DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

LARGE BUSINESS AND
INTERNATIONAL DIVISION

October 28, 2026

Control Number: LB&I-04-1026-0010
Expiration Date: 10-28-2028
Affected IRM(s): 4.51.4

MEMORANDUM FOR: ALL LB&I EMPLOYEES

FROM: Ronald H. Hodge II */s/ Ronald H. Hodge II*
Assistant Deputy Commissioner Compliance Integration
Large Business and International Division

SUBJECT: Interim Guidance for Changes Made for Submitting a Fast Track Settlement (FTS) Application to Appeals and Continuing Guidance for Changes Made to FTS by the LB&I Pilot Program

Purpose: The purpose of this memorandum is to:

(1) Continue to provide guidance on a pilot program testing changes to the LB&I Fast Track Settlement (FTS) program. This FTS pilot program has the intention of extending the provisions of the FTS program to a wider range of cases and increasing the usage and oversight of the FTS program within the IRS.

(2) Provide guidance for changes Appeals made in 2026 to LB&I FTS procedures. LB&I is now required to submit FTS applications to Appeals electronically through the Appeals Shared Programs Hub. If an LB&I FTS application is submitted by email under the prior procedures to *AP ATCL FTS, with a copy to *LB&I Fast Track, an Appeals FTS program manager will instruct the LB&I examination team to resubmit the application through the Appeals Shared Programs Hub. The FTS application will be considered received on the day it is submitted through the Appeals Shared Programs Hub.

Background/Source(s) of Authority: In March 2024, Appeals established the Alternative Dispute Resolution (ADR) Program Management Office (ADR PMO). ADR PMO was created to revitalize existing ADR programs, pilot new initiatives, and collaborate with other business units to help taxpayers resolve tax disputes more efficiently. The ADR PMO has primary responsibility for all policy and program management for ADR programs and is supported by Appeals Policy.

On January 15, 2025, the IRS published Announcement 2025-6, *Pilot Program Changes to Fast Track Settlement*, and a related News Release IR-2025-14, *IRS initiates Fast Track Settlement pilot programs in effort to make Alternative Dispute Resolution faster and easier*, on IRS.gov. The announcement introduced a pilot program testing changes to FTS.

In response to the changes made to LB&I FTS program procedures by Announcement 2025-6, LB&I published Interim Guidance Memorandum (IGM) LB&I-04-0225-0002 on February 20, 2025. LB&I subsequently published IGM LB&I-04-0725-0008, *Interim Guidance on Reinforcing the Customer Focused, High Efficiency LB&I Examination Process* on July 23, 2025, to replace and supersede IGM LB&I-04-0225-0002 and to remove Acknowledgement of Facts (AOF) references from IRM 4.51.4. This IGM supersedes LB&I-04-0725-0008, Attachment #3.

The changes to the LB&I FTS program updated through the pilot program state that:

- Participation in FTS does not disqualify a taxpayer from other ADR programs.

- FTS can be applied to singular issues. Previously, if one issue was ineligible for FTS, the entire case was ineligible.
- When the taxpayer proposes a settlement to an issue being considered under the FTS program, and the LB&I team agrees to the proposal, the settlement proposal should be included in the FTS Application Issue Statement.
- FTS denials require:
    a. Written concurrence from an LB&I Director, Field Operations (DFO)
    b. Verbal explanation to the taxpayer
    c. Preparation of pro forma memo found in Attachment #3
    d. Memo sent to the DFO; if approved, maintain a copy in the case file and send a copy of the completed memo (with the DFO signature) to the *LB&I Fast Track mailbox

These piloted changes will be evaluated by the ADR PMO and the LB&I FTS team during the two-year period already established in January 2025 to determine the degree to which the updates should be discontinued, adjusted, or made permanent.

Included in the AP-08-0926-0085, *Updated Appeals Procedures for Large Business and International (LB&I) Fast Track Settlement (FTS) and Compliance Assurance Process (CAP) FTS* IGM updates was the announcement that the modern Appeals Case Management System (ACMS) is replacing Appeals' aging legacy Centralized Database System (ACDS). ACMS will provide Appeals with a new level of automation and analytics. These updates will improve collaboration within Appeals and support future collaboration with other IRS business units. In addition, E-5402 was added to replace Form 5402, Appeals Transmittal and Case Memo.

Procedural Change: See Attachment 1 for a table summarizing all changes made to IRM 4.51.4. The updated procedures are found on Attachment 2 and Attachment 3.

Effect on Other Documents: This memorandum supersedes Attachment #3 to LB&I-04-0725-0008, *Interim Guidance on Reinforcing the Customer Focused, High Efficiency LB&I Examination Process*. These piloted procedure changes for the FTS program may be extended, modified, or made permanent. If made permanent, these procedures will be incorporated into IRM 4.51.4, LB&I/Appeals Fast Track Settlement Program (FTS) within two years from the date of this memorandum.

Changes resulting from AP-08-0926-0085 will be incorporated into IRM 4.51.4, LB&I/Appeals Fast Track Settlement Program (FTS) within two years from the date of this memorandum.

Effective Date: This guidance is effective as of the date of this memorandum.

Contact: Questions may be directed to the LB&I Policy Office using the Create a Request at the LB&I Policy Gateway.

Attachments: (3)

Distribution: www.IRS.gov

Attachment 1: LB&I-04-1026-0010
Interim Guidance for Fast Track Settlement Program

The following table is a summary of changes made to IRM 4.51.4 with this IGM:

The following changes were made as required by AP-08-0926-0085, issued on September 15, 2026:

IRM Subsection	Paragraph	Type of Change	Brief Summary of Change
4.51.4.1	(3)	Permanent	Changes policy owner to include ADR PMO
4.51.4.1.3	(5) – (7)	Permanent	Changes title to LB&I FTS coordinator and added the role of the LB&I team
4.51.4.1.6	(1)	Permanent	Updates acronym table
4.51.4.4.3	(1), (2) & (4)	Permanent	Changes Rev. Proc. reference and adds to list of exclusions
4.51.4.5.2	(1) & (2)	Permanent	Requires the issue manager to be involved whenever it is applicable, and a link for a fully developed issue has been added
4.51.4.5.2.1	All	Permanent	Updates the FTS application approval process
4.51.4.5.3.2	(6)	Permanent	Updates procedures for new FTS submissions
4.51.4.5.3.3	(1)	Permanent	Updates procedures for new FTS submissions
4.51.4.5.4.1	(5)	Permanent	Updates the assignment of appeals officers
4.51.4.5.4.2	All	Permanent	Updates Appeals' process for assignment of cases
4.51.4.5.4.4	(1), (2) & (6)	Permanent	Changes notification timeframe
4.51.4.5.4.5	(1)	Permanent	Changes timeframe for Appeals to call the taxpayer
4.51.4.6	(1)	Permanent	Updates the timeframe of the FTS session
4.51.4.6.1	(4)	Permanent	Expands on the timeframe for the FTS process
4.51.4.6.3.5	(4)	Permanent	Changes the name of the system Appeals uses
4.51.4.6.3.7	(2)	Permanent	Changes the approval to executive-level
4.51.4.6.4.1	(4) & (8)	Permanent	Replaces Form 5402 with E-5402 based on changes made by Appeals, and deletes paragraph (8) because it is duplicative
4.51.4.6.4.2	(2)	Permanent	Replaces Form 5402 with E-5402 based on changes made by Appeals
4.51.4.7	(3) & (9)	Permanent	Changes the name of the system Appeals uses

The following changes were made to remove references to Acknowledgement of Facts (AOF) per LB&I-04-0725-0008, issued on August 1, 2025:

IRM Subsection	Paragraph	Type of Change	Brief Summary of Change
4.51.4.3	(2)	Permanent	Removes references to AOF per a change in LB&I policy noted in LB&I-04-0725-0008 interim guidance. Added Form 886-A to definition of “Fully developed”

The following changes were made to procedures in the FTS program relating to the pilot program per LB&I-04-0725-0008, issued on August 1, 2025:

Changes in Attachment #2:

IRM Subsection	Paragraph	Type of Change	Brief Summary of Change
4.51.4.4.1	(5) – (7)	Temporary	Expands on FTS single issue process
4.51.4.4.3	(3)	Temporary	Removes original paragraph (3)
4.51.4.5.1	(2) – (3)	Temporary	Requires executive approval and updates denial notification/documentation procedures
4.51.4.5.2	(5) – (9)	Temporary	Provides updates to FTS process
4.51.4.5.3.2	(5)	Temporary	Provides updates to FTS process
4.51.4.5.4.3	All	Temporary	Updates Joint Committee procedures
4.51.4.6.3.9	(6)	Temporary	Updates Joint Committee procedures
4.51.4.7	(13)	Temporary	Expands on FTS single issue process

Changes in Attachment #3:

IRM Subsection	Paragraph	Type of Change	Brief Summary of Change
4.51.4-2	Memo Content	Temporary	Updates the wording so the memo applies to issues and adds a signature block for LB&I executive approval

Attachment 2: LB&I-04-1026-0010
Interim Guidance for Fast Track Settlement Program

The following changes become effective October 28, 2026 for IRM 4.51.4.

4.51.4.1
(10-28-2026)
Program Scope and Objectives

(1) No Changes.

(2) No Changes.

(3) **Policy Owner**: The Strategy, Policy & Governance Office (SPG) in the Assistant Deputy Commissioner Compliance Integration (ADCCI) organization, and the Director, Alternative Dispute Resolution Program Management Office (ADR PMO), under the Deputy Chief of Appeals, jointly manage and administer the Fast Track Settlement (FTS) program for LB&I cases.

(4) No Changes.

(5) No Changes.

(6) No Changes.

4.51.4.1.3
(10-28-2026)
Roles and Responsibilities

(1) No Changes.

(2) No Changes.

(3) No Changes.

(4) No Changes.

(5) The LB&I FTS coordinator prepares the FTS LB&I monthly and annual reporting to stakeholders within LB&I.

(6) The LB&I team (exam team) consists of an LB&I examiner (team coordinator) and an LB&I case manager (case manager), who maintain the overall responsibility for the management of a case. For complex issues, additional team members may be added to the team to review these issues. Each team member added for an issue will have their own manager assigned to the case. This manager will be an LB&I issue manager (issue manager). For further information relating to the LB&I team, refer to IRM 4.46.1.1.3, *Roles and Responsibilities* and IRM 4.46.1.2.1.2, *Issue Teams*.

> **Reminder:** Case managers and issue managers have distinct but complementary responsibilities, and both must follow IRM 4.46.1.3.1, General Principles of Collaboration and Communication.

(7) The IRS adopted the Taxpayer Bill of Rights (TBOR) in June 2014. All IRS employees are responsible for being familiar with and acting in accordance with taxpayer rights. See IRC 7803(a)(3), *Execution of Duties in Accord with Taxpayer Rights*. For additional information about the TBOR, see Publication 5170, *Taxpayer Bill of Rights* and the Taxpayer Bill of Rights page at irs.gov.

4.51.4.1.6
(10-28-2026)
Terms and Acronyms

(1) The table below lists commonly used acronyms and their definitions:

Acronym	Definition
ACI	Appeals Coordinated Issue
ACM	Appeals Case Memorandum
ACMS	Appeals Case Management System
ADCCI	Assistant Deputy Commissioner Compliance Integration
ADR	Alternative Dispute Resolution
ADR PMO	Alternative Dispute Resolution Program Management Office
AO	Appeals Officer
ATCL	Appeals Team Case Leader
ATE	Appeals Technical Employee
ATM	Appeals Team Manager
BBA	Bipartisan Budget Act of 2015
CAP	Compliance Assurance Process
DFO	Director, Field Operations
ECD	Estimated Completion Date
ECR	Electronic Case Receipts
FTS	Fast Track Settlement
GPA	Geographic Practice Area
IMS	Issue Management System
JC	Joint Committee
PAM	Post Appeals Mediation
SPG	Strategy Policy & Governance Office
RAR	Revenue Agent Report

Acronym	Definition
TBOR	Taxpayer Bill of Rights
TEFRA	Tax Equity and Fiscal Responsibility Act of 1982
TINs	Taxpayer Identification Numbers

4.51.4.3
(10-28-2026)
Initiating FTS Process

(1) No Changes.

(2) "Fully developed" will generally be indicated by:

a. The issuance of Form 5701, *Notice of Proposed Adjustment* (including Form 886-A, *Explanation of Items*), to the taxpayer setting out the IRS's determination and the legal and factual basis for that determination.

b. A written response from the taxpayer clearly stating the taxpayer's position and the basis for their disagreement with the proposed adjustments on Form 5701.

(3) No Changes.

(4) No Changes.

(5) No Changes.

(6) No Changes.

4.51.4.4.1
(08-01-2025)
General Considerations

(1) No Changes.

(2) No Changes.

(3) No Changes.

(4) No Changes.

(5) It is best to consider all unagreed issues of a case in one FTS application; however, individual unagreed issues or groups of unagreed issues will be accepted into the LB&I FTS program even when other issues remain under consideration by LB&I.

Note: Throughout this memorandum, the terms "FTS application" and "FTS request" are used interchangeably, primarily "FTS application" when guidance relates to LB&I and "FTS request" when guidance relates to Appeals.

(6) If FTS is unsuccessful, the taxpayer will be offered the opportunity to pursue resolution through the traditional Appeals process.

(7) If the taxpayer pursues the traditional Appeals process, Appeals management will ensure a fair and impartial hearing. IRM 8.26.1.12.5, *Terminating the LB&I FTS Session*,

states that the traditional appeal will not be assigned to the same Appeals Team Case Leader (ATCL) or Appeals Officer (AO) that heard the FTS session, unless concurrence is received in writing from the taxpayer and LB&I prior to assignment. This policy should be made clear to the taxpayer at the beginning of the process, and if the taxpayer is unable to accept this policy, the taxpayer may decide to forego the FTS option and go to traditional Appeals.

Note: Participation in FTS will not disqualify a taxpayer from using Post Appeals Mediation (PAM).

4.51.4.4.3
(10-28-2026)
Cases and Issues Not Appropriate for FTS

(1) The following issues are generally not appropriate for the FTS program:

a. Docketed issues
b. Issues challenging the constitutionality of tax laws
c. Issues for which the taxpayer has expressed unwillingness to compromise or explore a mutual concession resolution

Note: Per IRM 4.51.4.5.1, *Consideration of Fast Track Settlement*, FTS must be considered when there are unagreed issues. A taxpayer's willingness to compromise may shift throughout the examination and their request to use FTS is indicative of their willingness to compromise or reach a mutual concession on the issue.

(2) The following issues will be excluded from FTS:

a. Issues outside of LB&I jurisdiction (e.g. Collection, Employee Plans, Exempt Organizations)
b. Issues designated for litigation
c. Issues under consideration to be designated for litigation
d. Issues for which the taxpayer has requested Competent Authority assistance
e. Issues for which the taxpayer has requested the simultaneous Appeal/Competent Authority procedure described in section 6.04 of Rev. Proc. 2015-40
f. Issues that are part of a whipsaw transaction
g. Issues for which mediation would not be consistent with sound tax administration
h. Issues identified as excluded from the FTS process in a Chief Counsel Notice or equivalent publication
i. Issues raised by taxpayers challenging the validity of a regulation

(3) Issues for which the IRS is establishing a uniform settlement position (e.g., certain listed transactions) may be excluded from FTS.

(4) Only the issues listed above are prohibited from participating in FTS. All other issues should be considered by the exam team for FTS.

4.51.4.5.1
(10-28-2026)
Consideration of FTS

(1) No Changes.

(2) FTS is an ADR initiative that must be considered by the case manager and, when applicable, the issue manager when there are unagreed issues that cannot be resolved between the taxpayer and the exam team. FTS consideration and conclusions reached will be documented in the exam team's case activity record. See IRM 4.51.4.4.1, *General Considerations*, and changes made in this memorandum to subsections IRM 4.51.4.4.1(5) – (7) and IRM 4.51.4.4.3.

> **Reminder:** A taxpayer's request to use FTS indicates their willingness to compromise or reach a mutual concession on the issue.

(3) The taxpayer must be provided with a copy of Publication 4539, *Fast Track Settlement Brochure* at the opening conference, or instructed to obtain a copy at the IRS.gov website.

(4) No Changes.

(5) No Changes.

(6) No Changes.

(7) No Changes.

4.51.4.5.2
(10-28-2026)
Determining Eligibility and Suitability

(1) The case manager and, when applicable, the issue manager will explain the FTS process to the taxpayer and determine whether the case qualifies for the FTS program using the case eligibility and exclusion criteria of IRM 4.51.4.4, *Case Eligibility and Exclusions*.

(2) The case manager should ensure the issue is fully developed by discussing it with the agent and others who participated in examining the issue. See IRM 4.51.4.3(2) for further information on an issue being fully developed.

(3) No Changes.

(4) No Changes.

(5) Denial of a taxpayer's FTS application by the case manager and, when applicable, the issue manager requires concurrence from the appropriate territory manager(s).

(6) The case manager will forward a copy of any proposed denial request with a brief statement of the reasons for proposing the denial to the case territory manager and, when applicable, the issue territory manager.

(7) The case territory manager and, when applicable, the issue territory manager will then review the denial. If they concur with the proposed FTS denial:

a. Written concurrence from the first-line executive (LB&I Director, Field Operations (DFO)) who oversees the respective territory manager is requested using the

memo template found in Exhibit 4.51.4-2 (updated template found in Attachment #3).

b. For an FTS issue owned by a specialty area DFO, the proposed denial must be coordinated between the specialty area DFO and the Geographic Practice Area (GPA) DFO.

c. The appropriate DFO (specialty area or GPA) will notify their Senior Director of the proposed FTS denial.

d. The Senior Directors must then apprise the LB&I Deputy Commissioner of a proposed FTS denial.

Note: Steps a. through d. must be completed before the taxpayer is notified.

(8) To request approval of the proposed denial from the appropriate DFO, the case manager will:

a. Send the memo to the DFO with a copy sent to the LB&I FTS Mailbox.

b. If approved, maintain a copy in the case file and send a copy of the completed memo (with DFO signature) to the LB&I FTS Mailbox.

Note: Information on denial requests and approvals will be shared with the ADR PMO to evaluate pilot changes and program improvements.

(9) If the FTS application is denied and concurrence is received from the appropriate executive, the taxpayer and, if applicable, their representative must be notified. Verbal notification by the case manager and, when applicable, the issue manager is sufficient. See update to IRM 4.51.4.1.4(2) in LB&I-04-0226-0001, *Interim Guidance for Reporting Fast Track Settlement (FTS) Program Data in IMS 2025*, dated February 11, 2026, for documentation required in the IMS case file.

4.51.4.5.2.1
(10-28-2026)
Screening and Approval of FTS Application

(1) Appeals requires a completed LB&I FTS package to conduct the appropriate screening and approval actions. The LB&I FTS Package includes the case manager submitting the following to Appeals through the Appeals Shared Programs Hub SharePoint site and attaching the LB&I FTS Package to the Electronic Case Receipts (ECR) form (found at the Appeals Shared Programs Hub SharePoint site):

a. Completed Form 14017, *Application for Fast Track Settlement*, signed by the case manager or, when applicable, the issue manager, and the appropriate territory manager listing all participant's names and titles

b. Issue Statement

c. Forms 5701 and 886-A

d. Form 2848, if applicable

e. Taxpayer's written response to the unagreed issue that clearly defines the taxpayer's position and the basis for disagreement is required. A formal protest is not required

(2) LB&I FTS Packages require expedited review by Appeals to ensure a timely response to the case manager and, when applicable, the issue manager. Appeals FTS program

managers will monitor their new receipts for FTS cases (an FTS application or FTS request) and complete the actions outlined in IRM 8.26.1.10, Appeals Initial Review of LB&I FTS Requests (as modified by AP-08-0926-0085) within one week of the Appeal Received Date.

(3) The Appeals FTS program manager will serve as the Appeals point of contact for any LB&I inquiries regarding the FTS request until the case is assigned to an Appeals Technical Employee (ATE) who will serve as the FTS Official, or the FTS request is formally denied.

(4) If accepted, the assigned FTS Official will contact the case manager and, when applicable, the issue manager, and the taxpayer within two weeks of case assignment.

(5) A case that lacks concurrence from either the Appeals FTS program manager or the case territory manager and, when appropriate, issue territory manager will be treated as withdrawn by the function that opposes moving forward with the FTS process. Such withdrawals require executive-level concurrence from the first-line executive of the manager requesting the withdrawal.

(6) The FTS process is limited to 120 calendar days from the date the case is accepted by Appeals, unless the Appeals FTS program manager and the case territory manager and, when applicable, the issue territory manager agree to a different timeframe.

(7) Deleted.

4.51.4.5.3.2
(10-28-2026)
Submission of FTS Application

(1) No Changes.

(2) No Changes.

(3) No Changes.

(4) No Changes.

(5) When the taxpayer proposes a settlement to an issue being considered under the FTS program, and the LB&I team agrees to the proposal, provide notification on Form 14017, *Application for Fast Track Settlement*, and include the settlement proposal in the LB&I Fast Track Settlement Application Issue Statement (see IRM 4.51.4.5.3.3(1)(a) below).

> **Note**: The appeals official will perform an independent evaluation of the hazards and consider whether the settlement proposed by the parties reflects the litigating hazards or established settlement guidelines.

(6) When Form 14017, *Application for Fast Track Settlement*, is approved and signed by the case territory manager or, when applicable, the issue territory manager, the referring case manager submits the approved FTS application to Appeals through the Appeals Shared Programs Hub SharePoint site by attaching the LB&I FTS Package (See IRM 4.51.4.5.2.1) to the Electronic Case Receipts (ECR) form. LB&I will not send the entire administrative file. See LB&I Fast Track Settlement for instructions for submitting the LB&I FTS Package to Appeals.

(7) No Changes.

4.51.4.5.3.3
(10-28-2026)
Forwarding LB&I FTS Application to Approving Managers

(1) The case manager (in collaboration with the issue manager) will include the following submissions through the Appeals Shared Programs Hub SharePoint site and attach the FTS Package to the Electronic Case Receipts (ECR) form:

   a. The signed Form 14017 listing all participants' names and titles
   b. The LB&I Fast Track Settlement Application Issue Statement (see Exhibit 4.51.4-1, *LB&I Fast Track Settlement Application Issue Statement* and Fast Track Procedures Knowledge Base) for each referred issue
   c. Form 5701, *Notice of Proposed Adjustment*, with Form 886-A, *Explanation of Items*

      Note: Include the Issue Resolution Agreement for Compliance Assurance Process (CAP) FTS issues.

   d. Taxpayer's written response to the unagreed issue that clearly defines the taxpayer's position and the basis for disagreement is required. A formal protest is not required
   e. Form 2848, Power of Attorney and Declaration of Representative, if applicable

(2) No Changes.

4.51.4.5.4.1
(10-28-2026)
Appeals Participation in the FTS Process

(1) No Changes.

(2) No Changes.

(3) No Changes.

(4) No Changes.

(5) FTS cases are assigned to the following AOs:

   a. Typically assigned to an ATCL
   b. AO no lower than a grade 14
   c. If special circumstances require an LB&I FTS case to be assigned to an AO lower than a grade 14, an ATM must also participate in the process as a co-mediator

(6) No Changes.

(7) No Changes.

(8) No Changes.

4.51.4.5.4.2
(10-28-2026)
Appeals Process for Assignment of FTS Cases

(1) Within one week of receipt, the Appeals FTS program manager will review the FTS

application to determine if the FTS eligibility requirements are met. The Appeals FTS program manager may consult with another Appeals FTS program manager, an ATM, or the ADR PMO with any questions regarding acceptance.

(2) If the Appeals FTS program manager determines the case is eligible, the Appeals FTS program manager signs the Form 14017 in the Appeals Manager/FTS Program Manager signature section, checking the Accept Request box above their signature. The Appeals FTS program manager then forwards Form 14017 to the appropriate ATM for concurrence.

(3) If the ATM concurs with the acceptance of the FTS application, the ATM signs Form 14017 in the Appeals Official decision section, checks the Accept Request box above their signature, and forwards a signed copy to the Appeals FTS program manager. If the first ATM does not recommend acceptance, the Appeals FTS program manager may assign the FTS request to another ATM for review.

(4) Once the FTS request is accepted, the Appeals FTS program manager will submit a request to transfer the case to the ATM. The ATM will assign it to an FTS Official.

(5) Any case started without the approval of both the Appeals FTS program manager and the case territory manager and, when applicable, the issue territory manager will, at the discretion of the respective managers, be treated as a withdrawn case.

(6) The FTS process is limited to 120 calendar days from the date the case is accepted by Appeals, unless the Appeals FTS program manager and the case territory manager and, when applicable, the issue territory manager agree to a different timeframe.

(7) Deleted.

4.51.4.5.4.3
(08-01-2025)
Cases Not Accepted for FTS

(1) Issues referred to FTS for resolution must be fully developed. Requests for Technical Advice, Field Service Advice, etc. will not be made during the FTS process. Cases requiring further issue development are not ready for FTS and may be denied accordingly.

(2) The Appeals FTS program manager may concur with the recommended denial of the FTS request or may accept the case and identify necessary resources.

(3) If the FTS request is recommended for denial, the Appeals FTS program manager and the ATM will obtain approval from the Appeals first-line executive and then discuss the rationale for denial with the case territory manager and, when applicable, the issue territory manager and the LB&I FTS program manager.

(4) The Appeals FTS program manager will discuss the rationale for the denial with the taxpayer and the case manager and, when applicable, the issue manager.

(5) Deleted.

4.51.4.5.4.4
(10-28-2026)
Case Accepted for FTS and Assigned in Appeals

(1) The Appeals FTS program manager will contact the case manager and, when applicable, the issue manager to provide a status update within one week of Appeals' receipt of the FTS application.

(2) After Form 14017, *Application for Fast Track Settlement*, is accepted by the case territory manager, and when applicable, the issue territory manager and the Appeals FTS program managers, the ATM will assign the case to an FTS Official as soon as it appears in the awaiting assignment list.

(3) No Changes.

(4) No Changes.

(5) No Changes.

(6) Where the case includes Appeals specialty issues, the ATCL or AO will follow IRM requirements to refer the issues to the Appeals Director ATCL Operations or Appeals Director International Operations. The Appeals technical specialist may be assigned if warranted.

(7) No Changes.

4.51.4.5.4.5
(10-28-2026)
FTS Official's Role Upon Assignment

(1) Within two weeks after the case is assigned, the FTS Official calls the taxpayer, the case manager and, when applicable, the issue manager to begin the FTS session planning process and will follow up in writing with an FTS Acknowledgement Letter.

(2) No Changes.

(3) No Changes.

4.51.4.6
(10-28-2026)
Introduction to the FTS Session

(1) The FTS session includes all activities from the date Appeals accepts the FTS application through the date either all three parties reach a final agreement, determine that an agreement will not be reached through FTS, or the date the FTS request is withdrawn.

4.51.4.6.1
(10-28-2026)
Planning the FTS Session

(1) No Changes.

(2) No Changes.

(3) No Changes.

(4) The FTS process is limited to 120 calendar days, unless the case territory manager, the Appeals FTS program manager and, when applicable, the issue territory manager, agree to an extension.

4.51.4.6.3.5
(10-28-2026)
Developing the FTS Session Report

(1) No Changes.

(2) No Changes.

(3) No Changes.

(4) In addition to documenting all contacts in the ACMS action record and conference notes, the appeals official will prepare the FTS Session Report at the start of the FTS process and update the FTS Session Report timely as decisions are made.

(5) No Changes.

(6) No Changes.

(7) No Changes.

(8) No Changes.

4.51.4.6.3.7
(10-28-2026)
Appeals or LB&I May Terminate the FTS Session

(1) No Changes.

(2) If the appeals official decides to terminate the FTS session, executive-level concurrence is required.

(3) No Changes.

(4) No Changes.

(5) No Changes.

(6) No Changes.

(7) No Changes.

4.51.4.6.3.9
(08-01-2025)
FTS Authority

(1) No Changes.

(2) No Changes.

(3) No Changes.

(4) No Changes.

(5) No Changes.

(6) If a Joint Committee (JC) report is required for the case, Appeals will delay execution of

an Appeals prepared closing agreement until LB&I completes the JC procedures (see IRM 8.7.9.6.6, *Closing Agreements Related to JC Cases*). For agreements other than closing agreements on Joint Committee cases, see IRM 8.7.9.6.5, *Agreements (other than Closing Agreements*) *on JC Cases*. Where Appeals settlement authority has been used on a JC case, the appeals official involved in the settlement will be available to respond to inquiries from the JC regarding the settlement.

4.51.4.6.4.1
(10-28-2026)
Closing the FTS Process with Settled/Resolved Issues

(1) No Changes.

(2) No Changes.

(3) No Changes.

(4) After the FTS process is complete, Appeals will provide the case manager and, when applicable, the issue manager with the following:

a. E-5402 providing a summary of case information
b. Brief Appeals Case Memorandum (ACM) for settled issues
c. Executed closing agreement if used (For JC cases, signed by the taxpayer only, and to be signed by Appeals after JC review), special agreement, or waiver form (if required)
d. Completed FTS Session Report
e. Settlement agreements for the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) signed by the taxpayer (A list of investor names, taxpayer identification numbers (TINs), and one-year assessment dates will be shown on Form 3210 used to transmit the package to LB&I)

(5) No Changes.

(6) No Changes.

(7) No Changes.

(8) Deleted.

4.51.4.6.4.2
(10-28-2026)
Closing the FTS Process with Unresolved Issues

(1) No Changes.

(2) The administrative file, consisting of an E-5402 and FTS Session Report(s) will be provided. No ACM will be prepared for unresolved issues.

(3) No Changes.

(4) No Changes.

(5) No Changes.

4.51.4.7(10-28-2026)
FTS and JC Cases

(1) No Changes.

(2) No Changes.

(3) Upon assignment of a FTS case, Appeals must confer with the taxpayer and LB&I to determine whether the case is subject to JC reporting requirements and record the results in the ACMS case action record.

(4) No Changes.

(5) No Changes.

(6) No Changes.

(7) No Changes.

(8) No Changes.

(9) Appeals will close the FTS case on E-5402 and give the ACM to LB&I for inclusion in their JC Report.

(10) No Changes.

(11) No Changes.

(12) No Changes.

(13) For an Appeals-prepared closing agreement on settled issues, Appeals will solicit the taxpayer's signature but will not execute the closing agreement on behalf of the IRS until the JC on Taxation clearance letter is received.

(14) No Changes.

Attachment 3: LB&I-04-1026-0010

Exhibit 4.51.4-2 (10-28-2026)
Territory Manager Concurrence Memo (Updated to obtain LB&I executive concurrence)

LARGE BUSINESS AND
INTERNATIONAL DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

Date:

MEMORANDUM FOR:
FROM:
SUBJECT: Denial of Fast Track Settlement (FTS) Issue(s)

I have reviewed the facts and circumstances of all unagreed FTS issues submitted for the case below and recommend denying the taxpayer's unagreed FTS issues that are identified below.

In accordance with IRM 4.51.4.5.2, Determining Eligibility and Suitability, I request you to consider the following and indicate your concurrence by signing and dating below.

Taxpayer Name:	XYZ Corporation
Type of Tax Return:	1120
Tax Periods:	202312, 202412

Unagreed Issues (4 or fewer):

1.
2.
3.
4.

Reasons for recommended denial of FTS:

LB&I EXECUTIVE APPROVAL

I concur with the denial for the reasons stated above.

_____ _____
LB&I Executive Name - Printed Executive Title

_____
LB&I Executive Signature