



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

SMALL BUSINESS/Self-EMPLOYED DIVISION

January 31, 2017

Control No: SBSE-04-0117-0007
Expires: January 31, 2019
Impacted IRM: 4.24.6

MEMORANDUM FOR SB/SE DIRECTOR, SPECIALTY EXAMINATION; EXCISE
TAX CHIEF; TERRITORY AND GROUP MANAGERS; AND
ALL EXCISE TAX SPECIALISTS

FROM: Alfredo Valdespino /s/ *Alfredo Valdespino*
Director, Examination - Specialty Policy

SUBJECT: Offer-in-Compromise, Doubt as to Liability Statute Controls for
Excise Tax Cases

The purpose of this interim guidance memorandum (IGM) is to issue updated guidance and information on statute controls for Offer-in Compromise, Doubt as to Liability (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 now 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 earliest date stamped on the Form 656-L, *Offer in Compromise, Doubt as to Liability*, (Form 656-L) and is the date that starts the 24-month timeframe. If IRS does not make a timely determination, the offer is accepted in full and the statute is considered barred. The IRS must follow appropriate barred statute procedures in any situation where the 24-month TIPRA date lapses with no determination.

Procedural Change

The statute date for OIC-DATL cases has historically followed rules for claims by using the "AA" statute date on AIMS and ERCS. In order to protect taxpayer rights referenced in the Taxpayer Bill of Rights a new statute requirement is being implemented. Effective immediately, OIC-DATL cases should contain a statute date that is two years from the IRS offer received date (earliest date stamped on the Form 656-L). The statute date will reflect an "R" at the end to assist in identifying the TIPRA statute. For example, an offer received on 12/28/2016 will have a TIPRA statute for all tax periods involved with the offer of 12/28/2018R regardless of the "normal" statute date of 3 years from date filed. Groups should note that these cases will NEVER have the traditional three year statute date on them because the case will always reflect two years from the date the offer was received.

Any new OIC – DATL cases assigned to the group from Excise Examination Case Selection – Workload Selection and Delivery (ECS-WSD) will carry the new date. Group Managers must review any OIC-DATL cases currently assigned to their groups and update appropriately. All updates should be completed within 30 days of the issuance of this memorandum. Ensure all OIC-DATL cases reflect the following and update or correct if needed:

Project Code: 0264

Tracking Code: None

AIMS Freeze Code: 08 (this ensures the case is closed ECS-WSD for the offer resolution before sending to Centralized Case Processing (CCP) for final examination closure.)

Statute Date: Update to two years from the received date of the offer. Use the earliest date stamp on the Form 656-L to determine the appropriate statute. An “R” will always follow the date.

Upon issuance of the disposition letter there is no longer a live statute associated with the case, therefore the OIC-DATL Coordinator will update the statute date to the alpha statute “AA” with an “R” at the end.

Effect on Other Documents

Guidance concerning TIPRA statute dates will be incorporated into IRM 4.24.6, *Excise Tax, Technical Guidance and Procedures for Excise Tax*, by January 31, 2019.

Effective Date:

This interim guidance is effective upon issuance.

Distribution:

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