



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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Affected IRM(s): 5.8.4, 5.8.7, 5.19.7

MEMORANDUM FOR: Gwannette Claybrook, Director, Specialty Collection Offer in Compromise

FROM: Rocco A. Steco Jr. Digitally signed by Rocco A. Steco Jr. Date: 2024.06.17 08:55:53 -04'00'
Director, Collection Policy

SUBJECT: Interim Guidance on Electronic Processing of Offer in Compromise (OIC) Cases with Appeals

This memorandum issues guidance to allow for electronic transmission of rejected, non-Collection Due Process (CDP) OIC cases to Appeals. Please ensure this information is distributed to all affected employees within your organization.

Purpose: Following the guidance in this memorandum, Specialty Collection OIC (SCOIC) will upload non-CDP rejected and appealed OIC cases electronically to Appeals, and Appeals will manage these new receipts electronically. If it is not feasible to scan the entire paper file, SCOIC will scan the key documents. If all documents in a file can't be scanned, the paper case file will be retained by SCOIC for nine months from the date the documents are uploaded to Appeals, in case any additional documents are needed by Appeals. After nine months, SCOIC's paper file can be archived to the Federal Records Center (FRC). Any additional documents secured or generated by Appeals, including closing documents, will be maintained on the Appeals Centralized Database System (ACDS), and not printed for the paper file. See the attachment to this memorandum for specifics.

Background/Source(s) of Authority: As a modernization effort, electronic case processes are being implemented on an Enterprise-wide level. Appeals has already transitioned to electronic processes in the CDP work stream and other work streams.

Procedural Change: Rejected, appealed non-CDP OIC cases will be sent to Appeals electronically to eliminate shipping paper case files to and from originating functions. Electronic access to case files also helps to ensure regular case management operations can continue where circumstances may otherwise prevent access to paper case files by employees.

Effect on Other Documents: This guidance will be incorporated into IRM 5.8.4, IRM 5.8.7 and IRM 5.19.7, within a period not to exceed two years from the date of this memo.

Effective Date: This interim guidance is effective as of June 17, 2024.

Contact: You may direct any questions to Diana Estey, National OIC Program Manager or Julia Wescott, Program Analyst, OIC Collection Policy.

Attachment:
Updated IRM procedures

Distribution:
Director, Headquarters Collection
Director, Collection
Taxpayer Advocate Service (TAS)
Director, Quality and Technical Support (QTS)
Director, Collection Appeals, Independent Office of Appeals
Office of Chief Counsel
IRS.gov

Attachment to Interim Guidance Memo SBSE 05-0624-0033

The following additions are hereby effective June 17, 2024.

Electronic Case Transmission to Appeals for Rejected, Timely Appealed (Non-CDP) OIC Cases:

1. If the documents are already in electronic format, the Offer Examiner (OE) or Offer Specialist (OS) will need to include those documents in the portfolio file as described below. The OE or OS will scan any paper documents and name them with the taxpayer's name control and offer number. After scanning, save the combined files to a PDF portfolio and name the portfolio using the following naming convention: (Four Character Name Control)(Offer number)(Date of OIC rejection letter in MMDDYYYY format). Example: ABCD 1001100000 05312024.
 - a) The file transmitted to Appeals will include complete copies of documents below, as applicable:
 - Completed transmittal sheet with all applicable boxes checked (see OIC SharePoint site in the Appeals library) as the first document in the portfolio file.
 - Signed and dated Form 1271, Rejection Memorandum. as the second document in the portfolio file.
 - Signed and dated rejection letter.
 - Form 656, Offer in Compromise, with any attached explanation of circumstances.
 - Completed Form 433-A(OIC), Collection Information Statement for Wage Earners and Self-Employed Individuals, and / or Form 433-B(OIC), Collection Information Statement for Businesses, with any supporting financial statements prepared and submitted by the taxpayer.
 - Final asset equity table (AET) and income expense table (IET).
 - Taxpayer's appeal, including Form 13711, Request for Appeal of Offer in Compromise, and any supporting documents sent.
 - Envelope with the postmark date, if appeal was sent by mail, or verification of appeal date if it was sent electronically.
 - Form 2848, Power of Attorney and Declaration of Representative, unless present on IDRS cc CFINK.
 - Automated Offer in Compromise (AOIC) remarks and, if applicable, Integrated Collection System (ICS) history comments.
 - Any additional documentation, information, and correspondence in the case file pertinent to the disputed issue(s) raised by the taxpayer in the offer and in the appeal. For example, any previously printed documents that specifically support SCOIC's Reasonable Collection Potential (RCP) calculation, such as Accurant research showing property ownership and/or internet research supporting valuations or income verification.
 - b) Due to the size of some paper case files, it may not be practical to scan all documents to a PDF. For example, there is no requirement to scan:
 - Documents asserting frivolous arguments.
 - Documents verifying expense items that are not required to be verified (i.e., National Standard expenses).

- Documents otherwise having no bearing on the issues of collectability, liability, or effective tax administration raised by the taxpayer, or on SCOIC’s RCP. For example:
 - The bank statements submitted with Form 656 were outdated and had to be replaced. The older statements were not used in the RCP and not mentioned in the appeal. It is not necessary to include the older bank statements.
 - Payments to credit cards (unsecured debt) were not allowed per the IRM, but the taxpayer’s allowable expenses consume income, for a \$0 future income value. It is not necessary to include the credit card statements the taxpayer submitted with Form 656.
 - The same documents should not be included more than once.
- Internal documents like Integrated Data Retrieval System (IDRS) prints and Accurint prints if the data resulted in no change to the RCP.

c) When it’s not practical to scan all documents, scan as many documents as feasible including the first 11 items listed above, as required. Indicate on the cover page and document on AOIC if the entire case file was scanned. If all case documents aren’t scanned, each physical case file will be held by SCOIC for a minimum of nine months from the date the case is uploaded to Appeals. If the OE or OS receives an email from the Appeals Officer (AO) to request additional information from the file, the OE/OS will send the additional documents to the AO via E-Fax, as a PDF attachment on a secure email or another agreed method. If the file has been sent to the Federal Records Center (FRC), the OE/OS will explain it in a secure email to the AO and provide the FRC accession number. Refer to IRM 1.15.6, Managing Electronic Records, for additional guidance on managing electronic records.

d) Scanned documents will be retained in the SCOIC SharePoint (SP) archive for a minimum of six months after uploading them to the Appeals Electronic Case Receipts (ECR) site. Managers will make sure in their semi-annual reviews (IRM 1.4.52.6.10) that a Work Unit Number (WUNO) has been created for each OIC case sent to Appeals. If the case is not on ACDS, immediate follow up is required. This will prevent the need to re-scan these documents.

e) If technical issues will prevent scanning for an extended period, the OE or OS must contact their manager to determine an alternative method for scanning the case file information.

2. Naming convention for files: Combine all PDF files for each case into one PDF portfolio and name the portfolio with the taxpayer’s name control, OIC number and date of the OIC rejection letter in MMDDYYYY format. For example, “BART 1001000000 05312024.” If there are related offers, number them as shown in the example below, which will facilitate association of related cases:
 - BART 1001000000 05312024
 - BART 1001000001 05312024 (2)
 If additional related offers exist, follow the same naming convention using (3), (4), etc.
3. SCOIC employees will send the scanned OIC files to the manager. The manager or designee will upload the documents to the SCOIC SharePoint site Specialty Collection Offer in Compromise Inventory Portal - Home (sharepoint.com) for transfer of the case to Appeals. Anyone who uploads documents to the SCOIC SharePoint site will need to

complete a BEARS request for access to the SCOIC Inventory Portal to gain access.

4. After the manager approves the transfer to Appeals, the manager or manager designee will upload each new case to Appeals via the Electronic Case Receipts (ECR) site Appeals Shared Programs Hub - Home (sharepoint.com), following the "Upload Files to Appeals" desk guide. No Form 3210, Document Transmittal, is used. The transmittal page must be the first page in the portfolio and Form 1271 must be the second page. A message will generate if the upload was not successful. If the upload was not successful, repeat the process. (NOTE: The maximum file size is 100 MB.) Once the file is uploaded, the user can confirm the upload by clicking on the "Case Status" section on the ECR landing page. The check status page will list cases recently uploaded by the user.
 - a) Appeals will continue case intake (including case creation on ACDS), case processing, assignment, and conference activities as normal. For acceptance closures, Appeals will provide the acceptance documents electronically via the SCOIC SharePoint site. Additional guidance for Appeals will be available in the Interim Guidance Memorandum issued by Appeals. For cases where the physical files were sent to Appeals before the electronic transmission procedures were implemented, Appeals will follow their prior procedures when they close the cases; they will send the acceptance case files to Monitoring Offer in Compromise (MOIC) and the non-acceptance case files to the originating SCOIC offices, to be forwarded to the FRC.
 - b) SCOIC will hold the physical case files for a minimum of nine months as described above. When the paper file is ready to be sent to the FRC to be archived, SCOIC will input the FRC accession number (for the physical case file that is sent to FRC) in the AOIC remarks, instead of in the separate FRC number section in AOIC. For all paperless cases sent to Appeals, include a statement in AOIC remarks, "All post-appeal documents are stored in ACDS vs. in the physical case file."

Monitoring Offer in Compromise (MOIC) procedures:

1. If Appeals accepts a previously rejected and timely appealed offer, Appeals will submit all acceptance documents to the SCOIC SharePoint site, so MOIC will no longer receive paper files from Appeals. MOIC clerks will go into the SharePoint (SP) site to retrieve acceptance documents from Appeals, which will be located on the MOIC page of the SP site and labeled with the name control, OIC number, and Appeals acceptance date.

Note: Do not print the documents. ACDS is the official storage site for Appeals documents, and they do not need to be associated with the physical case file. Clerks will check the SP site at least once per week for new work documents and check AOIC to verify the case is on Service Center (SC) AOIC. Clerks will check to make sure all necessary acceptance documents are included and complete (accepted Form 656, signed Form 7249, Offer Acceptance Report, signed and dated acceptance letter, Appeals case memo, and collateral agreement if applicable) and share the documents with the assigned MOIC technician to make sure the terms on AOIC match the terms on the accepted Form 656 and the offer acceptance report. If there is a mismatch in terms, or not all documents are included, the MOIC manager will contact the manager of the Appeals Account and Processing Support (APS) employee who uploaded the documents to the SP site to resolve the issue. Clerical managers will do a weekly check of the SP documents and verify they are accepted on AOIC and follow up if required.

Case documents will be kept on the SP site by MOIC until the taxpayer pays the offer amount in full and liens are released, and then they will be archived on the SP site.

2. If the OIC is defaulted, follow the existing procedures in IRM 5.19.7.14 for issuing a default letter and creating and maintaining a “dummy” file. At case conclusion, determine the location of the physical file (COIC or FRC). If the case has not been shipped to FRC, associate the dummy file with the physical case file. If the case has been shipped to FRC, the dummy file will be sent to FRC with a new accession number. Clearly document the new accession number in AOIC remarks.

IRM subsections affected:

IRM 5.8.4.22.4(2) - The offer file should be transferred to Appeals for consideration if a timely appeal is submitted. Refer to IRM 5.8.7.7.5 for electronic procedures to transfer the case to Appeals.

IRM 5.8.7.7.3.3 – All references to Forms 3210 and mailing of case files will be removed, unless the OICs are associated with CDP cases.

IRM 5.8.7.7.5 – Instructions as shown above for the electronic appeals process will go in this section. All references to mailing files will be removed.

IRM 5.8.7.7.6 - All references to mailing files to Appeals will be removed and replaced with electronic transmission language.

IRM 5.8.7.7.7 – All references to mailing files to Appeals or receiving files from Appeals will be removed and replaced with electronic transmission language.

IRM 5.8.7.11 – All references to information in physical files to Appeals will be removed and replaced with electronic transmission language.

IRM 5.8.7.12, 5.8.7.12.1, and 5.8.7.12.2 – These sections will be updated to address physical files being archived to FRC as explained in the procedures above.

IRM 5.19.7.3 – Instructions as shown above for the MOIC process will be included in this subsection.

IRM 5.19.7.4.15 – Instructions as shown above for the MOIC process will be included in this subsection.