



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

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

August 27, 2020

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Affected IRM: 4.81.5

MEMORANDUM FOR ALL TAX EXEMPT BONDS EMPLOYEES

FROM: Angela Gartland /s/ *Angela Gartland*  
Acting Director, Government Entities

SUBJECT: Interim Guidance on TEB Examination Procedures

This memorandum issues guidance on certain examination procedures for Tax Exempt Bonds (TEB) until we revise IRM 4.81.5. Please distribute this information to all affected employees in your organization.

**Purpose:** This memo clarifies TEB examination procedures on considering elements of fraud and imposing 6700 promoter penalties.

**Background/Source(s) of Authority:** IRM 4.81.5.18(1) states: In every examination, consider whether there are elements of fraud or whether the imposition of the 6700 penalty is warranted.

**Procedural Change/Clarification:** Under this memo, we're changing IRM 4.81.5.18(1) to read: "To foster voluntary compliance, examiners have a role in the IRS fraud and promoter penalty programs. Examiners should refer to the Servicewide policies and procedures in IRM 25.1 (with respect to fraud), IRM 20.1.6 (with respect to 6700 penalties), and follow the provisions in this section 4.81.5.18." The IRS has these policies and procedures in place to consider and document fraud and penalties when warranted by the facts. IRM 4.81.5.18 doesn't expand such consideration and documentation requirements for TEB examinations.

**Effect on Other Documents:** We'll incorporate this guidance into IRM 4.81.5, Tax Exempt Bonds Examination Program and Procedures, Conducting the Examination by August 27, 2022.

**Effective Date:** This interim guidance is effective immediately.

**Contact:** Contact TEB Technical if you have any questions about this change in procedures.

Distribution:

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