



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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INTERIM GUIDANCE MEMORANDUM FOR EMPLOYMENT TAX TERRITORY
MANAGERS, GROUP

MANAGERS AND SPECIALISTS

FROM: John Tuzynski /s/ *John Tuzynski*
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SUBJECT: Interim Guidance- Suspicious Activity Reports in Title 26 Cases

This interim guidance memorandum supplements guidance on the use of Suspicious Activity Reports (SAR) in Title 26 civil income tax cases reflected in IRM 4.26.14, Bank Secrecy Act, Disclosure. Proposed changes to IRM 4.26.14 will be published and implemented before the start of the fiscal year 2013. This guidance is specific to SB/SE Employment Tax (ET) employees authorized to electronically access SAR information or receive SAR data in connection with **active and assigned** cases, including those assigned to case-building functions. Authorized Employment Tax employees include selected Employment Tax Specialists, Senior Policy Analysts, Managers, and Classifiers. IRM 4.23.3 will be revised by May 31, 2013 to reflect this guidance.

When to request SAR information

SAR information may be helpful in examination and case building activities when:

- examiner has exhausted routine means of locating banking information;
- examiner has noted potential fraud indicators;
- taxpayer appears to be utilizing cash transactions to avoid reporting of income;
- taxpayer has made a voluntary disclosure and/or offshore bank accounts are suspected;
- examiner is investigating a Whistleblower case involving unreported income, offshore bank accounts, or activities;
- the WebCurrency and Banking Retrieval System (WebCBRS) reflects a Currency Transaction Report (CTR). A CTR is filed when a transaction occurs which involves currency exceeding \$10,000

Training

Training is required of all ET employees who request and/or receive SAR information. All ET employees authorized to access, use, and approve the use of SAR data must complete ELMS courses 36427 and 36428, *Safeguarding, Requesting and Using SAR Information* prior to requesting or using SAR data. The designated ET SAR Gatekeeper will ensure that ET examiners and their managers certify that they have taken the training prior to distributing the SAR data.

Who will have access?

Use of the SARS information will be limited to Examiners with prior experience working CBRS cases. These examiners will serve as resources to other ET examiners throughout the country who may encounter a need for SARS information to develop their cases.

Requesting SAR information

The following procedures must be followed when requesting SAR information:

1. The examiner must complete Form 10509-A electronically and forward the form via **encrypted** email to his/her manager. The request may contain multiple taxpayers.
2. The manager should indicate approval of the request only after confirming association with an active, assigned case, and forward the approved request by **encrypted** email to the ET SAR Gatekeeper.
3. The gatekeeper will access Web-CBRS:
 - If no SARs are found, the examiner will be notified via encrypted email.
 - If SARs are found, the gatekeeper will send the SAR information to the requester using **encrypted** email - after verifying that the examiner has completed the required training noted above.
 - Note: Examiners should also contact a Fraud Technical Advisor if potential fraud indicators are identified.
4. The ET SAR Gatekeeper(s) will maintain the electronic requests for a period of one year or until an audit trail review covering the timeframe for those requests is completed, whichever occurs later.

Keeping SAR information secure

Supervisors of Gatekeepers will complete annual **audit trail reviews** by to reconcile access with approved requests, **and second-level managers** will ensure these reviews have been conducted as required.

- Reviews may be conducted in conjunction with annual workload reviews.
- A 30-day period will be selected from the prior 12 months of CBRS activity.
- Queries will be compared against open inventory for the same 30-day period or will be validated through other business controls to ensure queries were related to assigned cases.

SAR information must be treated with the same security as information received from a confidential informant, and is subject to both Title 31 restrictions and Title 26 restrictions (I.R.C. § 6103). No SAR information, including the existence of a SAR, can be disclosed in the course of any compliance activity to the filer of the SAR, the subject of the SAR, or to any party outside the IRS without prior consultation with the Bank Secrecy Act (BSA) Liaison to FinCEN. FinCEN may allow sharing of SAR information only in special circumstances.

Maintenance and Disposal of SAR information

The following supplements the guidance provided in IRM 4.26.14 and applies to maintenance and disposal of SAR data in Specialty cases, with the exception of case-building:

- SAR documents will be maintained in sealed confidential envelopes within the case file.
- [Sensitive But Unclassified cover sheet](#) (TDF 15-05.11) will be attached to the outside of the envelope and to any file containing Form 10509-A or SAR data. This cover sheet clearly identifies documents that must always be under the personal observation of an authorized IRS employee or maintained in a secured cabinet.
- The work papers, activity records, audit report, or other documents within the administrative file should not reveal or reference SAR. If absolutely necessary, use the term “confidential informant.”
- No tax adjustments can be made based solely on SAR information. Examiners must independently develop the underlying issues (i.e. unreported income) related to the SAR to support proposing any adjustments.
- All SAR-related materials must be destroyed when closing the case.

For assistance in reviewing the SAR information and guidance on how to use it, review the ELMS courses, and contact your ET SAR gatekeeper, Tony Gonzalez. If questions still remain, e-mail them to *SBSE SAR Use.

cc: www.irs.gov