypted attachments.

If an ATE closes a non-docketed electronic case as a premature referral, a [Form 5402](#), Appeals Transmittal and Case Memo, will be prepared by the ATE following normal procedures. The ATE may also complete [Form 10467](#), Independent Office of Appeals Feedback Report and Transmittal Memorandum, in addition to the required [Form 5402](#). Upon receipt and processing of the Form 5402, and the Form 10467 if applicable, APS will send the form(s) via encrypted email to the TS group manager, and alternate. See [Technical Services Directory](#). The form(s) includes all the information needed to identify the case and understand the reason(s) it was determined to be a premature referral.

- If the taxpayer provided electronic records, as uploaded to ACDS by the ATE, the ATE will include a note in the Remarks block of the Form 5402 to alert APS of these records and the names of the specific files. APS will return these files by encrypted email with the Form 5402 to the TS group manager, and alternate. See [Technical Services Directory](#).
- If the taxpayer provided paper records that were not uploaded to ACDS, the ATE will include a note in the Remarks section of the Form 5402 advising the LB&I examiner to contact the ATE by encrypted email with the shipping address so that the paper records can be forwarded directly to them. Upon receipt of these paper records, the LB&I examiner will review and digitize the relevant documents.
- TS maintains a listing of Technical Services Codes (TSCs) and the corresponding managers in the [Technical Services Directory](#).

### **APS carding procedures and ATM case assignment**

APS will follow the normal case procedures for carding cases but will access the documentation from the Appeals Electronic Case Receipts (AECR) SharePoint [site](#), instead of looking through a physical case file for the necessary information. The APS Processing Team Manager (PTM) will access the AECR SharePoint site and assign the case to an APS Tax Examiner (TE).

Steps	<b>APS Action: For protested non-docketed cases:</b>
1	For non-docketed cases, the APS Tax Examiner (TE) will access the <a href="#">AECR site</a> page and the <a href="#">AECR Check Sheet</a> attachment to create an ACDS Work Unit Number (WUNO) (Case Card).
2	TE enters ACDS Feature Code "PL" (paperless workstream) which generates a notification in ACDS 2.0 (in Notification and Tools) to the ATM when a new paperless case is available to assign.
3	ATM will review the case in Appeals CEAS View and assign case in ACDS to the Appeals Officer (AO).
4	The AO will be notified of a new case assignment in ACDS 2.0.
	<b>APS Action: For docketed cases</b>
1	<p>Docketed cases are already established on ACDS by the Docketed Information Management System (DIMS) team before cases are received. The case will be located in Area 08-00 (DIMS).</p> <p>The APS carding team will:</p> <ul style="list-style-type: none"> <li>• Access the AECR <a href="#">site</a> page application and the <a href="#">AECR Check Sheet</a> attachment and use this information, along with the Tax Court petition, to update the ACDS WUNO (Case Card) and attach the <a href="#">AECR Check Sheet</a> to the ACDS record as a case file attachment. This step is completed by the APS TE.</li> <li>• Request that DIMS transfer the case on ACDS to the applicable Appeals Office Code (AOC) so the case carding can be further updated to prepare it for assignment.</li> <li>• Input feature code "PL."</li> <li>• Enter "ECFI" in the LOC9 field in ACDS.</li> <li>• Add the DKTAD Original date (received date).</li> <li>• Close DIMS tracking.</li> <li>• Update the AIMS status.</li> </ul>
2	If Counsel requested the case on the <a href="#">Appeals Support Work Request</a> site, or if there is an email attached to ACDS requesting the file and/or a comment in the ACDS notes field, the TE will update the ACDS Action Code to "ANSWER" and forward the case information required on <a href="#">Form 14758</a> , Appeals/Counsel Routing Coversheet, (orange coversheet) to Counsel through the <a href="#">SB/SE Counsel Portal</a> .
3	Counsel will complete their work (e.g., Answer) and respond to APS on the <a href="#">SB/SE Counsel Portal</a> .
4	If Counsel did not request the administrative file, the entry of Feature Code "PL" without an ACDS Action Code entry will generate a notification in ACDS 2.0 (in Notification and Tools) to the appropriate ATM when a new paperless case is available for assignment to an AO.

The AO will follow IRM 8.2.1, IRM 8.2.2, and IRM 8.4.1 to work the case, but will

**Attachment AP-08-0921-0021**

access Appeals CEAS View to review the file documents.

**AO working/closing procedures**

Steps	ATE Action
1	ACDS 2.0 will notify the AO of a new case. The AO will no longer receive a paper file. The AO will access the case in Appeals CEAS View and will review the documents. The AO will verify that ACDS Feature Code "PL" and "ECFI" in the LOC9 field were entered in ACDS. If not, the AO will add this feature code and update the LOC9 field.
2	AO will access Employee User Portal (EUP), IDRS (RTVUE/TRDBV) or AMS to obtain copies of tax returns if necessary. The AO will work the case following normal case procedures.
3	AO will scan, if necessary, and upload to ACDS any Appeals generated documents and correspondence, including any taxpayer provided documents and correspondence, using the existing ACDS case file naming conventions. For example, an Appeals Case Memorandum (ACM) is uploaded as WUNO-XXXXXXXXXX-ACM (using the actual case WUNO in place of the X's). Other attachments that are uploaded will have a brief descriptive name following the WUNO.
4	After the paper case documents indicated in Step 3 are successfully uploaded to ACDS, the AO will destroy these documents following normal procedures.
5	The AO will close the case to the ATM.

After the AO uploads the required closing documents to ACDS and places the case in AC/FR status, the ATM will receive a notification in ACDS 2.0. The ATM will follow normal case closing procedures as listed below.

**ATM closing procedures**

Steps	ATM Actions
1	Sign and date Form 5402 and any agreement form(s) (e.g., Form 870-AD). Sign the closing letter(s) if applicable.
2	Upload the signed and dated Form 5402, the agreement form(s), the signed closing letter, and/or signed Statutory Notice of Deficiency (SND) to ACDS.
3	Enter ACDS ACAP date.
4	The ATM or ATE will mail the closing letter or will notate Form 5402 for APS to mail the closing letter.

After the ATM enters the ACAP date, this action will generate an ACDS 2.0 Paperless Notification to the APS PTM. The PTM will assign the case to a TE for final processing. Each TE will identify the ECFI paperless case using their ACDS 2.0

Paperless Notifications. The TE will follow the established closing procedures under IRM 8.20.7 including performing the Appeals feedback loop procedures along with the items below.

### APS closing procedures

Steps	APS Actions
1	Appeals assessments to IDRS will have a Document Locator Number (DLN) with blocking series 77X to identify them as electronic.
2	If the case is agreed/settled and non-docketed: <ul style="list-style-type: none"> <li>• APS will close the case in ACDS and IDRS.</li> <li>• APS will mail the closing letter if indicated on the Form 5402</li> </ul>
3	If the case is unagreed and non-docketed: <ul style="list-style-type: none"> <li>• The AO or TCS will prepare a SND as needed.</li> <li>• APS will date, mail and upload the dated SND to ACDS.</li> </ul> <p>If the taxpayer doesn't petition the Tax Court:</p> <ul style="list-style-type: none"> <li>• APS will close the case in IDRS and ACDS.</li> </ul> <p>If the taxpayer petitions the Tax Court:</p> <ul style="list-style-type: none"> <li>• APS will notify Counsel via the <a href="#">SB/SE Counsel Portal</a> if the taxpayer petitions the Tax Court and will update the ACDS action code to DCJUR using the "CC 42/32 update screen".</li> <li>• For Appeals issued notices (e.g., SND), Counsel will complete their work on the case (e.g., settle or try the case) and submit the case back to APS via the <a href="#">Appeals Support Work Request</a> site. APS will then fully close the case in IDRS using the attorney's instructions included in the case file.</li> </ul>
4	If the case is agreed/settled and docketed: <ul style="list-style-type: none"> <li>• The AO will upload signed documents in ACDS following normal case procedures. Chief Counsel will continue to upload decision documents to ACDS for Docketed EZ-Close cases.</li> <li>• APS will notify Counsel through the <a href="#">SB/SE Counsel Portal</a>.</li> <li>• Once a decision is entered with the Tax Court, Counsel will upload closing documents to ACDS and submit an intake request for closure and assessment through the portal.</li> <li>• Upon receipt of the Counsel Intake closing request, the APS PTM will promptly import the case to Processing Employee Automated System (PEAS) and assign for closure.</li> <li>• APS will close the case in ACDS and IDRS following normal case procedures.</li> </ul>
5	If the case is unagreed and docketed: <ul style="list-style-type: none"> <li>• APS will forward the case to Counsel for trial preparation via the <a href="#">SB/SE Counsel Portal</a>.</li> <li>• The closed case will be stored electronically in ACDS.</li> </ul>
6	If the case is selected for Appeals Quality Measurement System (AQMS): <ul style="list-style-type: none"> <li>• APS will receive a pop-up notification advising which AQMS reviewer is assigned.</li> <li>• APS will email the selection sheet to the AQMS reviewer.</li> <li>• AQMS reviewer will access the case using Appeals CEAS View and</li> </ul>

**Attachment AP-08-0921-0021**

	<p>ACDS.</p> <ul style="list-style-type: none"><li>• APS will close case in PEAS upon confirmation of case receipt by AQMS reviewer.</li></ul>
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