



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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MEMORANDUM FOR SB/SE and W&I Campus Directors

FROM:

Michael Damasiewicz 
Director, Exam - Field and Campus Policy
for/

Edwin A.
Patten

Digitally signed by Edwin A. Patten
DN: c=US, o=U.S. Government, ou=Department
of the Treasury, ou=Internal Revenue Service,
ou=People, serialNumber=438896, cn=Edwin A.
Patten
Date: 2017.05.25 12:57:27 -0400

Steven C. Klingel
Director, Refundable Credits Policy and Program Manager

SUBJECT:

Reissuance of Interim Guidance on Elimination of
Requirement for Form 895, *Notice of Statute Expiration*

This memorandum reissues interim guidance, SBSE-25-0616-0029 dated June 16, 2016, on the elimination of Form 895, *Notice of Statute Expiration* requirement for W&I and SB/SE Correspondence Examination (Corr Exam), Tax Equity and Fiscal Responsibility Act (TEFRA), and Examination Centralized Case Processing (CCP). This guidance was originally issued under SBSE-25-0714-0038 dated July 21, 2014. Please ensure this information is distributed to all affected employees within your organization.

Purpose: Applicable Internal Revenue Manual (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 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 allows 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 March 1, 2018.

Effective Date: July 21, 2014

Contact: Sherrie Bunot, SB/SE Campus Exam Policy Analyst or Maureen Ozoonian, W&I Campus 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 SB/SE Campus Exam, TEFRA, and CCP. Electronic data, such as Correspondence Examination Automation Support (CEAS), TEFRA Database, Examination Returns Control System (ERCS), SSIVLs, 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 notice) and Alpha EE (no return filed) statute codes, will be elevated to the examiner's manager for concurrence with the ASED computations 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. SSIVLs 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 Integrated Data Retrieval System (IDRS) controls or on the TEFRA Database.
- (4) Campus Non-AIMS Pending Statute listings generated from IDRS will be used for controlling and monitoring cases that are **not** on Audit Information Management System (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
 - ii. **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/ Partnership Control System (PCS) Statute reports and, when applicable, Non-AIMS statute case listings for examination 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) Campus 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, such as the name or SEID, of the person alerted, 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 SSIIVL 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 fiscal year end date.

cc: irs.gov