



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

April 25, 2016

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Affected IRM: 4.1.1 & 4.18

MEMORANDUM FOR DIRECTORS, SBSE AREA FIELD EXAMINATION &  
TECHNICAL SERVICES

FROM: Scott E. Irick /s/ *Scott E. Irick*  
Director, Field and Campus Policy

SUBJECT: Interim Guidance on Offer in Compromise, Doubt as to Liability  
Statute Controls

This memorandum issues guidance regarding statute controls for Doubt as to Liability Offer-in-Compromise (OIC-DATL) cases until IRM 4.1.1 and IRM 4.18 are updated. Please ensure this information is distributed to all affected employees within your organization.

**Purpose:** This guidance explains a change to the statute control for OIC-DATL cases. This procedural change is expected to improve the process of monitoring statutes since the live Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) statute date will be reflected on AIMS and ERCS.

**Background:** On May 17, 2006, TIPRA was enacted creating IRC 7122(f) which applies to all OICs (both Doubt as to Liability and Doubt as to Collectability offers) received on or after July 16, 2006. Under this section, if IRS does not make a determination with regard to the OIC-DATL within 24 months of receipt, the OIC will be deemed accepted. The IRS received date is the date stamped on the Form 656-L and is the date that starts the 24-month time frame. If IRS does not make a timely determination, the taxpayer must be issued an acceptance letter and barred statute procedures must be followed. Ensuring the IRS received date is correctly recorded supports taxpayers' right to finality as referenced in the Taxpayer Bill of Rights.

**Procedural Change:** The statute date for OIC-DATL cases has generally been coded as an AA alpha statute on AIMS and ERCS (IRM 4.1.1.7.13.9) because the taxpayer is usually requesting an abatement of tax and or penalties. Effective immediately, OIC-DATL cases should contain a statute date that is two years from the IRS received date of the offer. The statute should also carry an "R" as part of the statute date, e.g. (4-4-2018R) to assist in identifying the TIPRA statute.

Your PSP AIMS/ERCS coordinator will update the statutes on all currently open cases and going forward examiners will receive OIC-DATL cases containing the live TIPRA statutes. Group Managers should review an ERCS Project Code Inventory Report 30 days after the interim guidance issue date to ensure all statutes on the OIC-DATL cases are updated. To assist the field in identifying OIC-DATL cases, the cases will carry Project Code 0264, AIMS freeze code 08, and have a cover sheet identifying them as an OIC-DATL case.

**Effect on Other Documents:** This guidance will be incorporated into IRM 4.1.1, Planning, Monitoring, and Coordination, and IRM 4.18, Exam Offer In Compromise, no later than 04-25-2017.

**Effective Date:** These procedures are effective immediately and apply to all OIC-DATL cases.

**Contact:** If you have questions, please contact me or a member of your staff may contact Michael Simmons, Acting Program Manager, Field Examination Special Processes.

Cc: [www.irs.gov](http://www.irs.gov)  
Director, Examination Field  
Director, Headquarters Exam