



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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INTERIM GUIDANCE MEMORANDUM FOR ESTATE AND GIFT TAX PROGRAM  
EMPLOYEES

FROM: Anita M. Babb /s/ Anita M. Babb  
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SUBJECT: Interim Guidance - Suspicious Activity Reports

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.

This memorandum provides guidance specific to SB/SE Estate and Gift Tax Program (E&G) compliance employees authorized by program leaders to electronically access SAR information or to receive SAR data in connection with active and assigned cases, including those assigned to case-building functions. IRM 4.25.1 will be revised by July 30, 2013 to reflect this guidance.

E&G employees authorized to electronically access SAR information includes:

- Riochelle Pruitt
- Patricia Stricker

E&G employees authorized to receive and use SAR information includes:

- Estate Tax Attorneys
- Estate Tax Examiners
- Estate and Gift Group Managers
- Paralegals
- Legal Assistants
- Policy Attorney Advisors and Analysts
- PSP Attorney Advisors and Analysts

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 Web Currency and Banking Retrieval System (WebCBRS) reflects a Currency Transaction Report (CTR). A CTR is filed when a transaction occurs that involves currency exceeding \$10,000

Designated gatekeepers are the only E&G employees authorized to electronically access and retrieve the SAR data. The designated gatekeepers in E&G are Riochelle Pruitt and Patricia Stricker.

Training is required for the E&G designated Gatekeepers. Training must be completed no later than 9/30/12.

- ELMS 41166, *Safeguarding Online Access and Using Suspicious Activity Report (SAR) Info Briefing*

Training is required for the E&G designated Gatekeepers' manager. Training must be completed no later than 9/30/12.

- ELMS 41166, *Safeguarding Online Access and Using Suspicious Activity Report (SAR) Info Briefing*
- ELMS 41167, *Manager Online Suspicious Activity Report (SAR) Audit Trail Reviews Briefing*

Training is required for E&G employees and managers who request and/or receive SAR information. Training must be completed no later than 9/30/12. Prior to approving any requests for SAR information from the designated Gatekeepers, the manager will ensure the employee has completed the required training. Prior to completing any requests for SAR information, the Gatekeeper will ensure the manager has completed the required training.

- ELMS 41166, *Safeguarding Online Access and Using Suspicious Activity Report (SAR) Info Briefing*
- ELMS 36427, *Safeguarding, Requesting and Using SAR Information,*

The following procedures must be followed when requesting SAR information:

1. The examiner sends an electronically completed Form 10509-A by encrypted e-mail to their manager. The request may contain multiple taxpayers.
2. The manager indicates approval of the request only after confirming association with an active, assigned case, and forwards the approved request by encrypted e-mail to the gatekeeper.

This procedure satisfies the audit trail review requirement for employees using SAR data but not electronically accessing Web-CBRS. SAR audit trail reviews by managers of employees using SAR data only are not required where the manager checks each data request against the active inventory (of the employee, group, function, or project) prior to approving and forwarding the Form 10509-A to the gatekeeper. Following this procedure, audit trail review requirements for receipt and use of SARs are considered met.

3. The gatekeeper accesses WebCBRS:
  - If no SARs are found, the examiner will be notified via encrypted e-mail.
  - If SARs are found, the gatekeeper will send the SAR information to the requester using encrypted e-mail. Note: Examiners will contact a Fraud Technical Advisor if potential fraud indicators are identified.
4. Gatekeepers will maintain the approved 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.

Specialty requires audit trail reviews by supervisors of gatekeepers to reconcile access with approved requests and further requires that second-level managers ensure these reviews are conducted as required.

- Reviews will be conducted on an annual basis and may be conducted in conjunction with annual workload reviews.
- A 30-day period will be selected from the prior 12 months of CBRS activity.
- The gatekeeper will ensure queries were related to assigned cases.

SAR information must be treated with the same security as information received from a confidential informant, and 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 in special circumstances only.

The following also supplements IRM 4.26.14 and applies to maintenance and disposal of SAR data in Specialty cases, except case-building.

1. SAR documents will be maintained in sealed confidential envelopes within the case file.

2. Attach Sensitive But Unclassified Cover Sheet (TDF 15-05.11) 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.
3. The work papers, activity records, audit report or other documents within the administrative file should not reveal or reference SARs. If absolutely necessary, use the term "confidential informant."
4. No tax adjustments can be made solely based on SAR information. Examiners must independently develop the underlying issues (i.e. unreported income) related to the SAR to support proposing any adjustments.
5. Destroy all SAR-related material when closing a case.

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

cc: [www.irs.gov](http://www.irs.gov)