



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

September 26, 2016

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MEMORANDUM FOR DIRECTOR, SPECIALTY EXAMINATION; CHIEF EXCISE TAX EXAMINATION; FUEL TERRITORY AND GROUP MANAGERS; FUEL COMPLIANCE OFFICERS (FCOs); AND FUEL COMPLIANCE AGENTS (FCAs)

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

SUBJECT: Interim Guidance for Indexing Work-Papers in IMS for Inspection Penalties

This memorandum establishes conventions and interim guidance for use by Fuel Compliance Agents (FCAs) and Fuel Compliance Officers (FCOs) when naming and indexing IMS work-papers that document IRC 6715, 6715A, 6717 and 6720A penalty considerations. The standardized IMS documentation conventions for inspection penalties will assist IMS Team Website users to find documents within the file.

Effective immediately, FCAs and FCOs must name and index all work-papers and records as prescribed in Exhibit A (see below). Examples of these documents include but are not limited to the following: notes from site visits or inspections that include fuel/product type, fuel or product source and use, volume measurements, penalty calculations, reasonable cause considerations (applicable to IRC 6717 and IRC 6720A), photographs, lab results, delivery tickets and administrative forms.

This interim guidance will remain in effect until expiration or until superseded by a revised IR 4.24.16, *Excise Fuel Compliance Report Writing, Case Processing and Appeals Procedures* or superseding interim guidance.

If you have questions or concerns about this memorandum, please contact Edward Kipping, Acting Excise Fuel Program Manager or Doug Sponsler, SB/SE Examination-Fuel Policy Analyst.

Distribution:
[IRS.gov \(http://www.irs.gov\)](http://www.irs.gov)

Exhibit A:

IMS Case File Index Organized FCO-FCA IRC 6715, 6715A, 6717 and 6720A Inspection Penalty Case IRM 4.24.16

All documents in the paper case file must be uploaded into IMS. The naming protocol for the IMS file follows the order prescribed in IRM 4.24.16.1.9 for the paper case file. The placement in the paper case file is referenced in each section below. The naming protocol will consist of a letter and number followed by a description of the document (e.g. IRS Form number). Do not include a document in the IMS file that is not in the paper case file.

- 1) The forms on the outside of the paper case folder for a penalty case file must be labeled in the IMS case with an "A & Number" and form Number (or) Description:
- 2) The forms on the inside left of the paper case file in the following order (top to bottom) will be labeled with a "B & Number":

- A1 – Form 3210. Document Transmittal (if a copy is in case file).
- A2 – Form 3198. Special Handling Notice.

- B1 – Form 5346
- B2 – Form 2363

Note: Original should have been processed prior to forwarding case to CCP. Annotate on Form 3198 and the copy of Form 2363 the date this form was processed (date faxed to CCP).

- B3, B3-1, B3-2, etc. – IDRS Research (within last 30 days)
- 3) All forms and documents within the paper case file must be labeled with a C & Number in the following order:
 - C1 – Form 5345D – Copy of approved form.
 - C2 – Form 8278 Assessment and Abatement of Miscellaneous Civil Penalties for the 6715 to 6720A penalty page signed.
 - C3 – Copy of the penalty package mailed to the taxpayer
 - ❖ C3 – Letter 3145, Dyed Fuel Penalty 30 Day Letter.
 - ❖ C3-1 – Form 12010, Form 12012, Form 12013 or Form 12014, Report of Proposed Penalty.
 - ❖ C3-2 – Penalty Calculation.
 - ❖ C3-3 – Form 12009, Request for an Informal Conference and Appeals Review.
 - ❖ C3-4 – Form 886A
 - ❖ C3-5 – Notice 1215 What to do if you disagree with the penalty.
 - ❖ C3-6 – Pub 1 Taxpayer Rights
 - ❖ C3-7 – Notice 1416

- C4 – Only if Applicable
 - ❖ C4-1 – Form 3244-A, Payment Posting Voucher
 - ❖ C4-2 – Form 433-D Installment Agreement –Should be checked off on 3198.
 - ❖ C4-3 – Form 12175
 - ❖ C4-4 – Form 12180
- C5 – Case Documentation
 - ❖ C5-1 – Inspection Compliance Form, Inspection Sheet, or any inspection work-paper created.
 - ❖ C5-2 – Case comments, Form 9984, or any history documentation created.
- C6 – Copy of lab results.
 - ❖ C6-1 – Sample # NNNNNNNNNN dye results.
 - ❖ C6-2 – Sample # NNNNNNNNNN dye results.
 - ❖ C6-3 – Sample # NNNNNNNNNN sulfur results.
- C7 – Any additional case documentation
 - ❖ C7-1 – Forms 9667 Sample Bottle Seals and Identification Labels.
 - ❖ C7-2 – Form 13926, Chain of Custody Control Document.
 - ❖ C7-2 – Form 13927, Chain of Custody and Shipping Record.
- C8 – All Additional Supporting Documentation - Copies of photographs, notes, supporting documentation gathered from taxpayer, (copies of records, registrations, etc.). Etc.
 - ❖ C8-1 – Truck 1 Photograph
 - ❖ C8-2 – Truck 2 Photograph
 - ❖ C8-3 – Company Fuel Records
- C8 – Accurint