



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

SMALL BUSINESS / SELF-EMPLOYED DIVISION

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Affected IRM(s): 4.10.8, 4.10.9, 4.10.15

MEMORANDUM FOR AREA DIRECTORS, SB/SE FIELD EXAMINATION

FROM: Heather J. Yocum /s/ *Heather J. Yocum*
acting Director, Examination Field and Campus Policy

SUBJECT: Temporary Interim Guidance for Supplemental RGS Case Files

Purpose: This memorandum issues temporary guidance for large RGS case files greater than 700 MB. Please ensure this information is distributed to all affected employees within your organization.

Background: CEAS View Case will not display the RGS Office Documents or Case File Documents folders when a case file exceeds 700 MB. To ensure all documents in the RGS case file are properly moved to the CEAS file server and are available for review in CEAS, supplemental RGS case files must be created to move certain documents into a secondary electronic case file upon determining a case file exceeds or will exceed 700 MB.

Procedural Change: See attachments.

Effective Date and Effect on Other Documents: This guidance is effective for a period not to exceed two years from the date of this memorandum.

Contact: Cathy Demetra, Program Manager, Examination Field and Campus Policy, Field Examination General Processes.

Distribution: IRS.gov

Attachments:

[Attachment 1](#) – IRM 4.10.15

[Attachment 2](#) – IRM 4.10.8

[Attachment 3](#) – IRM 4.10.9

Attachment 1 – IRM 4.10.15, Report Generation Software

The following temporary changes impact IRM 4.10.15 and are hereby effective 12/08/2023.

IRM 4.10.15.X

Supplemental RGS Case Files (SRCF)

- (1) Files in the RGS Office Documents (OD) and Case File Documents (CFD) folders are not viewable in CEAS when the RGS case file size exceeds 700 MB (see [Case File Size](#) for instructions on checking the size of an RGS case file). If an RGS case file will be larger than 700 MB after appropriate steps have been taken to reduce the size of the case file (see [Reducing File Size of a Case in RGS](#)), the examiner must create a supplemental RGS case file (SRCF). SRCFs are secondary electronic case files that are used to store certain (often large) case documents when the primary case file becomes too large. See [IRM 4.10.15.X.1](#) and [IRM 4.10.15.X.2](#) for instructions on creating an SRCF and saving documents to the file. Multiple SRCFs may be needed depending on the total size of the case.

Note: Each SRCF must be limited to 700 MB. The primary case file must be 650 MB or less when closed from the group to allow other closing functions (e.g., Technical Services, Planning and Special Programs (PSP), Centralized Case Processing (CCP)) to add their required documents (e.g., reviewer’s activity record, 90-day letter, etc.) to the primary file without the file exceeding 700 MB.

Caution: The use of SRCFs should generally be limited to situations in which an RGS case file will exceed 700 MB.

- (2) SRCFs should be created as soon as the examiner determines an RGS case file exceeds or will exceed 650 MB (so the case file won’t exceed the maximum size of 700 MB upon final closure).

Note: Prior to determining an SRCF is needed, the examiner must take all applicable steps to reduce the size of the case file, including deleting unnecessary files from OD and CFD (e.g., unissued reports, multiple copies of variances, etc.).

- (3) Actions taken to create supplemental case files must be documented on [Form 9984](#), Examining Officer’s Activity Record. See [IRM 4.10.9.5\(4\)](#), *Activity Record*.

IRM 4.10.15.X.1

Creating SRCFs

- (1) SRCFs must be created with the same TIN, form type (e.g., Form 1040, Form 1120, Form 8278), tax period, project code, and tracking code as the primary case file. If the case is a multi-year case, use the tax period for the key year. The name of the case file, activity code, and source code depends on the type of case.

- **Income tax and employment tax cases** – The source code and activity code are the same as the key year of the primary case file. The name must include the taxpayer’s name from the primary case file and “File X” (where X represents the sequential number of all case files (primary and SRCFs)). The first SRCF is always “File 2” since the original/primary case file is the first case file.

Example: A SRCF is created for the Form 1040 audit of John and Jill Trout for 202012 and 202112. The name of the SRCF is “Trout, John & Jill File 2.”

If a second SRCF is needed, the name of that file would be "Trout, John & Jill File 3." The tax year for both SRCFs is 202012.

- **Civil penalty cases** – The source code is always "99" and activity code is always "000." The name must include the taxpayer's name control (followed by a comma), the penalty code section (e.g., 6694a, 6694b, 6700, 6701) followed by "PNLTY", and "File X" (where X represents the sequential number of all case files (primary and SRCFs)). The first SRCF is always "File 2" since the original/primary case file is the first file. The naming convention is different for penalty case files because there can be multiple different penalty (type) cases with the same TIN, form type (Form 8278), and same tax year.

Example: John Trout is also a tax return preparer who is the subject of a promoter investigation. There are separate IRC 6694(b) and IRC 6700 penalty cases for John Trout for 202112 and an SRCF for each penalty case is necessary. The name of the IRC 6694(b) SRCF is "TROU, 6694b PNLTY File 2." The name of the IRC 6700 SRCF is "TROU, 6700 PNLTY File 2."

Note: The name line in the RGS Case Information screen is limited to 35 characters. See [Taxpayer Name Modifications](#). For income and employment tax cases, if the taxpayer has a long name, shorten the taxpayer's name so the SRCF is named with the taxpayer's partial name and "FILE X." For example, an SRCF for "Beagle, Michael & Maltese-Beagle, Elizabeth" is named "Beagle, Michael & Maltese-Be File 2."

- (2) When creating an SRCF, the examiner **must** enter a Work Unit (WU) Code. WU codes allow a duplicate copy of a case (same primary and secondary TIN and year) to be on RGS/CEAS at the same time. See [Work Unit \(WU\) Codes in RGS](#). Each SRCF must have a different WU code; otherwise, RGS will not allow the SRCF to be created. Use WU codes 76 through 96 for SRCFs. When creating multiple SRCFs for a case, WU codes should be used in sequential order starting with WU code 76.
- (3) See [Supplemental RGS Case Files job aid](#) for instructions and examples for creating SRCFs in RGS, and a screenshot of SRCFs in the RGS Case Management screen after creation.

IRM 4.10.15.X.2 Case File Contents

- (1) The primary RGS case file must contain all files needed by other functions (CCP, PSP, Technical Services, Appeals, etc.) to process the case (e.g., activity record, completed lead sheets, supporting workpapers, examination reports, statute extension, closing documents and forms (Form 3198, Form 5344, etc.), etc.). Save the documents listed below in the **CFD folder** of the SRCF(s). Do not save any documents in the OD folder of the SRCF.

Note: For NRP cases, all original case file documents provided by the NRP office that must be retained in the case file (e.g., tax return information folder, classified issues list (Excel document), completed NRP lead sheets, etc.) **must** remain in the primary RGS case file. Moving NRP required files to an SRCF may cause issues or errors with NRP validation and data capture.

Type of Case	Type of Documents
Income and employment tax cases	<ul style="list-style-type: none"> • Original records received from taxpayers and third parties (including summonsed information) (see IRM 4.33.1.5(5), <i>Preserving Original Records and Creating Working Copies</i>) that must be retained. <ul style="list-style-type: none"> Example: Accounting software backup files that must be retained in the case file at closure, summonsed bank records, etc. Note: Working copies used as workpapers to support an issue determination or adjustment should be saved in the primary RGS case file. See IRM 4.33.1.5(6), <i>Preserving Original Records and Creating Working Copies</i>, and IRM 4.33.1.8(1), <i>Closing Cases with Electronic Records</i>. • Issued summonses and summons invoices • Extremely sensitive information that requires additional safeguarding measures (e.g., confidential informant information) <ul style="list-style-type: none"> EXCEPTION: If the extremely sensitive information is issue-related (i.e., needed to support an adjustment or issue determination), it must be saved in the primary RGS case file. NOTE: Other Gov TDF 15-05.11, Sensitive But Unclassified (SBU) Cover Sheet, must be used for extremely sensitive information saved in the case file. See Informant or Suspicious Activity Reports (SARs) Information.
Civil penalty cases (e.g., IRC 6695A appraiser penalties, IRC 6694 preparer penalties, IRC 6700/6701 promoter penalties, etc.)	<ul style="list-style-type: none"> • Same items as above, if applicable. • Related income tax workpapers for participant/client examinations. <ul style="list-style-type: none"> Example: IRC 6695A appraiser penalty related case documents as outlined in IRM 20.1.12.8(3), <i>Penalty Case File</i>.

Example: An in-process RGS case is currently 17 MB. A bank subsequently provides documents in response to a summons that total 690 MB. Since saving the summonsed bank records will cause the case file size to exceed 700 MB, the examiner creates an SRCF and saves all of the original summons records received in the CFD folder of the SRCF. Copies of the bank records that are needed to support an income adjustment are saved in the primary case file as supporting workpapers. See [Supplemental RGS Case Files job aid](#) for additional examples (scenarios).

- (2) All documents in the SRCF must be named using the required RGS file naming conventions. See [RGS File Naming Conventions job aid](#).
- (3) SRCFs must be backed up to the CEAS file server on the same workday that any documents are saved in the supplemental case file. See [Back Up RGS Inventory](#).

IRM 4.10.15.X.3

Closing Cases with Supplemental Case Files

- (1) Once the examiner has performed all case closing actions required by [IRM 4.10.15.10](#), *Disposition of Cases*, and the case is ready to be closed to the group manager, the primary case file and all SRCFs must be moved to the CEAS file server.

Reminder: The primary case file must be limited to 650 MB upon closure from the group to allow other functions to add documents to the file, as needed.

Caution: Prior to forwarding the case to the group manager on the CEAS file server, the examiner must determine if the case needs to be split and take necessary actions to split the case. See paragraph 2 below.

- (2) If a multi-year case with an SRCF must be split and the SRCF contains documents relevant to multiple tax years, a duplicate SRCF must be created so that an SRCF is closed with each tax year. See the guidance in [IRM 4.10.8.7](#), *Splitting Multi-Year Examination Cases*, and the article [CEAS and Splitting Case Files](#) for information and instructions on splitting multi-year cases.

- a. A duplicate SRCF with a different tax period (prior or subsequent tax year) will be created and linked to the first SRCF in the same folder and then subsequently split (similar to the primary case file). The WU Code for the duplicate SRCF will remain the same as the first SRCF.

Note: Prior to splitting a case, always copy the complete case (all tax periods) to another location within the SBU Data folder on your hard drive. This will minimize the risk of data loss in the event something goes wrong (e.g., network failure) while splitting the case.

- b. See [Supplemental RGS Case Files job aid](#) for additional guidance, including an example, for when and how to split a case with an SRCF.
- (3) Prior to closing the case from the group, the group manager must verify all documents in the SRCF are saved to the **CFD** folder and properly named using required RGS file naming conventions. See [RGS File Naming Conventions job aid](#).
- (4) The manager/clerk must close the primary RGS case file to the appropriate function (CCP, Technical Services, PSP, Appeals) and archive the SRCFs (see [Archiving Cases in RGS](#)).

Example: The manager/clerk closes the agreed case files for John and Jill Trout as follows:

Taxpayer Name	Tax Year	Form Type	WU Code	Forwarded to:
Trout, John & Jill	202012	1040	00	CCP
Trout, John & Jill	202112	1040	00	CCP
Trout, John & Jill File 2	202012	1040	76	Archived
Trout, John & Jill File 3	202012	1040	77	Archived

Note: If the primary RGS case file is larger than 400 MB, special case closing procedures apply. See [Closing Large Cases \(Larger than 400 MB\)](#) for instructions.

Attachment 2 – IRM 4.10.8, Report Writing

The following temporary changes impact IRM 4.10.8 and are hereby effective 12/08/2023.

IRM 4.10.8.12.9.3

Request for Appeals Conference

- (4) For protested cases closed using paperless electronic closure, examiners must complete and include Appeals' Electronic Case Receipt Check Sheet in the case file. A Technical Services employee will include the check sheet when they submit the case referral to Appeals using the [Appeals Electronic Case Receipts SharePoint site](#).
- a. SB/SE Examiners use the [Electronic Case Receipt Check Sheet](#) that has some information already hard coded (e.g., "See Form 3198").
 - b. For cases with supplemental RGS case files (see [IRM 4.10.15.X, Supplemental RGS Case Files \(SRCF\)](#)), state in the "Additional Information/Remarks" section of the [Electronic Case Receipt Check Sheet](#) that there are multiple case files for the case and list the name of each SRCF. See [Supplemental RGS Case Files job aid](#) for a screenshot of an electronic case receipt check sheet for a case with SRCFs.
 - c. RGS users include the check sheet in the Case File Documents folder.

Note: For certain penalty cases that are closed directly to Appeals by the Exam group (e.g., [IRC 6707A](#), Penalty for Failure to Include Reportable Transaction Information With Return, discussed in [IRM 20.1.13.3.5.1, Sending the Case to Appeals - Pre-Assessment Consideration](#)), the group is responsible for submitting the case referral to Appeals using the [Appeals Electronic Case Receipts SharePoint site](#) and including the check sheet. See [Closing Civil Penalty Cases on RGS to Appeals](#) for additional information.

Note: LB&I examiners must refer to [IRM 4.46.5.11.2.6, General Procedures for Paperless Case Closing to Appeals Through Technical Services](#), for guidance.

Attachment 3 – IRM 4.10.9, Workpaper System and Case File Assembly

The following temporary changes impact IRM 4.10.9 and are hereby effective 12/08/2023.

IRM 4.10.9.5

Activity Record

- (4) Information recorded on [Form 9984](#) should include the date, location, time charged, and an explanation of each activity or contact, including but not limited to:
- a. Work performed prior to, during, and subsequent to taxpayer contact;
 - b. Research activities;
 - c. Pre-plan actions taken to determine the depth and scope of the audit;
 - d. Date the tour of the business site or inspection of the taxpayer's personal residence was conducted;
 - e. Brief summaries of telephone conversations;
 - f. Contacts with taxpayers, representatives, and third parties;
 - g. Causes for any delays by the Service (training, details, etc.);
 - h. Causes for any delays by the taxpayer, and/or representative;
 - i. Group manager involvement (including informal discussions, formal discussions, in-process case reviews, on-the-job-visitations, and workload reviews, etc.);
 - j. Collateral requests and referrals;
 - k. Actions with respect to the statute of limitations;
 - l. Actions taken to create supplemental RGS case files (SRCF) and the number of SRCFs created for the case; and
 - m. The dates the case was (1) closed to the group manager, (2) closed by the group manager, and (3) closed by the clerical staff.

IRM 4.10.9.X

Case File Indexing

- (1) Unchanged from IGM SBSE-04-0722-0032, *Procedures for Electronic Case Files*
- (2) Unchanged from IGM SBSE-04-0722-0032, *Procedures for Electronic Case Files*
- (3) Supplemental RGS Case Files (SRCF) (see [IRM 4.10.15.X](#), *Supplemental RGS Case Files (SRCF)*) must be indexed on Form 4318.
- a. In the "Reference" column on Form 4318, write "File 2", "File 3", "File 4", etc., depending on the number of SRCFs.
 - b. In the "Description" column on Form 4318, write a description of the types of records included in each SRCF (e.g., appraisal reports, summonsed records, accounting software backup file, etc.)
 - c. See [Supplemental RGS Case Files job aid](#) for a screenshot of how SRCFs should be indexed on Form 4318.
- (4) Examiners must create a case file index (see [Create Case File Indexes job aid](#)) for each SRCF and save them in the CFD folder of the primary case file. The naming convention for case file indexes for documents in the RGS CFD folder requires the file name must always

begin with a prefix that includes reference code “000”, the two-digit document number (the document number for the first index should always be “01”), and “CFD.”

- a. The case file index for documents in the CFD folder of the **primary case file** always begins with the prefix “000-01-CFD.”
- b. The case file index for the SRCF is named with the prefix “000-02-CFD” and includes “File X” (where X represents the sequential number of all case files (primary and SRCFs)) at the end of the file name. The first SRCF is always “File 2” since the primary case file is the first case file. Case file indexes for subsequent SRCFs are named “000-03-CFD.....File 3”, “000-04-CFD..... File 4”, etc. depending on number of files. See [Supplemental RGS Case Files job aid](#) for a screenshot of case file indexes created for a case with SRCFs.

Example: Four SRCFs were created for a case in RGS. Five case file indexes - one for the primary file and four for the SRCFs - are created on June 13, 2023 and saved in the CFD folder in the primary case file. The file name of the case file indexes are as follows:

- Primary File: “000-01-CFD - 20230613”
- SRCF 1: “000-02-CFD – 20230613 File 2”
- SRCF 2: “000-03-CFD – 20230613 File 3”
- SRCF 3: “000-04-CFD – 20230613 File 4”
- SRCF 4: “000-05-CFD – 20230613 File 5”