



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

November 21, 2016

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Affected IRM: [4.71.1](#), [4.75.10](#),
[4.75.11](#), [4.81.5](#), [4.86.5](#), [4.90.9](#)
Expiration Date: November 21, 2018

MEMORANDUM FOR ALL TE/GE EXAMINERS

FROM: Sunita B. Lough /s/ *Sunita Lough*
Commissioner, Tax Exempt and Government Entities (TE/GE)

SUBJECT: New Process for Information Document Requests

The following procedures are to be followed when preparing, issuing and following-up on an Information Document Request (IDR).

The examiner must conduct initial research applicable to the TE/GE organization and the potential issues to identify the information that is needed.

The examiner will consider alternate sources for the information and identify alternate means to obtain the needed records.

The examiner will then prepare the Information Document Request (IDR)

Initial Contact:

The examiner will mail initial contact letters listed in the Internal Revenue Manual (IRM) to notify a taxpayer and POA when a return is selected for examination. The case will be updated to status 12 when time is applied to the case.

After 10 business days have elapsed, the examiner may then initiate contact with the taxpayer or POA by telephone.

Discuss IDR:

The examiner will call the TP to discuss the issue being examined and the items being requested on the IDR.

If after the discussions, the examiner believes that further clarification to the letter is needed, the examiner will modify the request before issuing it to the taxpayer.

If more than one item is requested with regard to a specific issue examined, the examiner will group the items on one IDR and number or letter each item on the IDR. The examiner will use clear and concise language.

Prior to mailing the IDR, the examiner and the taxpayer should agree on the response date – which may also be an appointment date. If they cannot agree on a response date, the examiner will assign a reasonable response date.

The examiner will determine the date that he/she plans to review the IDR response for completeness and will note the acknowledgement date on the IDR.

The examiner will issue the IDR.

Follow-up:

When the taxpayer responds to the IDR, the examiner should make his/her best efforts to review the response by the agreed upon date noted on the IDR.

If the response is complete, the employee must call the taxpayer to advise the taxpayer that the response was complete and notate this action in the Case Chronology Record (CCR).

If the taxpayer did not respond or if the response was not complete, the examiner must determine within 5 business days if an extension will be granted. Two extensions may be granted.

The first extension may be granted by the examiner. The examiner must discuss the missing or incomplete items with the taxpayer to determine if an extension is warranted. If the extension is warranted, the examiner may provide the taxpayer up to 15 business days to provide the incomplete information. The examiner must send an extension approval letter.

If the taxpayer did not respond or if the response is still incomplete, the examiner may grant a second extension for up to 15 business days, but only after discussion with the manager and with the manager's approval. An extension approval letter will be provided to the taxpayer.

The examiner should make his/her best efforts to review the response provided by the taxpayer – even if some items are incomplete - within 10 business days and notify the taxpayer. If for some reason the review will be delayed, the examiner should notate the delay in the CCR.

If the information is not received after the second extension, the examiner will begin the Enforcement Process.

Enforcement Process: Delinquency Notice, Pre-Summons Letter and Summons

During the review, if the agent determines the request is not complete, the agent notifies the Group Manager of the delinquency notice, prepares the delinquency notice, calls the taxpayer to discuss an appropriate due date and mails the delinquency notice with the revised due date noted. Managerial approval must be obtained if more than 10 business days is needed for the taxpayer to respond. The employee signs the Delinquency Notice.

- Issue Letter 5077-B for items that cannot be summonsed.
- Issue Letter 5077-D for items that can be summonsed.

If the taxpayer responds to the delinquency notice, the examiner reviews the response within 10 business days.

If the response is complete, the examiner will notify the taxpayer that it is complete and notates the CCR. The IDR enforcement process is ended.

If the taxpayer does not respond or if the response is not complete, the examiner will discuss this with the group manager and Area Counsel. The examiner will then advise the taxpayer of the next action: proposal of adjustment, summons or proposal of revocation.

If a summons is warranted, the examiner will prepare and issue the Pre-Summons Notice (Letter 5077-A) within 10 business days of the taxpayer not responding to the delinquency notice. The examiner will notify the taxpayer and determine a response date. Group manager approval is needed to grant more than 10 business days. The Pre-Summons Notice is signed by the group manager.

If the taxpayer responds, the examiner will review the response within 10 business days. If the response is complete, the employee will notify the taxpayer and notate the CCR. The IDR enforcement process is ended.

If the taxpayer does not respond or the response is not complete, the agent will hold a discussion within 10 business days with the Internal IRS team, coordinate the issuance of the summons with Area Counsel and follow the summons procedures in [IRM Chapter 25.5](#).

Effect on Other Documents:

This guidance will be incorporated into the following IRMs by a date not to exceed two years from the date of this memo:

- [IRM 4.71.1](#), Overview of Form 5500 Examination Procedures
- [IRM 4.75.10](#), Exempt Organizations Pre-Audit Procedures
- [IRM 4.75.11](#), On-Site Examination Guidelines
- [IRM 4.81.5](#), Tax Exempt Bonds Examination Program Procedures – Conducting the Examination
- [IRM 4.86.5](#), Conducting Indian Tribal Government Examinations
- [IRM 4.90.9](#), Federal, State and Local Governments (FSLG) – Procedures, Workpapers and Report Writing

Effective Date:

The processes and procedures in this memo are effective April 1, 2017.

Contact:

Submit your questions to the following email addresses based on your TE/GE function:

- Employee Plans (EP) Reviewer mailbox: [*TE/GE-EP-Exam Proc Help](#)
- Exempt Organizations (EO) Reviewer mailbox: [*TEGE EO Review Staff](#)
- Manager, Compliance and Program Management (CPM) for Tax Exempt Bonds (TEB)
- Manager, CPM for Indian Tribal Governments (ITG)
- Manager, CPM for Federal, State and Local Governments (FSLG)

ATTACHMENT:

IDR Best Practices Memo

DISTRIBUTION:

IRS.gov

Assistant Deputy Commissioner, Government Entities/Shared Services (TE/GE)

Director, Exempt Organizations

Director, Employee Plans

Director, Federal, State and Local Governments (FSLG)

Director, Indian Tribal Governments

Director, Tax Exempt Bonds



COMMISSIONER
TAX EXEMPT AND
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WASHINGTON, D.C. 20224

TO: All TE/GE Examiners

FROM: Sunita B. Lough /s/ *Sunita Lough*
Commissioner, Tax Exempt and Government Entities (TE/GE)

SUBJECT: Information Document Requests Best Practices

DATE: November 21, 2016

Best Practices

The primary tool used for soliciting information, in writing, during the course of an examination is the Information Document Request (IDR). To carry out our examination responsibilities, maximize taxpayer communication, and increase transparency and internal manager/agent collaboration we have established uniform procedures for the IDR and IDR enforcement process. This process seeks to overcome issues that lead to prolonged cycle time and undue taxpayer burden.

We have issued Interim Guidance that describes the revised process and delineated the various required actions and timeframes for those actions. The IRM will be updated accordingly.

The purpose of this memorandum is to identify the aspects of the process that are not mandatory but are being suggested as best practices to make the process more effective.

Initial Contact

The IDR process requires the examiner to wait 14 calendar days after mailing the initial contact letter to telephone the taxpayer.

We are suggesting as a best practice that if appropriate the examiner mails the initial IDR with the initial contact letter. The examiner will discuss the IDR with the taxpayer during the initial contact and tailor the IDR to the taxpayer if necessary.

Preparation of the IDR

The IDR process requires the examiner to group the information being requested by issue and to number or letter the items requested. The goal is to make it easy for the taxpayer to respond to the request for information and for the both the examiner and the taxpayer to monitor the outstanding items.

We are suggesting as a best practice that the examiner prepares a separate IDR for each issue.

Follow-up Actions

The IDR process provides that specific follow-up actions are to be taken within certain timeframes in order to ensure that the next right steps are taken expeditiously. In order to further enhance that objective, we are suggesting as a best practice that the examiner follow-up with the taxpayer two to three business days prior to the IDR response due date. This will ensure that the taxpayer is prepared for the appointment, the information is available, and will serve as a reminder to the taxpayer regarding the deadline for a response to the IDR.

IDR Log

As part of the IDR process we also introduced the optional use of an IDR log to assist the examiners track the IDRs that have been issued to the taxpayers. The use of an IDR log is optional as may not be helpful on all cases. It is a tool that the examiner may utilize if he/she thinks it would be useful.

