



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, DC 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

February 21, 2020

Control Number: SBSE-04-0220-0002  
Expiration Date: February 20, 2022  
Affected IRM: 4.24.2

MEMORANDUM FOR DIRECTOR, SPECIALTY EXAMINATION; CHIEF, ESTATE &  
GIFT AND EXCISE TAX EXAM; EXCISE EAST TERRITORY AND 637  
REGISTRATION GROUP MANAGERS

FROM: Daniel R. Lauer Daniel R. Lauer  
Director, Examination-Specialty Policy

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Lauer  
Date: 2020.02.21 11:09:17 -05'00'

SUBJECT: Form 637 Initial Application Timeframes and Registration Indicators

This memorandum issues guidance on timeframes for processing Form 637 registration applications and ensuring the 637 indicator is present on approved registrations. This guidance does not apply to 637 cases assigned to the field. Please ensure that this information is distributed to all affected employees within your organization.

**Purpose:** This memorandum revises timeframes for required actions when a Form 637 application is received by the 637 Registration Group and revises the responsibilities of the 637 Registration Group Manager, including mandatory actions to ensure the presence of a 637 indicator when warranted.

**Background/Source(s) of Authority:** Treasury Inspector General for Tax Administration report 2019-40-079 recommended processes and procedures be developed to ensure initial application compliance reviews are conducted to meet the timeframes within IRM 4.24.2.7. The report further recommended processes and procedures be developed to ensure the required master file 637 indicator is set for approved registrants.

**Procedural Change:** To balance IRS resources and taxpayer needs, the timeframe for the Tax Examiner (TE) in the 637 Registration Group to prepare and mail Letter 3681 to all initial applicants assigned to the TE is extended to 10 calendar days from the date of assignment on the Issue Management System (IMS).

The 637 review of an initial application IMS status 20 will be completed within 45 days of assignment on IMS. If deficiencies are discovered, the TE has 60 days from the date of assignment to complete the initial application review. If third-party contacts are

necessary, the TE has 120 days from the date of assignment to complete the initial application review. Extensions to these timeframes can be approved by the Lead Technician (LT). Examiners must document the activity record with the reasons and the estimated completion date.

The 637 Registration Group Manager is responsible for:

- Overseeing the 637 Registration Program.
- Overseeing the 637 Registration workflow process.
- Making the final determination in IMS on applications that have been denied, or registrations that have been revoked or suspended.
- Ensuring the 637 Registration Indicator is added on master file for approved registrations and removed from revoked or suspended registrations.
- Conducting an annual statistically valid sample review of registrations to ensure the 637 indicator is set appropriately.
- Releasing authorized registration information to update the 637 Portal.
- Resolving issues with applications which cannot be processed by Centralized Specialty Tax Operations (CSTO).
- Addressing correspondence from 637 Registrants with questions or concerns relating to the 637 Registration program.
- Addressing issues, concerns, or questions raised by CSTO and senior leadership.
- Conducting reviews of cases processed by LTs.

**Effect on Other Documents:** This guidance will be incorporated into IRM 4.24.2, Excise Tax, Form 637 Excise Tax Registration by February 20, 2022

**Effective Date:** February 21, 2020

**Contact:** If you have questions concerning this guidance please contact Kellie McCann, Program Manager, Excise Tax Policy, (412)404-9607 or Diane Williams, Excise Tax Policy Analyst, (856)792-9362.

Attachment

Distribution:

[IRS.gov \(http://www.IRS.gov\)](http://www.IRS.gov)

## SBSE-04-0220-0002 Attachment

The following changes are hereby effective MM/DD/2020 for IRM 4.24.2, *Excise Tax, Form 637 Excise Tax Registrations*. **Note:** The subsections in the IRM are being modified with additional information shown below. For this reason, the numbering sequence below keys to the IRM section numbering system. For example, the subsection immediately below is numbered “3” rather than “1.” Subsections “1” and “2” remain in effect and are not modified.

### **4.24.2.7 (MM/DD/YYYY) Responsibility of 637 Registration Group**

(3) The TE in the 637 Registration Group is responsible for:

- Performing Integrated Data Retrieval System (IDRS) research on all initial applications in Status 20.
- Performing correspondence compliance reviews.
- Performing Accurint searches on all initial applications in Status 20.
- Making recommendations on 637 Registration Group cases to approve, deny, continue or revoke a registration.
- Preparing 637 Registration letters.
- Preparing and mailing Letter 3681, *637 Notification Letter*, to all initial applicants assigned to the TE within 10 calendar days from the assignment of the 637 IMS case.

### **4.24.2.10.3 (MM/DD/YYYY) Status 20 Compliance Check – Overview Initial Application and Sample Reviews Conducted by the 637 Registration Group TE**

(5) The 637 review of an initial application IMS status 20 will be completed within 45 days of assignment on IMS. If deficiencies are discovered, the TE has 60 days from the date of assignment to complete the initial application review. If third-party contacts are necessary, the TE has 120 days from the date of assignment to complete the initial application review. Extensions to these timeframes can be approved by the Lead Technician (LT). Examiners must document the activity record with the reasons and the estimated completion date.

### **4.24.2.10.3.1 (MM/DD/YYYY) Status 20 – IDRS Compliance Check Procedures**

- (1) The following procedures apply to all applications processed in Status 20 by the 637 Registration Group TE. The TE will:
- a. Review the original Form 637 application in IMS on the “Original 637 Application” screen.

- b. Print the "F637.pdf" file for reference when conducting the compliance check and use it when completing the "Form 637 Data" screen in IMS. See Exhibit 4.24.2-1.
- c. Verify the name and address on the application with the name on IDRS and obtain an "INOLES" that will be uploaded into the 637 IMS case file.
- d. Complete the Form 637 Data screen in IMS. Review and change information as necessary and complete Part III of the screen.
- e. Prepare and mail Letter 3681 within 10 calendar days from the assignment of the 637 IMS case file and include their name, employee ID number, telephone, and fax numbers in the contact information. If the application is a 637 Registration Group case, the TE must enclose Pub 5170, *Taxpayer Bill of Rights*, and Notice 609, *Privacy Act Notice*, with Letter 3681. The signed copy of Letter 3681 must be uploaded into the 637 IMS case file.

**Note:** Pub 5170 and Notice 609 should not be enclosed with Letter 3681 on excise field group cases. These documents will be enclosed with Letter 5708, *Initial Contact – Form 637 Reviews*, which is mailed by the excise examiner.

- f. Secure appropriate IDRS research necessary to complete the IDRS compliance check. If deficiencies are discovered, the applicable IDRS research documents will be scanned and uploaded in the 637 IMS case file to support the TE's findings. These include: BMFOLT/BMFOLI, IMFOLT/IMFOLI, SUMRY or TXMODA.
- g. If additional information is required to complete the activity test or IDRS compliance check, the TE must allow enough time to lapse (14 calendar days after mailing Letter 3681) before contacting the applicant by telephone. See IRM 4.24.2.2.2, *Initial Contact - Overview* for additional information. Any request for sensitive information, e.g., an EIN or SSN to complete the IDRS compliance check, must be in writing using Letter 3682, *Additional Information Request*, refer to (l) below for additional information for issuing Letter 3682.

**Note:** When making or receiving phone calls, the TE must follow IRM 21.1.3.2.3, *Required Taxpayer Authentication*, to ensure he or she is speaking to the appropriate taxpayer or taxpayer's representative to prevent unauthorized disclosure of tax information.

- h. Scan and upload into the 637 IMS case file any information received relating to processing the application, such as corrected signatures, tax returns secured, address change request, or verification of payments on tax account balances due.
- i. Conduct a follow-up contact within two days, if the applicant has not responded to requests and issue Letter 3682.
- j. If an initial application is incomplete, secure the information necessary to complete the application. The case will be placed in suspense for two weeks to allow the applicant time to provide necessary information. Information obtained will be added to the "637 Data" screen.
- k. If an application does not contain a valid signature, secure a new signature

and dated application from a person whose signature binds the applicant. I. Issue Letter 3682, which may be faxed to the applicant, when requesting additional information from the applicant. The TE will include his or her name, employee ID number, telephone number, and fax number in the contact information. If Letter 3682 is faxed to the applicant, the Department of the Treasury/IRS seal must be on the fax cover sheet. Refer to IRM 4.24.2.2.1, *Use of Fax Machine or Enterprise e-Fax (EEFAX)*, for additional information on the use of fax machines and EEFAX.

#### **4.24.2.7 (MM/DD/YYYY)**

##### **Responsibility of 637 Registration Group**

(1) The 637 Registration Group Manager is responsible for:

- Overseeing the 637 Registration Program.
- Overseeing the 637 Registration workflow process.
- Making the final determination in IMS on applications that have been denied, or registrations that have been revoked or suspended.
- Ensuring the 637 Registration Indicator is added on master file for approved registrations and removed from revoked or suspended registrations.
- Conducting an annual statistically valid sample review of registrations to ensure the 637 indicator is set appropriately.
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