



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

July 21, 2014

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Impacted IRM: 25.6.23

MEMORANDUM FOR SBSE AND W&I Campus Directors

FROM: Scott Prentky /s/ *Scott Prentky*  
Director, SBSE Campus Reporting Compliance  
Nancy A. Session /s/ *Nancy A. Session*  
Acting Director, W&I Reporting Compliance

SUBJECT: Interim Guidance on Form 895, Notice of Statute Expiration,  
Requirement Elimination

This memorandum issues guidance on the elimination of Form 895, Notice of Statute Expiration, requirement for W&I and SBSE Correspondence Examination (Corr Exam), Tax Equity and Fiscal Responsibility Act (TEFRA), and Examination Centralized Case Processing (CCP) programs until IRM 25.6.23 is published. Please ensure that this information is distributed to all affected employees within your organization. **Ogden TEFRA only**, please refer to "Deviation from Interim Guidance on Form 895, Notice of Statute Expiration, Requirement Elimination for Ogden Campus TEFRA function", dated June 30, 2014.

**Purpose:** Applicable IRM sections cannot be updated in the timeframe needed to provide employees with this time sensitive guidance. Changes will be made to IRM 25.6.23 content to reflect these changes.

**Background/Source(s) of Authority:** Based on a review of statute control and monitoring practices, work processes, and available technology, it has been determined using electronic data instead of paper Forms 895, Statute Control Records, will result in improved efficiency while still providing adequate statute control and monitoring in most situations. Lifting the previous Form 895 use requirement will allow this change.

**Procedural Change:** Guidance related to procedural changes is attached.

**Effect on Other Documents:** This guidance will be incorporated into IRM 25.6.23, Examination Process-Assessment Statute of Limitations Controls by July 21, 2016.

**Effective Date:** July 21, 2014

**Contact:** Sherrie Bunot, SBSE CRC Corr Exam Policy Analyst, or Marilyn Parsons, W&I CRC Exam Policy Analyst.

**The following changes are hereby effective July 21, 2014, for IRM 25.6.23**

- (1) Paper Forms 895, Notice of Statute Expiration, are no longer required to be used as a statute monitoring and control tool for W&I and SBSE Corr Exam, TEFRA, and CCP. Electronic data, such as Correspondence Exam Automated Support (CEAS), TEFRA Database, Exam Returns Control System (ERCS), Statistical Sample Inventory Validation Listing (SSIVL), etc., will be used to safeguard imminent statutes and ensure timely assessments.
- (2) In Corr Exam, Assessment Statute Expiration Dates (ASEDs) within 180 days of expiration and Statute Alpha codes, with the exception of "EE" (no return filed), will be documented on CEAS as a non-action note. Case activity sheets/workpapers will be used for non-CEAS cases and will include the Standard Employee Identifier (SEID) of the examiner, and when applicable, the SEID of the concurring manager.
  - a. ASEDs **other than** 4/15 (timely filed returns), 9/12 (timely filed returns with a defaulted statutory notices), and Alpha EE (no return filed) statute codes, will be elevated to the examiner's manager for concurrence with the ASED computation or the assigned Statute Alpha code. Managers will indicate concurrence with the statute date or code as a non-action CEAS note on CEAS cases and on case activity sheets/workpapers for non-CEAS cases.
  - b. Alpha EE ASEDs will not be documented until a return is filed. SSIVL will be used to identify TC 976/77, indicating return filings. ASEDs will be updated in accordance with return filings.
- (3) In the Campus TEFRA Function, ASEDs will be documented in IDRS controls or on the TEFRA Database.
- (4) In addition to electronic reports such as Audit Information Management System (AIMS) Table 4.0, 120 Day Numeric Statute Report, ERCS 895 Report/LB&I SSIVL, and Partnership Control System (PCS) Report 4-4 currently being used for cases on AIMS, Campus Non-AIMS Pending Statute listings generated from IDRS, will be used for controlling and monitoring cases that are **not** on AIMS.
  - a. Campus Non-AIMS Pending Statute listings will be created by establishing a dual control on TXMOD for imminent statute cases subject to a tax increase that are not on AIMS as follows:
    - i. Exam Statute TXMOD Control= xxXXXXxxx/ team number of employee assigned to the case, category = STAT, Activity text + month and year of ASED, example: ASED05/14
  - Note:** Please contact your Statute Coordinator to obtain the established Statute TXMOD Control Number for your area.
  - b. The Non-AIMS Pending Statute monitoring report (CCA/42/43 TXMOD control listing) will be reviewed monthly for statute monitoring and protection. To ensure each case is properly accounted for, the following annotations will be placed to the left of the taxpayer identification number:

- i. "C" if the case has been closed and assessment posted
- ii. "P" if the case has been worked and the adjustment is pending
- iii. "S" if the case is in suspense waiting technical advice, etc.
- iv. "NW" if the case has not been worked
- v. "T" if the case was transferred out. Also, indicate the dates of the transfer in the far right margin.

- c. Identified statute concerns will be addressed with the assigned examiner and monitored for timely assessment by the designated person, usually the statute coordinator. Details, such as the date the team was alerted and point of contact, will also be annotated on the listing.
- d. Annotated copies of the listing will be signed and dated by the reviewer and reviewer's team manager and retained for 3 years in the same location as AIMS statute monitoring reports as outlined in IRM 4.4.27.5.1.

(5) Corr Exam, TEFRA, and CCP managers are responsible for monthly verification of AIMS/PCS Statute reports and when applicable, Non-AIMS statute case listings for Employee Group Codes (EGCs) and employees assigned to them. Managers may delegate the tasks related to verification but must provide oversight and be responsible for research and annotation accuracy, as well as timely completion of research and case resolution.

- a. Electronic data such as CEAS, IDRS, and TEFRA database and/or a review of the paper case will be used to validate AIMS 4.0, 120 Day Numeric Statute Report, ERCS 895 Report/LB&I SSIVL, or PCS 4-4 data instead of Form 895 card file.

(6) Corr Exam, TEFRA and CCP statute coordinators will utilize electronic reports/listings for statute monitoring. Actions needed to resolve case issues will be documented by the person performing the review. Documentation will also include identification of the person alerted, such as the name or SEID, date of contact, and date issue was resolved when applicable.

- a. CEAS Cases-Corr Exam will document statute protection actions as CEAS notes when case is active on CEAS.
- b. Non-CEAS Cases- Corr Exam will document statute protection actions on the Non-AIMS Pending Statute monitoring report (CCA/42/43 TXMOD control listing), including the reviewer's SEID and the SEID of the examiner notified of action needed.
- c. TEFRA will utilize IDRS controls or TEFRA database for documenting statute protection actions.

- d. CCP will utilize the 120 Day Numeric Statute Report or ERCS 895 Report/LB&I SSIVL for documenting statute protection actions.
- e. Corr Exam and TEFRA will utilize electronic data to identify TC 976/77 postings to Alpha "EE" cases, and ensure ASEDs are updated within 120 days of TC 976/977 posting.
- f. Documented listings will be retained for three years from the FY end date.

cc: irs.gov