



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

February 7, 2012

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MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS
DIRECTOR, ADVISORY AND INSOLVENCY

FROM: Scott D. Reisher **/s/ Scott D. Reisher**
Director, Collection Policy

SUBJECT: Interim Guidance to Change the Five-Year Rule to a Six-Year Rule

The purpose of this memorandum is to provide interim guidance on changing the Five-Year Rule of IRM 5.15.1 to a Six-Year Rule. Please distribute this information to all affected employees within your organization.

Per this interim guidance memorandum, IRM 5.15.1, Financial Analysis Handbook is revised to change the Five-Year Rule to a Six-Year Rule.

Effective on the date of this memorandum, all expenses may be allowed, without substantiation, if:

- a. The taxpayer establishes he or she can stay current with all paying and filing requirements.
- b. Tax liability, including projected accruals, can be paid within **six** years or the Collection Statute Expiration Date (CSED), whichever expires earlier.
- c. Expense amounts are reasonable.

If you have any questions, please contact me, or a member of your staff may contact Lynn Greer, Senior Program Analyst.

cc: www.irs.gov
Director, Field Collection