DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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Affected IRM: 25.21.4

MEMORANDUM FOR SMALL BUSINESS/SELF EMPLOYED (SB/SE); AND TAX EXEMPT/GOVERNMENT ENTITIES (TE/GE) EMPLOYEES AFFECTED BY EMPLOYMENT TAX POLICIES AND PROCEDURES

Wanda R. Griffin Digitally signed by Wanda R. Griffin Date: 2020.04.14 11:48:50 -04'00'

FROM: Wanda R. Griffin, Director, SB/SE Specialty Examination Policy

SUBJECT: Interim Guidance when an Employer or ALE Self-Identifies as a Church during a Non-Filer or ESRP Inquiry Case

This memorandum addresses all users of IRM 25.21.4, *IRC 6056 Non-Filer and IRC 4980H Compliance Process*, and issues guidance when an employer or Applicable Large Employer (ALE) self-identifies as a church during an Information Return Non-Filer Inquiry case or Employer Shared Responsibility Payment (ESRP) Inquiry case until the IRM is revised. Please ensure that this information is distributed to all affected employees within your organization.

Purpose: The purpose of this Interim Guidance Memorandum (IGM) is to identify all users of the IRM and to establish procedures where an employer or ALE self-identifies as a church.

Background/Source(s) of Authority: During the classification of cases worked in the IRC Section 6056 Information Return Non-Filer Inquiry process and the IRC Section 4980H ESRP Inquiry process, Exam Case Selection (ECS) and Tax Exempt/Government Entities (TE/GE) coordinate to identify which cases are churches and therefore worked by TE/GE. In the event an employer or ALE self-identifies as a church to an SB/SE examiner, the examiner should follow the procedures in this IGM to transfer the case to TE/GE.

Procedural Change: The IRM Audience is updated on the Manual Transmittal to read as follows:

> This section contains instructions and guidelines for all Small Business/Self Employed (SB/SE) and Tax Exempt/Government Entities (TE/GE) employees dealing with IRC 6056 and IRC 4980H.

New IRM 25.21.4.4.4.2.1, *Employer Self-Identifies as a Church*, will read as follows:

> IRM 25.21.4.4.4.2.1, *Employer Self-Identifies as a Church*
> (1) IRC 7611 provides guidelines and a procedural framework for certain examinations of churches. Also see Treas. Reg. 301.7611-1.
>
> (2) If the employer self-identifies as a church in response to the Letter 5699 or subsequent correspondence, the examiner will stop processing the case immediately. These cases will be worked by TE/GE.
>
> (3) Provide the EIN, electronic case file folder and/or Record Number of the case to the group manager. The group manager will transfer the case to TE/GE using local procedures.

New IRM 25.21.4.14.4, *ALE Self-Identifies as a Church*, will read as follows:

> IRM 25.21.4.14.4, *ALE Self-Identifies as a Church*
> (1) IRC 7611 provides guidelines and a procedural framework for certain examinations of churches. Also see Treas. Reg. 301.7611-1.
>
> (2) If the ALE self-identifies as a church in response to the Letter 226-J or subsequent correspondence, the examiner will stop processing the case immediately. These cases will be worked by TE/GE.
>
> (3) Provide the EIN, ECF and/or Record Number of the case to the group manager. The group manager will transfer the case to TE/GE using local procedures.

Effect on Other Documents: This guidance will be incorporated into revised IRM 25.21.4 by April 14, 2022.

Effective Date: This interim guidance is effective April 14, 2020.

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