



INDEPENDENT OFFICE
OF APPEALS

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

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Affected IRM: 8.22.8

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 liability referrals in Collection Due Process (CDP) hearings

This memorandum provides procedures for integrating ACMS guidance on CDP liability referral procedures. This guidance supplements Interim Guidance AP-08-0725-0013, Revised Procedures on Liability Referrals in Collection Due Process (CDP) Hearings. Please distribute this information to all impacted employees within your organization.

Purpose: This guidance supersedes IG AP-08-0725-0013. The updated guidance incorporates functionality and process changes based on the IRS Independent Office of Appeals (Appeals) new case management system, ACMS, into the process changes that had been laid out in IG AP-08-0725-0013.

Specifically, this guidance covers creation and assignment of technical support requests for liability referral, appropriateness of transfers to Examination Appeals, providing sufficient documentation for the liability issue raised and multiple referrals on the same collection case. Unless otherwise indicated, Examination Appeals includes Specialized Examination Programs and Referrals (SEPR) areas.

This guidance will allow employees across Appeals to work in partnership and administer case work in a more efficient and taxpayer friendly manner. This will improve the taxpayer experience by more quickly and accurately considering their issues with the properly raised underlying liability in CDP cases.

Further, this guidance clarifies liability referral procedures in CDP cases where the liability is properly at issue.

The Collection Appeals and SEPR functions plan to continue monitoring and studying

the referrals of reasonable cause penalty appeals considered in CDP for Estate and Gift (E&G) tax returns (Form 706, U.S. Estate Tax Return, and Form 709, United States Gift (and Generation - Skipping Transfer) Tax Return) for a period of up to two years. This may result in future changes to this guidance regarding those types of return considerations.

Background/Source(s) of Authority: In late 2024, Collection Appeals and Examination Appeals collaborated to improve the liability referral process in CDP. These changes are a result of the discussions and concerns raised along with functionality and process changes based on the IRS Independent Office of Appeals (Appeals) new case management system, ACMS. IRM 8.22.8, Liability Issues and Relief from Liability, is the primary authority for administration of underlying liability issues in a CDP case.

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 will focus on Collection-sourced case work, while additional ACMS releases will incorporate the remaining workstreams. 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. This guidance changes procedures for referring liability issues in CDP cases. These changes will increase efficiency, as well as improve communications between Appeals functions and the overall taxpayer experience.

Effect on Other Documents: This guidance may be incorporated into affected IRMs 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: www.irs.gov

8.22.8.5.1 (MM-DD-YYYY)

Referring a Liability Issue

(1) Use the table below to determine whether a liability should be referred for consideration. Support requests are not required if the assigned employee works the issue.

Liability Type	Support Request Category	Feature Code	Worked By
Innocent Spouse after Cincinnati Centralized Innocent Spouse Operations (CCISO) makes preliminary determination	Innocent Spouse	Spousal Defense (SD)	SEPR (Area 10) Innocent Spouse AO
Income Tax or other domestic Exam- related issue	Domestic Income Tax/Penalty/ Other	N/A	Examination AO
Income Tax or other Exam-related international issue. Follow IRM 8.22.6.4, International Cases (IC), procedures, assign to Appeals Officer-International Specialists (AO-IS)	International	International Case (IC)	SEPR (Area 11) AO-IS
Doubt as to Liability (DATL) Offer in Compromise (OIC): Trust Fund Recovery Penalty (TFRP) liability (see IRM 8.22.7.10.7, Doubt as to Liability (DATL) OIC, to create a support request to monitor the TIPRA)	OIC	Doubt as to Liability (LI)	Collection AO
DATL OIC: Non-TFRP liability (as noted above IRM 8.22.7.10.7, Doubt as to Liability (DATL) OIC)	OIC	LI Doubt as to Liability (LI)	Examination AO
Penalties (reasonable cause) IRM 8.11.4, Penalties Worked in Appeals - Penalty Appeals (PENAP) <ul style="list-style-type: none"> • Failure to File • Failure to Pay • Deposit Penalties • Estimated Tax Penalties 	CDP Liability Referral In-House		Collection AO
General penalties not subject to deficiency procedures per IRM 8.11.1.2.2, Types of Penalties Received in Appeals	Domestic Income Tax/Penalty /Other		Examination AO

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Frivolous Submissions, or Court Sanctions Penalties (not an exhaustive list) <ul style="list-style-type: none"> • 6673 • 6702(a) • 6702(b) 	Collection Due Process (CDP) Liability Referral In-House		Collection AO
Abusive Transactions <ul style="list-style-type: none"> • 6700 • 6701 • 6707 and 6707A 	Domestic Income Tax/Penalty/Other	N/A	Examination AO
International Penalties (not an exhaustive list). Follow IRM 8.22.6.4, International Cases (IC), procedures, assign to AO-IS. <ul style="list-style-type: none"> • 6038 • 6038A • 6038C • 6038D • 6039F • 6046 • 6652(f) • 6677 • 6679 • 6689 • 6712 	International	International Case (IC)	SEPR (Area 11) AO-IS
Interest abatement	CDP Liability Referral In-House	N/A	Collection AO
Payroll liabilities assessed under IRC 6020(b) procedures	CDP Liability Referral In-House	N/A	Collection AO
Trust Fund Recovery Penalty	CDP Liability Referral In-House	N/A	Collection AO

8.22.8.5.2 (MM-DD-YYYY) (NEW)

Referring a Liability Issue-Collection Appeals Responsibilities

(1) Involving an Examination Appeals/SEPR AO via a 'Support Request' requires Collection Appeals Team Manager (ATM) approval. Follow 'Support Request' procedures for ACMS noted in IRM 8.22.8.5.

***Note** – If, after given opportunities, the taxpayer provides no information or information that, in your judgment, is inadequate for an Examination Appeals/SEPR AO to consider the liability issue, do not make the referral. Your determination should reflect what transpired during the hearing to reach your conclusion.

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(2) Ensure the following files, if available, are attached to the appeals case. If not available, explain your efforts to obtain the documentation/information in the history for the appeals case.

- Administrative file, if available from Compliance, and available IDRS transcripts including the reason(s) the taxpayer disputes the liability.
- Taxpayer documentation provided in the CDP hearing supporting the disputed items, if available.
 - An attempt should be made to obtain, and provide, any supporting documentation to the Examination Appeals/SEPR AO through contact with the taxpayer.
 - Secure documents from the Federal Records Center, or other business units, by making one request for this information. If there is no response, document that information in the history.
 - If complex tax issues are raised, and the Collection AO cannot readily determine what support may be needed, create the 'Support Request' and provide an explanation in the history prior to assignment to the Examination Appeals/SEPR AO.

(3) Clearly document the justification for transfer to Examination Appeals/SEPR, including how you determined the underlying liability is not precluded, or why it is precluded, but is being considered outside of the CDP hearing.

(4) The Collection Appeals ATM will review and, if appropriate, approve the support request.

(5) If the outcome of the liability issue could significantly affect the CDP hearing, suspend the CDP following ACMS guidance for suspending appeals cases.

(6) The Collection Appeals AO may contact the Examination Appeals AO for a status report after 90 days. After 120 days, the Collection Appeals AO may ask their ATM to contact the Examination Appeals AO ATM for a status update.

(7) When requested, during ACMS Release 1, if the Examination/SEPR AO working a support request needs computations or other tasks that requires a support request the Collection AO will submit the support request on behalf of the Examination/SEPR AO including a request for Form 5403, if necessary, with instructions provided by the Exam AO. The Collection AO will let the Examination/SEPR ATE know when the support request has been completed.

(8) Once Examination Appeals/SEPR closes the liability referral support request the Collection Appeals AO will review and incorporate the Examination Appeals/SEPR AO closing comments in the determination/decision and in the remarks section of the CDP closure during the 'submit for approval' process. The Collection Appeals AO will account for any privileged information identified by Examination Appeals/SEPR.

NOTE: The Collection Appeals AO must use discretion in determining whether the taxpayer is prepared to discuss the liability issue at the time of the hearing. Referrals to Examination Appeals/SEPR use significant time and resources, and taxpayers should be ready to discuss the issues raised regarding liability soon after the Collection Appeals AO contacts them.

Example: A taxpayer and their representative dispute the underlying liability and submit limited documentation to the Collection Appeals AO. The Collection Appeals AO prepares a 'Support Request' and obtains approval for assignment to an Examination

Appeals AO. The Examination Appeals AO determines the information provided is insufficient and requests additional documentation from the taxpayer. The taxpayer and their representative do not provide the requested information, so the 'Support Request' is returned to the Collection Appeals AO assigned the appeals case. The Collection Appeals AO continues with the hearing and the taxpayer indicates he was working to obtain the information when the Examination Appeals AO was asking for it; however, their representative did not communicate this. The Collection Appeals AO makes a subsequent support request to Examination Appeals, including the new information provided.

8.22.8.5.2 (MM-DD-YYYY) (New)

Referring a Liability Issue-Examination/SEPR Appeals Responsibilities

- (1) The Examination Appeals/SEPR ATM reviews and assigns the technical 'Support Request.'
 - (2) If justification is provided, Examination Appeals/SEPR generally will not return the file to the Collection Appeals AO without first conducting an ATM-to-ATM conference. If there is disagreement over whether the liability is properly at issue, or any other concerns, the respective Examination Appeals/SEPR AO ATM and Collection Appeals AO ATM will confer and resolve the matter.
 - (3) The Examination Appeals/SEPR AO ATM assigns the new technical 'Support Request' upon receipt or within three business days.
 - (4) Within 30 days of assignment, the ATE assigned the 'Support Request' will review the 'Support Request' and contact the taxpayer/representative within the time prescribed in IRM 8.6.1.2, New Receipts and Initial Case Action. A conference may or may not be required while the ATE is working the 'Support Request.'
 - (5) The Examination Appeals/SEPR AO reviews the records uploaded by the Collection Appeals AO and determines if the information provided is inadequate, then contacts the taxpayer or representative to let them know the information they provided is inadequate.
 - (6) If the taxpayer and/or their representative do not provide adequate information, the technical 'Support Request' should be closed to the Collection Appeals AO assigned the appeals case. The ATE will include details in the Closing Comments box on the 'Support Request' page explaining why the case was closed.
 - (7) If the Examination Appeals/SEPR AO working the 'Support Request' needs tax computations, they will upload to documents, a schedule of adjustments (SOA), previous computations, or other available relevant documents and request the Collection Appeals AO create a new 'Support Request.' The Examination Appeals/SEPR ATE will review the tax computations or other completed support work for accuracy.
 - (8) Any other required 'Support Request' will be requested by the Collection Appeals AO assigned the CDP case.
 - (9) The Examination Appeals/SEPR AO working the technical 'Support Request' will input case actions and charge time by creating a Case Action Record.
- Note:** The Collection Appeals AO may contact the Examination Appeals AO for a status report after 90 days. After 120 days, the Collection Appeals AO may ask their ATM to contact the Examination Appeals/SEPR AO ATM for a status update.

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(10) Upon completion, the Examination Appeals/SEPR ATE will close the 'Support Request' to ATM for approval. The ATE will upload the following files to the Documents section on the Appeals case, as applicable:

(11) Form 3870, Request for Adjustment, if the Examination Appeals/SEPR AO determines that an adjustment to the liability is warranted

(12) SOA and Appeals Case Memorandum (ACM) so the decision can be incorporated into the CDP/EH decision and attachment. IRM 8.6.2, Appeals Case Memo Procedures, provides additional information on the preparation of ACMs. If the ACM contains hazards details or other privileged information, Collection Appeals employees should be instructed not to share this information outside the IRS.

(13) Form 5278, Statement - Income Tax Changes, and other tax computation documents, if warranted.

(14) Include Form 5403, Appeals Closing Record, if adjustments are warranted.

(11) When closing 'Support Request' in ACMS, the ATE will provide clear closing instructions in the Closing Comment box on the 'Support Request' 'Details' page.

(12) For Innocent Spouse cases, follow procedures in IRM 8.7.12.13.2, Working Innocent Spouse - CDP/EH Combo Case.

(13) For doubt as to liability (DATL) cases, include any special instructions, such as a withdrawal or a need of an updated Form 656, Offer in Compromise. Ensure a Form 5403 is uploaded if APS need to process any adjustments.