



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

1.2.1

AUGUST 8, 2024

EFFECTIVE DATE

(08-08-2024)

PURPOSE

- (1) This transmits revised IRM 1.2.1, Servicewide Policies and Authorities, Servicewide Policy Statements.

MATERIAL CHANGES

- (1) Updated IRM 1.2.1.5, Policy Statements for the Examining Process
 - a. IRM 1.2.1.5.11, Policy Statement 4-26 (Formerly P-4-84), Criminal and civil aspects in enforcement, made editorial change by to paragraph 16 by updating “W&I” to “TS.”
- (2) Updated IRM 1.2.1.6, Policy Statements for the Collecting Process
 - a. IRM 1.2.1.6.8, Policy Statement 5-34 (Rev. 1), Collection enforced through seizure and sale of the assets occurs only after thorough consideration of all factors and of alternative collection methods was revised, signed and approved on 3/11/2024.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 1.2.1, Servicewide Policy Statements dated March 8, 2024.

AUDIENCE

All Business Units

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Servicewide Policy Statements

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1.2.1.1
(08-01-2019)
**Introduction to
Servicewide Policy
Statements**

- (1) This IRM contains the policies of the Internal Revenue Service.
- (2) Distribution of the IRM should be to all persons having a need for any of the policy statements. The fact that policy statements apply to all Service personnel involved in the type of program, activity, function, or work process covered by them remains unchanged.
- (3) Any policy statement approved after this revision is posted to IRS.gov and can be accessed through the FOIA Library web site at <https://www.irs.gov/privacy-disclosure/foia-library>, under Admin Manuals & Instructions, Recent Delegation Orders and Policy Statements. They remain on the web until the next revision is made to this IRM section.

Note: If any Policy Statements have been inadvertently omitted from this Section they are still considered official and in full force and effect. Please send any discrepancies found to spder@irs.gov.

1.2.1.2
(08-08-2023)
**Policy Statements for
Organization, Finance
and Management
Activities**

- (1) This IRM subsection contains the policy statements relating to Organization, Finance and Management activities.

1.2.1.2.1
(12-18-1993)
**Policy Statement 1-1,
Mission of the Service**

- (1) **Mission of the Service**
- (2) Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by applying the tax law with integrity and fairness to all.
- (3) **Tax matters will be handled in a manner that will promote public confidence**
- (4) All tax matters between taxpayers and the Internal Revenue Service are to be resolved within established administrative and judicial channels. Service employees, in handling such matters in their official relations with taxpayers or the public, will conduct themselves in a manner that will promote public confidence in themselves and the Service. Employees will be impartial and will not use methods which are threatening or harassing in their dealings with the public.
- (5) **Taxpayer privacy will be safeguarded in the acquisition and use of information**
- (6) Since compliance with Internal Revenue laws cannot be determined solely with reference to information on returns and documents filed with the Service, the Service will obtain information from other sources. However, only information necessary for the enforcement and administration of the tax laws which the Service is authorized and directed to enforce will be sought. To safeguard taxpayer privacy, any information received by the Service, other than that described in this paragraph, will not be indexed or associated with the name or identifying symbol of a taxpayer. No disclosure of information will be made except as provided by law.
- (7) **Taxpayer Privacy Rights**

- (8) The IRS is fully committed to protecting the privacy rights of all taxpayers. Many of these rights are stated in law. However, the Service recognizes that compliance with legal requirements alone is not enough. The Service also recognizes its social responsibility which is implicit in the ethical relationship between the Service and the taxpayer. The components of this ethical relationship are honesty, integrity, fairness, and respect.
- (9) Among the most basic of a taxpayer's privacy rights is an expectation that the Service will keep personal and financial information confidential. Taxpayers also have the right to expect that the Service will collect, maintain, use, and disseminate personally identifiable information and data only as authorized by law and as necessary to carry out agency responsibilities.
- (10) The Service will safeguard the integrity and availability of taxpayers' personal and financial data and maintain fair information and recordkeeping practices to ensure equitable treatment of all taxpayers. IRS employees will perform their duties in a manner that will recognize and enhance individuals' right of privacy and will ensure that their activities are consistent with law, regulations, and good administrative practice. In its recordkeeping practices, the Service will respect the individual's exercise of his/her First Amendment rights in accordance with law.
- (11) As an advocate for privacy rights, the Service takes very seriously its social responsibility to taxpayers to limit and control information usage as well as to protect public and official access. In light of this responsibility, the Service is equally concerned with the ethical treatment of taxpayers as well as their legal and administrative rights.

1.2.1.2.2

(08-21-1986)

**Policy Statement 1-2,
Principles of Quality**

- (1) **Principles of Quality**
- (2) The Service is committed to pursuing quality in fulfilling its Mission. The importance of doing the job right the first time can not be overstated. Therefore, the Service will abide by the following principles of quality:
 - a. Establish a quality climate where quality is first among equals with schedule and cost;
 - b. Emphasize product and service quality by eliminating systemic flaws during the planning, implementation and operational processes;
 - c. Improve responsiveness to the public and other Service components;
 - d. Install a quality improvement process in every field and National Office organization; and
 - e. Develop evaluative systems consistent with and reflective of the quality principles.

1.2.1.2.3

(06-16-2022)

**Policy Statement 1-3
(Rev.1) Research
projects, studies, and
tests support effective
and efficient decision
making in the Internal
Revenue Service (IRS)**

- (1) **Policy Statement 1-3 (Rev. 1) Research projects, studies, and tests support effective and efficient decision making in the Internal Revenue Service (IRS)**
- (2) The collection and analysis of data related to Service operations and strategic goals is essential to sound planning, management and evaluation of Service programs and activities. Studies, tests and research projects in support of Service strategic goals are encouraged and once research projects are approved by established governance councils or senior leaders, they will be used to make data-driven decisions. These studies, tests and research projects will be conducted by Research, Applied Analytics and Statistics

(RAAS) and research and operational functions embedded within the business units and in many cases, are supported by IRS functional employees.

(3) Signed: Charles P. Rettig, Commissioner of Internal Revenue

1.2.1.2.4
(01-29-2019)
**Policy Statement 1-18
(Rev.1) (Formerly 1-154),
Furnishing Tax Forms
and Publications to
Taxpayers, Employers
and Tax Forms
Distribution Program
Partners**

(1) **Furnishing Tax Forms and Publications to Taxpayers, Employers and Tax Forms Distribution Program Partners**

(2) In October 1986, the Tax Practitioner Distribution Program was retired and IRS discontinued providing bulk or unlimited quantities of tax products to the practitioner community.

(3) Generally, tax product orders are limited to 100 Forms, five Instructions and five publications. Exceptions to this rule are made for information return forms and instructions, including Forms W-2, W-3, 1096, 1097, 1098, 1099 and 5498 series. The maximum quantity is up to 1,000 forms, 25 instructions and 25 publications for information returns. Orders exceeding these limitations will be reviewed; exceptions may be approved by the Media and Publications Director of Distribution or their designee.

(4) Post offices, libraries and other organizations that participate in the Tax Forms Outlet Program (TFOP) may obtain bulk quantities of tax products offered through the program and are not subject to a quantity restriction as long as they are not engaged in the preparation of taxes for private gain and the forms are for redistribution to the general public.

(5) Publication 17, Your Federal Income Tax (For Individuals), is limited to one reference copy per library branch office. Taxpayers can no longer order printed copies of Publication 17 from IRS. They can view or download a copy from IRS.gov or purchase a copy from the Government Publishing Office (GPO).

(6) Publication 1132, Reproducible Copies of Federal Tax Forms and Instructions, is generally limited to one copy per library branch office. This publication is only available to TFOP participants.

(7) Employers may order employer-related products and information returns. The quantity limits for these products are 1,000 forms, 25 instructions and 25 publications. These products are available only through internet ordering or by calling 1-800-829-FORM (3676).

(8) Signed: Deputy Commissioner for Services and Enforcement

1.2.1.2.5
(11-20-1986)
**Policy Statement 1-21,
The Internal Revenue
Service will be a
progressive organization**

(1) **The Internal Revenue Service will be a progressive organization**

(2) There will be a definite and continuing program to enhance the effectiveness of all elements of the Service. This program will be comprehensive in concept, imaginative yet realistic in design, and will be so administered as to provide vigorous and dedicated attention to making the Internal Revenue Service a truly forward thinking organization; one that will be recognized by employees and the public alike as representing that which is the best in modern and progressive management.

(3) **The Service seeks to maintain high caliber and quality productivity of work force**

- (4) The Service will seek to obtain its objectives by maintaining the high caliber and effectiveness of the Service's work force through such measures as:
 - a. encouraging well qualified persons to seek and remain in Internal Revenue Service employment;
 - b. providing employees with training that will enhance their ability to perform the work to be done;
 - c. offering attractive career programs to motivate and enable top calibre employees to strive for and attain positions of increased responsibility and importance to the needs of the Service.

1.2.1.2.6

(01-25-2000)

**Policy Statement 1-27
(Formerly P-1-230),
Protection from Reprisal
for Whistleblowing**

- (1) **Protection from Reprisal for Whistleblowing**
- (2) The Internal Revenue Service recognizes and endorses the rights of employees to raise issues and to file complaints, subject to applicable law and regulations. The Service is committed to a work environment that is free from retaliation and reprisal, including reprisal for whistleblowing.
- (3) The Service will foster a climate for employees where issues can be discussed openly and where allegations of misconduct and impropriety are immediately reported and appropriately acted on.
- (4) Managers and supervisors are responsible for ensuring that the personnel actions they take conform to civil service laws and regulations. Those laws and regulations include retaliation for whistleblowing on the list of prohibited personnel practices. Managers and supervisors will take vigorous corrective action when a prohibited personnel practice occurs.
- (5) The Service will not tolerate any type of reprisal or retaliation.

1.2.1.2.7

(02-22-2021)

**Policy Statement 1-37
(Rev. 1), Alternative
Dispute Resolution for
Equal Employment
Opportunity Claims**

- (1) **Alternative Dispute Resolution for Equal Employment Opportunity Claims**
- (2) The Internal Revenue Service (IRS) is committed to early and voluntary resolution of claims of employment discrimination in order to foster a harmonious and productive working environment. The IRS recognizes that mediation and other forms of Alternative Dispute Resolution (ADR) are valuable mechanisms for resolving Equal Employment Opportunity (EEO) claims and related concerns. Accordingly, it is the policy of the IRS to offer ADR for all EEO claims except in cases involving criminal activity and managerial actions taken as a result of a 1203 violation.
- (3) All IRS managers and supervisors have a duty to cooperate in ADR as a part of the EEO process. During the EEO process, the IRS will offer to engage in ADR with the employee. Once ADR is offered and the employee elects to participate, the accused manager has a duty to cooperate, like any witness, in the EEO ADR process, but may not be the agency official that has settlement authority. Management officials representing the Service in ADR must do so in good faith and must either have authority, or have immediate access to an official with authority, to enter into a binding settlement agreement. The management official representing the Service in ADR and/or with settlement authority cannot be an individual whom the employee has alleged is responsible for the discriminatory action(s). As ADR is intended to facilitate voluntary resolution, no participant in ADR during the EEO process shall be compelled against his/her will to compromise claims or make binding commitments.

- (4) In order to derive the maximum benefit from and ensure confidence in the ADR process, all ADR sessions shall be conducted using a certified mediator or otherwise appropriately trained third party neutral person. The IRS regards the Department of the Treasury Shared Neutrals Program as a viable source for trained, neutral third parties.
- (5) The IRS shall collect data concerning the ADR process including but not limited to: the number of ADR sessions offered; the number of ADR offers accepted; and the source of the neutral third parties used in each ADR session. The IRS shall also survey or otherwise offer ADR session participants the opportunity to provide feedback on the effectiveness of the ADR session, including the effectiveness of the neutral third party utilized.
- (6) This policy supersedes all previous Alternative Dispute Resolution policies.
- (7) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support and Sunita Lough, Deputy Commissioner for Services and Enforcement

1.2.1.2.8
(01-28-2021)
**Policy Statement 1-38
(Rev. 1), Equal
Employment
Opportunity**

- (1) **Equal Employment Opportunity**
- (2) The Internal Revenue Service is committed to ensuring equal employment opportunity (EEO) for all employees and applicants for employment with the IRS in order to ensure fair and equitable treatment, provide talented men and women every opportunity to fully participate in the IRS's workforce and to contribute to the accomplishment of the IRS's mission, as well as to strengthen the IRS's reputation as a model employer and public service organization.
- (3) The IRS will not tolerate harassment or any other form of discrimination based on race, color, sex (gender, pregnancy, sexual orientation, gender identity, and transgender status), national origin, religion, age (40 and over), disability (mental or physical), parental status, protected genetic information, and retaliation for engaging in the EEO process.
- (4) This applies to all aspects of employment including promotion, evaluation, transfer, assignment, training, benefits, and separation. The IRS is further committed to providing reasonable accommodations for qualified individuals with disabilities and for religious practices, in accordance with applicable authorities. All personnel decisions are to be based solely on legitimate business considerations.
- (5) Aggrieved persons who believe they have been discriminated against should contact an EEO Counselor to begin the EEO administrative process. All IRS employees identified as witnesses need to cooperate in the informal and formal EEO complaint process in a timely manner. Full cooperation and participation is required to ensure the integrity of the EEO administrative process and regulatory deadlines are met.
- (6) The IRS vigorously complies with all applicable federal anti-discrimination statutes, regulations, Executive Orders, and management directives.
- (7) Signed: Charles P. Rettig, Commissioner of Internal Revenue Service

- 1.2.1.2.9
(05-02-2018)
**Policy Statement 1-44
(Revoked), Monitoring of
Employee Telephone
Conversations**
- (1) **Monitoring of Employee Telephone Conversations**
 - (2) Policy Statement P-1-44 approved September 19, 1996 is revoked. Since approximately 2004, the Service has been using a telephone software system for recording interactions between IRS customer service personnel and taxpayers or their representatives. The recordings are then made available through a browser-based interface to managers and quality reviewers, enabling remote assessment of employee performance and customer service quality. The use of the telephone software system was negotiated between the Service and the National Treasury Employees Union (NTEU) for all appropriate areas of implementation.
- 1.2.1.2.10
(11-20-1986)
**Policy Statement 1-45,
The Service Recognizes
the Importance of the
Work Environment**
- (1) **The Service Recognizes the Importance of the Work Environment**
 - (2) The Service recognizes the effect of office environments on both the recruitment and retention of employees. Aesthetically pleasing offices have a positive impact on an employee's effectiveness and productivity, and improve the overall quality of worklife. It is the responsibility of IRS managers to identify and actively seek to improve factors that influence the attractiveness and effectiveness of the work place.
- 1.2.1.2.11
(03-23-1987)
**Policy Statement 1-46,
Child Care**
- (1) **Child Care**
 - (2) The Internal Revenue Service recognizes the need of Service employees and potential employees for child care services, the benefits to both the employer and the employee of child care services, and the importance of planning for an efficient and effective child care program.
- 1.2.1.2.12
(10-19-1992)
**Policy Statement 1-47,
Reasonable
Accommodations for
People with Disabilities**
- (1) **Reasonable Accommodations for People with Disabilities:** The Internal Revenue Service shall take positive and persistent actions to recruit, hire, develop and advance persons with disabilities. The Service shall make reasonable accommodations for all qualified applicants or employees with physical or mental disabilities in accordance with law. The Service shall comply with all appropriate rules, regulations and directives. Executives, managers and supervisors shall create a positive work environment that will encourage employees with disabilities to maximize and reach their full potential.
 - (2) **Program Accessibility for Members of the Public with Disabilities:** The Internal Revenue Service shall take necessary action to ensure that members of the public with disabilities have an equal opportunity to effectively participate in its programs, activities and services, in accordance with law. The Service shall comply with all appropriate rules, regulations and directives.
- 1.2.1.2.13
(11-13-2020)
**Policy Statement 1-48
(Rescinded),
Reimbursement of
Travel Expenses is
Authorized for a Guest
Attending an Awards
Ceremony**
- (1) **(Rescinded), Reimbursement of Travel Expenses is Authorized for a Guest Attending an Awards Ceremony**
 - (2) Policy Statement 1-48 is rescinded as the information is covered by IRM 1.32.11.5.6 (07-02-2019), Invitational Travel. The IRM provides that the guest of an award recipient attending a major award ceremony (a Presidential Award or an annual ceremony of the IRS or major organizational component) is considered to be an invitational traveler and travel authorizations and reimbursement expenses are the same as those normally authorized for IRS

employees in conjunction with a temporary duty assignment. Employees who receive a major award may be accompanied to the ceremony by one guest as an invitational traveler.

- (3) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support

1.2.1.2.14
(03-03-1960)
**Policy Statement 1-63,
Operations to be under
Financial Plan**

- (1) **Operations to be under Financial Plan**
- (2) The Internal Revenue Service shall operate under a Financial Plan consisting of a comprehensive and unified plan of action for carrying out the programs of the Service during a specified period, expressed in terms of work to be done and staffing and dollars to be devoted thereto.

1.2.1.2.15
(01-08-2021)
**Policy Statement 1-65
(Rev. 1), Budget
estimates as assurances**

- (1) **Budget estimates as assurances**
- (2) The Service's budget document shall be a technical expression (in the form prescribed by the Department of the Treasury, Office of Management and Budget, and the Appropriations Committee) of the Financial Plan of the Service for the Budget year. Such document shall be based on the most realistic estimates that can be made of the programs, staffing, workload, etc., for the applicable year and shall take into account that, to the extent that budget is approved, such estimates may be regarded by the Treasury, the Office of Management and Budget, and the Congress as assurances to be fulfilled.
- (3) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support

1.2.1.2.16
(12-08-2020)
**Policy Statement 1-66
(Rev. 1), Execution of
budget to conform to
budget assurances**

- (1) **Execution of budget to conform to budget assurances**
- (2) The preparation of the operating financial plan and the execution thereof shall be controlled to the end that the program presented in the budget estimate is followed to the extent approved or as revised by the Congress. If conditions arise indicating the advisability of making material variations in the plan (budget), such as the reallocation of budget surplus to fund enterprise unfunded requirements, appropriate recommendation shall be made to the Commissioner who will determine whether the proposed action is compatible with the Service's assurances, and what, if any, action should be taken upon the recommendation. Any variations approved by the Commissioner shall be specified in writing and documented with appropriate support which explains the reasons for and the effect of the variations.
- (3) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support

1.2.1.2.17
(05-03-1994)
**Policy Statement 1-97,
Authority for use of
payments for special
statistical studies**

- (1) **Authority for use of payments for special statistical studies:** The Code authorizes the Service to receive payment for the cost of special statistical studies, compilations, and other services involving data from tax returns or from related records maintained in connection with the administration of the tax laws, and to use the payment to reimburse the appropriation that bore the cost of such work or services.
- (2) **Criteria and priorities for evaluating requests:** The Service will honor such requests to the fullest extent feasible. However, its limited facilities require establishment of the following criteria and priorities in considering the merits of requests from parties outside of the Department of the Treasury:

- a. No request will be approved unless the National Director, Compliance Research determines that it can be completed without substantial interference or disruption of the Service's own statistical program, or its operations, and that it is compatible with the types of studies and compilations which the Service ordinarily makes.
 - b. Preference will be given to projects that may prove useful in the formulation of Federal tax administration, including those in furtherance of the objectives of agreements between the Commissioner and the State governments for cooperation and exchange of information.
 - c. Next preference will be given to projects that involve the public interest of other Federal agencies and to projects that involve the public interest of other governmental agencies.
 - d. The preference accorded all other projects, not in conflict with the public interest, will be determined on their merits and the availability of facilities.
- (3) **Municipal and local agencies to work through state:** The Service will, insofar as feasible, look to state taxing authorities to act as clearing houses for handling requests for data associated with taxpayer entity identification from their counties, municipalities, or other political subdivisions, and agencies.
- (4) **Data from automated files supplied on a once-a-year basis:** In order to keep the drain on computer and programming resources within reasonable bounds, the Service will endeavor to fulfill requests for large-scale data listings from its automated files by furnishing data elements in tape mode on a once-a-year basis. In furtherance of this policy the Service will continue to consult with officials of States, Federal agencies, and other users in developing and improving programs for exchanging or furnishing tax return or taxpayer entity data.
- (5) **Principles to be observed:** The following principles will be observed in connection with all requests for special statistical studies and compilations:
 - a. No breaches of the regular rules on the confidentiality of tax information will be permitted, irrespective of whether data are furnished on tape, paper, or other mode.
 - b. Only those special tabulations will be made which appear, on the basis of professional standards, to be justified within the limitations of the available data.
 - c. No request will be accepted without the expressed understanding that the Service is authorized to postpone or discontinue the project in the event that the available statistical facilities and services are needed for other purposes.
 - d. The results of any special studies or tabulations shall be available, without restriction, for use by the Department of the Treasury notwithstanding any payments made by other parties.
 - e. The Service will charge requesters a reasonable fee for costs incurred in undertaking special statistical studies, compilations, and other services. Any request involving a charge of \$500 or more should be secured, where possible, by a negotiated contract, purchase order, or obligation of funds. Charges may be waived only when specifically approved by the Commissioner or his/her delegate.
 - f. All agreements will provide for scheduling payment or payments in advance of the disbursement of Service funds.

- g. Publication of the data supplied in the special studies will be accompanied by an appropriate statement describing the sources and limitations of the data.

1.2.1.2.18
(10-20-1988)
**Policy Statement 1-109,
Individually owned
property may be used
only when authorized:**

- (1) **Individually owned property may be used only when authorized:** Personal property owned by employees or others will not be used by employees in performance of official duties, except in emergencies, unless authorized by Internal Revenue Service or Treasury regulations, or approved by the appropriate property officer.
- (2) **Only Service firearms may be used on official duty:** Only firearms furnished by the Internal Revenue Service may be used or carried by personnel whose duties require that they carry firearms in the performance of official duty assignments.
- (3) **Repair of personally-owned property:** Except for vehicles, personally-owned property may be serviced and repaired at Government expense, when its use has been specifically authorized.

1.2.1.2.19
(11-18-1959)
**Policy Statement 1-110,
Employee afforded
hearing in property
damage cases**

- (1) **Employee afforded hearing in property damage cases**
- (2) An employee of the Service may be held pecuniarily liable for loss of or damage to government-owned property which is the result of gross negligence. Such determinations will be made by the survey officer or the survey board. However, before such a recommendation is made, the employee will be given opportunity for a hearing, or, at the option of the employee, may submit a written statement of circumstances or explanation.

1.2.1.2.20
(09-25-1967)
**Policy Statement 1-113,
Postage-paid envelopes
furnished with third
party inquiries**

- (1) **Postage-paid envelopes furnished with third party inquiries**
- (2) Specially designed reply envelopes and labels preprinted with the notation "Business Reply Mail" stating that "POSTAGE WILL BE PAID BY THE INTERNAL REVENUE SERVICE" and pre-addressed to an IRS employee or office may be furnished in tax liability investigations when information is solicited from a third party not representing the taxpayer. Prepaid envelopes or labels may also be furnished to persons or concerns for their convenience in submitting information for official purposes such as administrative investigations, requesting information from an employee's references, or other similar situations.
- (3) **Pre-addressed envelopes requiring postage furnished when beneficial to Service**
- (4) Pre-addressed envelopes requiring postage may be furnished taxpayers for their convenience in mailing returns or for other official purposes when it has been administratively determined that the practice is beneficial to the Service in promoting a more expeditious and economical operation.

- 1.2.1.2.21
(06-08-2022)
Policy Statement 1-124 (Rev. 1), Tax products developed and prescribed by Media and Publications; other public use forms require approval
- (1) **Tax products developed and prescribed by Media and Publications; other public use forms require approval**
 - (2) Tax products are developed and prescribed only by Media and Publications (M&P) to ensure they are technically accurate, understandable, and as easy to use as possible. Tax products include tax forms, schedules, instructions, and publications, such as Forms 1040, U.S. Individual Income Tax Return and W-2, Wage and Tax Statement and Publication 17, Your Federal Income Tax (For Individuals).
 - (3) M&P assigns a business operating division (BOD) as the owner of each tax product for any policy issues that may arise. BODs may collaborate in the development and maintenance of tax products specific to their area provided there is an established agreement in place with M&P.
 - (4) Field offices may develop and prescribe other public use forms subject to the review and approval requirements of Internal Revenue Manual section 1.17.9, Publishing, User Guide for Requesting Published Products and Services.
 - (5) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement
- 1.2.1.2.22
(09-03-1998)
Policy Statement 1-125, Permanent records of significant changes to organizations, policies, or programs are to be created, preserved, and transferred to the National Archives and Records Administration (NARA)
- (1) **Permanent records of significant changes to organizations, policies, or programs are to be created, preserved, and transferred to the National Archives and Records Administration (NARA)**
 - (2) In compliance with the Federal Records Act of 1950, as amended, the Commissioner of Internal Revenue, all Internal Revenue Service Chief Officers, and their organizational components are responsible for the creation and preservation of records documenting significant changes to the agency's organization, policies and programs. Many of these documents will be determined to be permanent records of historic significance. Agency officials and employees must transfer such permanent records to NARA in accordance with mandatory disposition authorizations found in official IRS Records Control Schedules.
- 1.2.1.2.23
(04-04-1994)
Policy Statement 1-156, Taxpayer Publications Program enhances voluntary compliance
- (1) **Taxpayer Publications Program enhances voluntary compliance**
 - (2) Keeping the taxpaying public informed by communicating provisions of the law in understandable terms encourages and promotes voluntary compliance. Accordingly, Media & Publications prepares and publishes plain-language booklets and pamphlets as part of the Service's program to inform taxpayers of their rights and duties under the tax laws and to assist them in the preparation of their tax returns.
- 1.2.1.2.24
(03-20-1971)
Policy Statement 1-157, Review of publications prepared by other agencies
- (1) **Review of publications prepared by other agencies**
 - (2) Taxpayers will assume that they can rely on the accuracy of all official publications. Accordingly, the Service will, upon request, review material relating to Federal taxation prepared for publication by other Government agencies.

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| 1.2.1.2.25
(07-24-1989)
Policy Statement 1-178,
All segments of Service
share responsibility for
public attitudes | <ul style="list-style-type: none"> (1) All segments of Service share responsibility for public attitudes (2) The Service recognizes that public attitudes toward our system of voluntary compliance with the tax laws derive, to a substantial extent, from contacts of all types that the public has with the Internal Revenue Service. Thus, the responsibility for creating and maintaining a constructive public attitude is shared by all officials and employees of the Service. Any interaction with the public must reflect high ethical standards and a commitment to serving the public with courtesy, efficiency and integrity. |
| 1.2.1.2.26
(08-11-1972)
Policy Statement 1-212,
Useful information
necessary for effective
management | <ul style="list-style-type: none"> (1) Useful information necessary for effective management (2) At all levels of the Service, officials having managerial or executive responsibilities must have useful information in order to make decisions and plan future programs and activities. A prerequisite to determining information needs is to identify and define objectives and goals; to the extent practicable, objectives and goals should be expressed in measurable or quantifiable terms. (3) Line and functional officials will secure information required to make timely decisions in planning, scheduling, evaluating alternatives, monitoring progress toward program objectives, measuring performance, and detecting situations requiring corrective action for activities within their responsibility and authority. To this end, such officials shall establish formal reporting requirements wherever appropriate. (4) Reported information shall reflect progress toward established objectives and goals and, to the fullest extent possible, be integrated into single reporting systems that will provide for the selection, extraction, and use of data by various organizational components as is appropriate to their needs. As a part of any such integrated system, detailed reporting (as opposed to summary reporting) will normally be confined to the level of demonstrated utility. |
| 1.2.1.2.27
(08-11-1972)
Policy Statement 1-213,
Information resources to
be carefully managed | <ul style="list-style-type: none"> (1) Information resources to be carefully managed (2) Information is a resource to the manager in the same sense as personnel, space and equipment are resources--all contribute to effective program accomplishment. Management information, like other resources, is costly. It must therefore be carefully managed, and its acquisition, processing and distribution fully justified. (3) Planning for information needs and supporting resources will accompany program planning. Appropriate consultation and coordination of plans or changes to reports (e.g. data elements) will be conducted among all organizations having a role in the design and implementation of any reporting system. Proposed management information and reporting systems will be subjected to a thorough cost/benefit analysis. (4) Because of the potential for revenue losses, field professional and technical personnel should not be required to interrupt their activities to record more than the minimum essential data. As a general principle, management information should be generated as a by-product of operations wherever possible, rather than as the result of specialized reporting efforts not otherwise required by normal Service operations. Similarly, reporting economies shall be achieved through the use of common data sources and base files, wherever possible. |

- (5) Line and functional managers are responsible for periodic review of their reports and for taking prompt action to eliminate unnecessary requirements and improve ineffective systems. They will be guided in this effort by published standards and procedures for effective and economic reporting. Where appropriate, for effective use of reports by field line and functional managers, National Office functional officials will issue guidelines and arrange for necessary training and orientation.

1.2.1.2.28
(12-02-2022)

**Policy Statement 1-214
(Rescinded),
Management and reports
officials to select data of
maximum Servicewide
usefulness**

- (1) **Management and reports officials to select data of maximum Servicewide usefulness**
- (2) Policy Statement 1-214 is rescinded as the relevant information of this policy statement is now included in Policy Statement 1-3. We have updated the wording to present day relevance and have taken the main idea of this policy to avoid redundancy. Appropriate reported information is an important management tool not only for managers of specific activities or organizational elements, but for overall management as well. It is necessary to identify data to be reported so as to provide for:
 - a. the needs of management officials at all levels,
 - b. the requirements of one activity for data reported by another activity, and
 - c. the integration and compatibility of data reported by the various activities.

Therefore, National Office functional and field reporting officials shall collaborate in determining the type of data to be reported in order to produce coordinated information of maximum Servicewide usefulness.

- (3) Signed: Douglas O'Donnell, Acting Commissioner of Internal Revenue Service

1.2.1.2.29
(12-20-1982)

**Policy Statement 1-226,
All Service executives
and managers are
responsible for effective
and efficient use of data
processing applications**

- (1) **All Service executives and managers are responsible for effective and efficient use of data processing applications**
- (2) Executives and managers are responsible for identifying potential cost effective data processing applications for their functions, ensuring that required data processing services are incorporated in the planning and budget process, and seeking necessary technical advice and assistance from appropriate data processing staff specialists. They are also responsible for ensuring that subordinate managers and employees are trained in data processing applications and techniques.

1.2.1.2.30
(04-21-2021)

**Policy Statement 1-230
(Rev. 1), Diversity and
Inclusion**

- (1) **Diversity and Inclusion**
- (2) **Commitment**
The IRS has a strong and steadfast commitment to ensure that diversity and inclusion are integrated into the policies, procedures, and practices used to carry out our mission. This commitment not only extends throughout the IRS workforce, but to the taxpayers, tax practitioners, and communities with whom the IRS engages. The IRS is committed to fostering an inclusive workforce that reflects America's diversity through effective outreach, recruitment, hiring and employee development. While diversity and inclusion can mean different things to different people across the different cultures, the importance of belonging is universal.

(3) **Definitions:**

Diversity At the IRS, diversity is a broad concept that encompasses all the differences that employees bring to work. Diversity, therefore, includes the traditional focus around race and gender, ethnicity, individuals with disabilities, veterans, sexual orientation and religion, but also includes diversity of thought, ideas, backgrounds, and experiences.

(4) **Inclusion**

Inclusion, one of IRS's core values, occurs when we leverage and engage every employee's unique strengths and talents so that everyone can contribute to his or her full potential. Diversity coupled with inclusion is a long-term business strategy that will help fuel the innovative outcomes and continual improvement necessary for our future success.

(5) **Belonging**

Belonging is when employees feel their insights and contributions are valued. A sense of belonging means that each employee can bring their full identity to work, and not feel like they are a different person in the workplace than they are at home. Enabling everyone at the IRS to perform at their best while being themselves is fundamental to our continued success. It is imperative that barriers are cleared, each voice is heard and understood, and each of us appreciate others for their unique perspectives and backgrounds.

(6) **Equity**

Equity ensures fairness and respect. Employees feel supported, valued, trusted and able to achieve their personal best, and it means taxpayers and other stakeholders are treated equally. Equity encompasses legal obligations and requirements for non-discrimination, civil rights, reasonable accommodations and equal employment opportunity.

(7) **Accountability**

Leveraging diversity and inclusion is critical to our mission, workforce and taxpayers. Each IRS employee and manager is responsible for promoting diversity and inclusion and demonstrating inclusive behaviors. This creates an organizational culture that fosters workforce diversity and inclusion resulting in a more engaged workforce. Greater engagement of employees from all backgrounds yields greater personal satisfaction and higher levels of productivity. Our attitudes, words, actions and inactions all impact the workplace environment. Diversity and inclusion are an investment and is essential to improve our ability to drive innovation, solve complex problems, serve taxpayers and achieve our mission. Each of us must strive to treat one another with dignity and respect, be open to learning about our differences and seek to leverage individual attributes that will make the IRS stronger. To reach employees full potential, everyone must hold each other accountable and lead by example.

(8) Signed: Charles P. Rettig, Commissioner of Internal Revenue Service

1.2.1.2.31
(11-04-1977)

**Policy Statement 1-231
(formerly 6-11),
Administrative
procedures and forms
will be designed to
promote voluntary
compliance**

- (1) **Administrative procedures and forms will be designed to promote voluntary compliance**
- (2) Recognizing the importance of voluntary compliance on the part of taxpayers to the efficient operation of the tax system, specific attention will be given by Service officials to isolating and defining problems in tax administration which might adversely affect voluntary compliance.
- (3) Service officials will take positive action to critically examine the Service's forms, procedures and administrative practices and ensure they are designed to provide for sound administration of the law and effective use of resources. Simultaneously, Service officials will ensure that the effects upon taxpayers of these forms, procedures, and administrative practices are considered.

1.2.1.2.32
(02-28-2023)

**Policy Statement 1-232
(Rev. 1), Solicitation for
external collaboration in
the development of tax
forms**

- (1) **Solicitation for external collaboration in the development of tax forms**
- (2) Collaboration for the development of tax forms will be solicited, when appropriate, from Governmental agencies, industry, trade, and other external tax professionals. Feedback received from external sources will be evaluated and used based on its merits.
- (3) **Coordination maintained with other Government agencies**
- (4) Coordination will be maintained with the Social Security Administration and other Federal and State Governmental agencies in matters of mutual interest that involve the technical content of tax forms and instructions.
- (5) Signed: Melanie Krause, Acting Deputy Commissioner for Services and Enforcement

1.2.1.2.33
(09-07-2022)

**Policy Statement 1-233
(Rev. 1), Publication of
names of sanctioned
practitioners and firms
and disqualified
appraisers**

- (1) **Publication of names of sanctioned practitioners and firms and disqualified appraisers**
- (2) Pursuant to Treasury Department No. Circular 230, Regulations Governing Practice before the Internal Revenue Service, the IRS publishes in the Internal Revenue Bulletin, and elsewhere on IRS.gov:
 - a. The names of individuals, including attorneys, certified public accountants, and enrolled agents, who have been censured, suspended or disbarred from practice before the IRS or upon whom a monetary penalty was imposed;
 - b. The names of firms and other entities upon which a monetary penalty was imposed; and
 - c. The names of appraisers who have been disqualified.
- (3) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement

- 1.2.1.2.34
(10-31-1991)
Policy Statement 1-234 (formerly 0-67), Joint Investments By Managers With Subordinates or Superiors
- (1) **Joint Investments By Managers With Subordinates or Superiors**
 - (2) Joint investments, including ownership of real or personal property, between managers and their subordinate employees or their superiors present a conflict of interest, or an appearance of a conflict of interest, which is prohibited by IRS and Treasury Department regulations.
 - (3) Managers may not have joint investments with subordinate employees and/or superiors. This includes functional relationships (for example, a division chief having a joint investment with the functional Assistant Regional Commissioner) in addition to line superior/subordinate relationships.
 - (4) Managers who have such joint financial interests are required to report the investment to higher management and to take appropriate action to eliminate the conflict.
- 1.2.1.2.35
(05-31-2017)
Policy Statement 1-235 (Rev. 1), Environment, Health and Safety Policy
- (1) **Environment, Health and Safety Policy**
 - (2) **Purpose:** To affirm the commitment of the Internal Revenue Service (IRS) to leadership in Environment, Health and Safety (EHS), and reducing the environmental impacts and health and safety risks of our operations, products, and facilities.
 - (3) **Scope:** This policy applies to all IRS facilities, activities, employees, and contractors under the control of the IRS.
 - (4) **Policy:** It is the policy of the IRS to conduct operations in a manner that minimizes negative EHS impacts on our operations, products, and services to the fullest extent possible. Specifically, the IRS commits to:
 1. Preserve human and natural resources through reducing risks of injury and illness, and practicing good environmental stewardship;
 2. Integrate EHS considerations into all business decisions, including forecasting changes to internal and external business environments and establishing strategies to address anticipated changes;
 3. Comply with all applicable federal, state, and local EHS laws and regulations, Executive Orders, and other requirements;
 4. Implement pollution prevention practices to realize overall improvements in environmental performance outcomes;
 5. Support IRS personnel at all levels in their responsibilities to prevent pollution to the environment, and eliminate risks to human health and safety when and where possible.
- 1.2.1.2.36
(10-24-2016)
Policy Statement 1-236, Fairness and Integrity in Enforcement Selection
- (1) **Fairness and Integrity in Enforcement Selection**
 - (2) The IRS Mission statement includes “enforcing the tax law with integrity and fairness to all.” A “fair and just tax system” is also a cornerstone in the *Taxpayer Bill of Rights (TBOR)*. As IRS employees, we are expected to carry out our duties with integrity and fairness. Fairness and integrity therefore apply to how IRS administers tax laws to all taxpayers as well as how IRS employees interact with each taxpayer and each tax professional. Employees must exercise their professional judgment, not personal opinions, in conducting their enforcement responsibilities.
 - (3) There are three parts to enforcing the tax law with integrity and fairness:

- **To ensure fairness to the taxpaying public**, employees must take into account the responsibilities and obligations that all taxpayers share, and pursue those individuals and businesses who don't comply with their tax obligations. In this way, employees are being fair to those who are compliant and that, in turn, helps promote public confidence in our tax system for all taxpayers.
- **To ensure an equitable process for all taxpayers**, fairness and integrity are built into the foundation of our enforcement selection processes. These processes operate under a comprehensive set of checks and balances and safeguards to identify the highest potential noncompliance, using scoring mechanisms, data driven algorithms, third party information, whistleblowers and information provided by the taxpayer. No one individual can control the enforcement selection decision-making processes, and we limit involvement to only those employees whose duties require involvement. This produces processes that are impartial and applied consistently to each taxpayer return.
- **To ensure fairness to each taxpayer**, we do our jobs with a focus on taxpayer rights, including due process and appeal rights. The Internal Revenue Code grants taxpayers certain rights when working with the IRS, and these rights are embodied in Publication 1. In addition, managers and employees adhere to many administrative and legislative procedures. Managerial as well as quality reviews of selection decisions occur during each phase of the selection and assignment process. IRS employees are managed and evaluated on how well we provide fair and equitable treatment to taxpayers as required by the Restructuring and Reform Act of 1998. Also, taxpayers may administratively appeal most IRS decisions, including the assessment of additional tax or penalties, the denial of a refund claim, or issuance of a lien or levy. An employee in the Office of Appeals, an independent and impartial function within IRS, will contact the taxpayer, hear the case and decide whether to sustain the enforcement action. Most taxpayers can also petition the U.S. Tax Court for a pre-assessment review of any proposed additional tax or seek a refund in other federal courts.

1.2.1.3
(03-01-2021)

**Policy Statements for
Information Technology
Activities**

- (1) This IRM subsection contains the policy statements which relate to Information Technology activities.

1.2.1.3.1
(11-23-2020)

**Policy Statement 2-5
(Rev. 1), Access to
information and
Communication for
Persons with Disabilities**

- (1) **Access to information and Communication for Persons with Disabilities**
- (2) Affirms Internal Revenue Service's (IRS) commitment to meet its obligation to comply with Section 508 of the Rehabilitation Act of 1973 and Section 255 of the Communications Act (*amended in 1998 (29 USC 794(d)), and refreshed by the US Access Board via final rule in the Federal Register (82 FR 5790) effective March 23, 2018*), to ensure that ICT is equally accessible to persons with disabilities unless a *Section 508 exception* is established. ICT technologies include:
- a. computer hardware and software
 - b. web sites
 - c. electronic content (public facing and agency official communication)
 - d. networks

- e. support documentation and services
 - f. fax machines
 - g. information transaction machines
 - h. telecommunications products and customer premises equipment
 - i. copiers
 - j. any other equipment that facilitates the transmission, receipt, presentation, storage, duplication, or use of information.
- (3) This policy applies to all IRS federal employees, interns, volunteers, and contractors under control of or doing business with the IRS.
- (4) Pursuant to Section 508 of the Rehabilitation Act of 1973, as amended, the IRS shall "develop, procure, maintain, or use" ICT in a manner that ensures Federal employees with disabilities have comparable access to, and use of, such information and data relative to other Federal employees. The IRS will also ensure that members of the public with disabilities have comparable access to publicly available information and services. The Revised 508 Standards and Section 255 of the Communications Act (as amended by the Telecommunications Act of 1996) incorporate by reference the Web Content Accessibility Guidelines (WCAG) 2.0.
- (5) The Section 508 standards are the structured technical requirements and functional criteria that are used to measure product conformance.
- (6) WCAG provides a wide range of recommendations for making Web content and applications more accessible to:
- a. A wider range of people with disabilities, including blindness and low vision, deafness and hearing loss, learning disabilities, cognitive limitations, limited movement, speech disabilities, photosensitivity and combinations of these.
 - b. All federal employees, contractor personnel, interns and volunteers with disabilities have access to ICT that is comparable to the access and use of ICT by Federal employees who are not individuals with disabilities.
 - c. All individuals with disabilities who are members of the public seeking information or services from the IRS have access to and use of ICT that is comparable to the access to and use of ICT by such members of the public who are not individuals with disabilities.
- (7) Signed: Jeffrey J. Tribiano, Deputy Commissioner, Operations Support

1.2.1.3.2
(11-01-1982)
**Policy Statement 2-90
(formerly P-1-144),
Designing safeguards
for computer systems**

- (1) **Designing safeguards for computer systems**
- (2) The Service relies heavily on automatic data processing systems to meet tax administration, financial, and informational requirements. It is essential that these systems be protected from abuse, fraud, or disruption; and that both the systems software and the data that are processed be afforded adequate physical, procedural, and systemic protection. To provide such protection, employees who design computer systems must ensure that appropriate physical protection, management controls, and systemic security measures that meet Service computer security standards are part of that design.

- 1.2.1.3.3
(12-20-1982)
**Policy Statement 2-91
(formerly P-1-227),
Management information
needs are to be
considered in designing
or revising automated
systems**
- (1) **Management information needs are to be considered in designing or revising automated systems**
 - (2) Service officials will insure that management information needs are considered and incorporated as appropriate into designs of, or revisions to, automated systems. Steps will also be taken to provide uniformity of data elements with other management information systems.
- 1.2.1.3.4
(04-10-1994)
**Policy Statement 2-92
(formerly P-1-228),
Deviation from
compatibility standards
for Federal Information
Processing (FIP)
equipment and software
requires Chief
Information Officer (CIO)
approval**
- (1) **Deviation from compatibility standards for Federal Information Processing (FIP) equipment and software requires Chief Information Officer (CIO) approval**
 - (2) Compatibility of Federal Information Processing (FIP) equipment and software to the maximum extent possible is essential for efficient and effective utilization of FIP resources. The Chief Information Officer (CIO) is responsible for ensuring that FIP equipment and software meet FIP compatibility standards. Compatibility will be a primary consideration in acquisitions of FIP equipment and software. The CIO must approve any deviations from the FIP compatibility standards. Requests for authority to deviate must demonstrate overriding cost/benefit or operational reasons to justify the request.
- 1.2.1.3.5
(11-12-1999)
**Policy Statement 2-93
(formerly P-1-229),
Management and
Control of Automated
Data Processing (ADP)
Property**
- (1) **Management and Control of Automated Data Processing (ADP) Property**
 - (2) To ensure an accurate and complete inventory is maintained, the Chief Information Officer (CIO) is the official responsible for ownership, management and control of all ADP property in the Service. Information Systems (IS) is also responsible for the accounting and recording of all ADP property in the Internal Revenue Service's (IRS) ADP inventory system. IS will conduct an annual inventory by September 30 of each fiscal year and the CIO will certify the accuracy and completeness of the inventory by October 31 of each fiscal year.
 - (3) Organizations other than IS are not authorized to purchase, acquire, manage, move or maintain ADP property. ADP property is defined as any property that is part of the Information Technology (IT) infrastructure [hardware and software for ADP and Telecommunications (voice and data)] that is in use, in reserve storage, or is awaiting disposal. The Procurement Organization will continue to support the CIO in processing IT acquisition requests.
 - (4) Implementation of this new policy will be effected during a transition period where IS will continue to require the business organizations' support. Until the transition is completed, business organizations should perform ADP property management duties and responsibilities under the guidance and direction of IS. The CIO, in consultation with the various business organizations, will determine the implementation dates for the phases of the transition period and has the authority to set the schedule for actions taken during these phases. The CIO will also determine when the transition period is complete and it is no longer necessary for the business organizations to perform ADP property management duties.

- 1.2.1.4
(08-08-2023)
Policy Statements for Submission Processing Activities
- (1) This IRM subsection contains the policy statements which relate to Submission Processing activities.
- 1.2.1.4.1
(03-21-2023)
Policy Statement 3-1 (Rev. 1), Establishing tolerances to relieve Area Offices and campuses of less productive work
- (1) **Establishing tolerances to relieve Area Offices and campuses of less productive work**
- (2) In the interest of cost-effective and efficient operations, the IRS may establish and use tolerances to relieve Area Offices and campuses of the responsibility to allot time to less productive work. The application of tolerances is particularly beneficial when the revenue involved does not justify a process's handling costs and does not jeopardize the government's interests. Tolerances will be established and used to process cases (i.e., returns, accounts, balances due, etc.) based on pre-determined amounts, percentages, or other prescribed criteria that have been evaluated and determined to reduce cost, time, or required labor.
- (3) **Uniform application of Tolerances except in special cases**
- (4) The IRS will classify established tolerances as Official Use Only guidance in the Internal Revenue Manual and uniformly apply these tolerances when appropriate. However, directors may, in their discretion, forego the use of tolerance in cases where they believe applying tolerance would not be in the best interests of the federal government.
- (5) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement
- 1.2.1.4.2
(12-29-1970)
Policy Statement 3-2 (Formerly P-2-7), Reasonable cause for late filing of return or failure to deposit or pay tax when due
- (1) **Reasonable cause for late filing of return or failure to deposit or pay tax when due**
- (2) Any sound reason advanced by a taxpayer as the cause for delay in filing a return, making deposits under the Federal Tax Deposit System, or paying tax when due, will be carefully analyzed to determine whether the applicable penalty should be asserted. Examples of sound causes for delay which, if established, will be accepted as reasonable cause are shown below:
- Death or serious illness of the taxpayer or a death or serious illness in his/her immediate family. In the case of a corporation, estate, trust, etc., the death or serious illness must have been of an individual having sole authority to execute the return or make the deposit or payment or of a member of such individual's immediate family.
 - Unavoidable absence of the taxpayer. In the case of a corporation, estate, trust, etc., the absence must have been of an individual having sole authority to execute the return or make the deposit or payment.
 - Destruction by fire or other casualty of the taxpayer's place of business or business records.
 - Taxpayer was unable to determine amount of deposit or tax due for reasons beyond the taxpayer's control. However, this cause will be acceptable for taxpayers required to make deposits or payments of trust fund taxes only when the taxpayer was unable to have access to his/her own records.

- e. The facts indicate that the taxpayer's ability to make deposits or payments has been materially impaired by civil disturbances.
- f. Lack of funds is an acceptable reasonable cause for failure to pay any tax or make a deposit under the Federal Tax Deposit System only when a taxpayer can demonstrate the lack of funds occurred despite the exercise of ordinary business care and prudence.

(3) **Other explanations may be acceptable**

- (4) Acceptable explanations of delinquency are not limited to the examples given above, since any reason for delinquency in filing or making deposits or payments which established that the taxpayer exercised ordinary business care and prudence but was nevertheless unable to comply within the prescribed time will be accepted as reasonable cause.
- (5) **State or local law interpretations as prohibiting advance payment of taxes withheld not acceptable**
- (6) For agencies or instrumentalities of a State or political subdivision thereof, interpretation of State or local laws as prohibiting advance payment or deposit of taxes withheld is not acceptable as reasonable cause for delay in making deposits or payments.

1.2.1.4.3
(07-27-1967)

**Policy Statement 3-3
(Formerly P-2-9, Timely
mailed returns bearing
foreign postmarks to be
accepted)**

- (1) **Timely mailed returns bearing foreign postmarks to be accepted**
- (2) Returns mailed by taxpayers in foreign countries will be accepted as timely if postmarked on or before midnight of the last date prescribed for filing, including any extension of time for such filing. If the last day for filing falls on a Saturday or Sunday, returns will be considered timely if postmarked on or before midnight of the next day. Whenever appropriate for the answering or anticipating of public inquiries, all offices of the Service are authorized to announce this policy.

1.2.1.4.4
(03-22-1993)

**Policy Statement 3-4
(Formerly P-2-10),
Abatement of Interest on
Erroneous Refunds**

- (1) **Abatement of Interest on Erroneous Refunds**
- (2) Fair and equitable administration of the tax laws requires that taxpayers should not be held liable for interest on erroneous refunds until the taxpayer is asked to repay the refund. The Service must clearly be at fault in making the refund, however, and the refund must not exceed \$50,000.

1.2.1.4.5
(07-26-2011)

**Policy Statement 3-5
(Formerly P-2-11),
Unsigned income tax
returns will not be
accepted for processing;
delinquency penalty
generally will not be
imposed on timely filed
unsigned income tax
returns**

- (1) **Unsigned income tax returns will not be accepted for processing; delinquency penalty generally will not be imposed on timely filed unsigned income tax returns**
- (2) An unsigned tax return is not a valid tax return. The Service, therefore, will not accept unsigned income tax returns for processing, although these returns may constitute informal claims for refund or credit if the taxpayers report overpayments of tax on the returns.
- (3) The Service will return unsigned income tax returns to taxpayers requesting that the taxpayers sign the tax returns and resubmit them for processing.
- (4) Except as provided in the paragraph below, the Service will not impose a delinquency penalty when an unsigned tax return is filed timely on the prescribed

form and accompanied by proper payment, and the taxpayer, upon request, subsequently files a proper income tax return.

- (5) The Service will impose a delinquency penalty when the facts show willful intent to disobey the Internal Revenue laws or gross negligence in connection with the taxpayer's failure to sign the income tax return. Additionally, the Service may impose a delinquency penalty if the taxpayer asserts a statute of limitations defense to the assessment of tax stated on the income tax return that relies in whole, or part, on the filing of the unsigned tax return.

1.2.1.4.6
(03-24-1960)
**Policy Statement 3-6
(Formerly P-2-50),
Taxpayer's
determination generally
accepted as to location
of principal place of
business for purpose of
filing employment and
miscellaneous excise
tax returns**

- (1) **Taxpayer's determination generally accepted as to location of principal place of business for purpose of filing employment and miscellaneous excise tax returns**
- (2) In cases where there may be doubt as to the Internal Revenue district in which returns of taxes under subtitles C and D of the Code (employment and miscellaneous excise tax returns) should be filed, the Service will as a general rule accept the taxpayer's determination as to the location of the principal place of business for purposes of filing his/her returns. The taxpayer's determination, however, will not be accepted if it is an obvious attempt to avoid the effect of law and regulations

1.2.1.4.7
(09-19-1969)
**Policy Statement 3-7
(Formerly P-2-51),
Excess payments
determined during
processing of quarterly
employment or excise
tax returns generally
applied to a taxpayer's
account**

- (1) **Excess payments determined during processing of quarterly employment or excise tax returns generally applied to a taxpayer's account**
- (2) When a taxpayer reports an overpayment on his/her quarterly return for certain employment or excise taxes, he/she may elect either to apply the excess to his/her next return or to receive a refund. In the absence of such an election, when the Service Center Director determines during processing of an employment or excise tax return that there is an excess payment, the excess will generally be applied to the taxpayer's account.

1.2.1.4.8
(07-31-1993)
**Policy Statement 3-8
(Formerly P-2-63),
Extensions of time for
filing certain information
returns, approved in
bona fide case**

- (1) **Extensions of time for filing certain information returns, approved in bona fide case**
- (2) A reasonable extension of time will be granted for filing information returns, Forms W-2G, 5498, 1098, and 1099, on the basis of a timely filed request, where real need for more time is clearly established.
- (3) **Period of extension**
- (4) In general, extensions of time will be for no more than 30 days. If the need for additional time is clearly shown, payers may request a second extension for no more than 30 days. Second requests will be granted based on the evidence that extenuating circumstances prevented filing by the first extension date.

- 1.2.1.4.9
(07-31-1993)
**Policy Statement 3-9
(Formerly P-2-64),
Extensions of time for
furnishing statements to
recipients approved in
bona fide cases**
- (1) **Extensions of time for furnishing statements to recipients approved in bona fide cases**
 - (2) A reasonable extension of time will be granted for furnishing statements to recipients. However, because recipients will need this information to prepare their income tax returns, extensions of this type will be granted only when the request is based on circumstances that could not reasonably have been foreseen and provided for in advance.
 - (3) **Period of extension**
 - (4) In general, extensions of time will be for no more than 15 days, unless need for an extension up to a total of 30 days is clearly shown.
- 1.2.1.4.10
(07-31-1993)
**Policy Statement 3-10
(Formerly P-2-65),
Extensions of time for
filing Forms W-2
approved in bona fide
cases**
- (1) **Extensions of time for filing Forms W-2 approved in bona fide cases**
 - (2) A reasonable extension of time will be granted for filing Form W-2, on the basis of a timely filed request, where real need for more time is clearly established.
 - (3) **Period of extension**
 - (4) In general, extensions of time will be for no more than 30 days. If the need for additional time is clearly shown, payers may request a second extension for no more than 30 days. Second requests will be granted based on the evidence that extenuating circumstances prevented filing by the first extension date.
- 1.2.1.4.11
(01-22-1965)
**Policy Statement 3-11
(Formerly P-2-66),
Extensions of time for
furnishing Form W-2 to
employees approved in
bona fide cases**
- (1) **Extensions of time for furnishing Form W-2 to employees approved in bona fide cases**
 - (2) Employers will be granted reasonable extensions of time for furnishing Form W-2 to employees. However, since employees will need this information to prepare their income tax returns, extensions of this type will be granted only when the request is based upon circumstances which could not reasonably have been foreseen and provided for in advance.
 - (3) **Period of extension**
 - (4) In general, extensions of time will be for no more than 15 days, unless need for an extension up to a total of thirty days is clearly shown.
- 1.2.1.4.12
(06-19-1987)
**Policy Statement 3-12
(Formerly P-2-67), Late
filled applications for
extensions of time to file
returns will not be
approved**
- (1) **Late filled applications for extensions of time to file returns will not be approved**
 - (2) The Service will neither consider nor approve on a case-by-case basis late filed applications for extensions of time to file returns. The Commissioner may extend the due date of filing returns for broad classes or groups of taxpayers, but only in cases of natural disaster, catastrophe or other extraordinary situations.

1.2.1.4.13
(09-14-2021)

**Policy Statement 3-13
(Rev. 1), Providing Blank
Tax Return Forms and
Other Tax Products to
Taxpayers**

- (1) **Providing Blank Tax Return Forms and Other Tax Products to Taxpayers**
- (2) As a courtesy to taxpayers, the Service will mail blank tax forms and publications to individuals and/or businesses upon request. Quantity limits may apply.
- (3) The Service will provide a limited number of select blank tax forms, publications, and other products available at Taxpayer Assistance Centers and participating libraries, post offices, community centers, etc.
- (4) **Providing Tax Products in Electronic Formats**
- (5) The Service will make available all tax products in an electronic format that is downloadable from its website, *www.irs.gov*.
- (6) Additionally, the Service will offer tax forms, publications and other products in a variety of file formats to accommodate persons with disabilities following the guidelines established in Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d), Section 255 of the Communications Act of 1934 (47 U.S.C. 255 as added by the Telecommunications Act of 1996), and the Web Content Accessibility Guidelines 2.0.
- (7) **Providing Multilingual Tax Products**
- (8) The Service will offer multilingual hardcopy and electronic translations of vital documents. These documents will be translated into a select number of frequently encountered languages.
- (9) Signed: Douglas O'Donnell, Deputy Commissioner for Services and Enforcement

1.2.1.4.14
(10-21-1971)

**Policy Statement 3-14
(Formerly P-2-88),
Elections to apply
income tax
overpayments to
estimated tax may be
reversed upon showing
of undue financial
hardship**

- (1) **Elections to apply income tax overpayments to estimated tax may be reversed upon showing of undue financial hardship**
- (2) When an income tax overpayment is elected for credit to estimated tax for the following year, it must be so applied. If the taxpayer wishes to change his/her election (after the filing of the overpayment return) in order to have the overpayment refunded, the refund may be made only upon a showing that the taxpayer would suffer undue financial hardship. Refunds in such cases will be limited to individual taxpayers whose requests are submitted far enough in advance to permit refund to be made prior to the end of the taxable year to which the credit was applied. Interest will not be allowed on the overpayment for the reason that the Service was precluded from making the refund within the usual 45-day interest-free period.

1.2.1.4.15
(09-20-1999)

**Policy Statement 3-15
(Formerly P-2-89),
Reconsideration of an
Unpaid Assessment**

- (1) **Reconsideration of an Unpaid Assessment**
- (2) A request for reconsideration of an unpaid assessment will be considered if:
 1. The taxpayer requests in writing the abatement of an assessment based on enclosed information that was not previously considered which, if timely submitted, would have resulted in a change to the assessment;
 2. An original delinquent return is filed by the taxpayer after an assessment was made as a result of a return executed by the IRS under IRC § 6020(b) or other substitute for return procedure; or
 3. There was an IRS computational or processing error in assessing the tax.

- (3) A request for reconsideration of an unpaid assessment based on item 1 or 2 above will not be considered if:
 - a. The assessment was made as a result of a closing agreement entered into under IRC § 7121, or as a result of a compromise under IRC § 7122;
 - b. The assessment was made as a result of final adjustments of partnership items;
 - c. The assessment was made as a result of the taxpayer entering into an agreement on Form 870-AD, *Offer to Waive Restrictions on Assessment and Collection of Tax Deficiency and to Accept Over assessment* ; or
 - d. The assessment relates to a return closed on the basis of a final order of the United States Tax Court or other court.

1.2.1.5
(08-08-2024)
**Policy Statements for
the Examining Process**

- (1) This IRM subsection contains policy statements which relate to the Examining Process activities.

1.2.1.5.1
(12-21-1984)
**Policy Statement 4-3,
Cases closed by District
Directors or Service
Center Directors will not
be reopened except
under certain
circumstances**

- (1) **Cases closed by District Directors or Service Center Directors will not be reopened except under certain circumstances**
- (2) The Service will not reopen any case closed after examination by a district office or service center to make an adjustment unfavorable to the taxpayer unless:
 - 1. there is evidence of fraud, malfeasance, collusion, concealment or misrepresentation of a material fact;
 - 2. the prior closing involved a clearly defined substantial error based on an established Service position existing at the time of the previous examination; or
 - 3. other circumstances exist which indicate failure to reopen would be a serious administrative omission.
- (3) **Certain contacts not considered as examinations or reopenings**
- (4) Contacts with a taxpayer to verify or adjust a discrepancy between the taxpayer's tax return and information returns, including late or amended returns, are not examinations or reopenings. For this purpose, information returns include returns and amended returns filed by partnerships, fiduciaries, and small business corporations.
- (5) A contact to verify a discrepancy disclosed by an information return matching program may include inspection of the taxpayer's books of account, to the extent necessary to resolve the discrepancy, without being considered an inspection within the meaning of section 7605(b) of the Code.
- (6) A contact with an investor to verify the accuracy of, or the need for, a Tax Shelter Registration number is not an examination within the meaning of Section 7605(b) of the Code. To the extent that the contact is to determine the need for a Tax Shelter Registration number, the information sought would be limited to obtaining the name and address of the promoter.
- (7) The adjustment of an unallowable item, or an adjustment resulting from other types of service center return correction programs, is not considered an examination. Therefore, a subsequent examination does not constitute a reopening of a case closed after examination.

(8) **Authorization of reopenings**

- (9) All reopenings require prior approval by the Chief, Examination Division (District Director if there is no Chief, Examination Division), Chief, Employee Plans and Exempt Organizations Division, or Chief, Compliance Division, for cases under his/her jurisdiction.

(10) **Authorization of additional inspection of books of account**

- (11) If an additional inspection of the taxpayer's books of account is necessary, the notice to the taxpayer required by section 7605(b) of the Code must be signed by the Chief, Examination Division (District Director if there is no Chief, Examination Division), Chief, Employee Plans and Exempt Organizations Division, or Chief, Compliance Division, for cases under his/her jurisdiction, and may not be redelegated.

1.2.1.5.2
(01-05-1979)

**Policy Statement 4-4,
Income tax examination
will include
consideration of
taxpayer's liability for
employment tax**

- (1) **Income tax examination will include consideration of taxpayer's liability for employment tax**
- (2) Employment tax returns of a business taxpayer will be considered for examination at the same time that his/her income tax return is examined. If the examiner determines a need to examine the employment tax returns, such examination will be made concurrently with the income tax examination and generally will cover the same taxable period.
- (3) **Every examination to include check for filing of other Federal tax or information returns**
- (4) Examiners will determine during the examination of any return whether the taxpayer is filing or has filed all of the other Federal tax or information returns he/she is required to file.

1.2.1.5.3
(06-17-2019)

**Policy Statement 4-5
(Rev.1), Restrictions on
Examiners' and
Specialists' Consecutive
Survey or Examination
Responsibilities**

- (1) **Restrictions on examiners' and specialists' consecutive examination or survey of taxpayers:**
- An examiner or specialist may not examine or survey a tax return of a taxpayer for more than 5 consecutive years (60 months) from date of assignment. If the examination is in process at the 5 consecutive year point, the examiner or specialist is allowed to complete the examination provided the current cycle or audit has less than 12 months remaining from the 5 consecutive year point. An examiner or specialist will not be reassigned to the same taxpayer for the examination of one intervening tax period or surveying of two intervening tax periods.
 - Small Business/Self-Employed (SB/SE) Area and Specialty Examination Director, Large Business and International (LB&I) Practice Area Directors, and Tax Exempt & Government Entities (TE/GE) Directors are responsible for approval of any deviation from the above restriction.
- (2) **Restriction on LB&I, SB/SE and TE/GE front-line managers' engagement on consecutive examinations or surveys of taxpayers:**
- LB&I, SB/SE and TE/GE front-line managers may not be engaged in the examination or survey of a taxpayer for more than 5 consecutive years (60 months) from date of assignment. The manager's "date of assignment" starts when his/her employee applies time to the return and the manager is assigned as the case and/or issue manager.

- If the examination is in process at the 5-consecutive year point, the manager is allowed to continue engagement in the examination provided the current cycle has less than 12 months remaining from the 5 consecutive year point. Managers cannot be reassigned to the same taxpayer for the examination of one intervening tax period or surveying of two intervening tax periods.
- SB/SE Area and Specialty Examination Director, LB&I Practice Area Directors, and TE/GE Directors are responsible for approval of any deviation from the above restriction.

(3) **P-4-5 Exceptions. The following employees are excepted from the above general limitations:**

- Audit Accounting Aides (AAAs) and Tax Computation Specialist (TCSs)
- SB/SE Specialty Examination front-line managers performing normal recurring responsibilities as a specialty manager.
- Employees who work on a case 200 hours or less per examination cycle including but not limited to: Issue Team members, Tax Law Specialists, Subject Matter Experts, Senior Revenue Agents in mentoring capacity and other advisors.
- Employees assigned to promoter cases.
- Advance Pricing and Mutual Agreement (APMA) program personnel while performing work during Mutual Agreement Procedure (MAP) negotiations or while performing tasks directly related to the consideration of an Advance Pricing Agreement (APA). If an APMA employee is assigned to perform audit work on an examination of a filed return or a Compliance Assurance Process (CAP) tax year examination, this exception does not apply and the regular P-4-5 restrictions are in effect.
- Treaty Assistance and Exchange of Information personnel.
- Employees performing Pre-filing Agreements (PFA), Industry Issue Resolution (IIR) and Advance Pricing Agreement (APA) activities when distinguishable and worked separate from the examination.
- Employees participating in a Pre-Appeal Conferences or reviewing a new argument proposed for an examination in Appeals jurisdiction.

(4) **Additional exceptions and clarifications:**

- When Appeals returns a case to an examination function to re-examine an unagreed issue due to newly submitted facts, an examiner or specialist's consecutive component of the 5year (60 months) rule is suspended until the case is closed out of examination.
- The consecutive component of the 5 year (60 month) rule is tolled when an examination is suspended. Suspension occurs when the return is placed in an authorized suspense status 14, 15 (ARC 02, 03, 23), 17, 18, 27, 29, 30, 31, 32, 33, 34, 36, 38, and 39 or during the period of joint investigation. Once the return comes out of the suspense status or is no longer under joint investigation, the 5 consecutive year (60 months) timeframe continues (i.e., time before and after tolling is combined).

(5) **One Deviation Limit:**

- In the case of LB&I Division-initiated deviations that are described in sections (1) and (2) above, there is a limit of one deviation per employee/manager per case that may be approved by the Practice Area Director.

- In the case of SB/SE and TE/GE Division-initiated deviations that are described in sections (1) and (2) above, there is a limit of one deviation per employee/manager per case or examination that may be approved by the appropriate SB/SE and TE/GE Director.
- The one deviation, per employee/manager per case or examination, will be granted to complete the cycle based on the approved examination closure date (ECD) at the time the deviation is granted. In the rare instance(s) in which additional deviations are required for the same employee(s)/manager(s) for effective tax administration, those deviations will be approved by the Business Operating Division Commissioner (SB/SE, LB&I, and TE/GE) on an individual business case basis after notification to the Deputy Commissioner, Services and Enforcement.

(6) **Monitoring responsibilities:**

- All appropriate levels of managers in LB&I, SB/SE and TE/GE will monitor assignments for their employees to ensure that proper examination rotation practices are followed.

(7) **Restrictions on changes in post of duty of employees solely for case rotation:**

- An employee will not be required to involuntarily transfer from a post of duty solely for case or return rotation purposes unless no reasonable alternative exists. However, changes in posts of duty of an examiner or a specialist may be made when staffing imbalances or other needs of the Service require such action in accordance with applicable IRM and National Agreement provisions.

(8) Signed: Kirsten Wielobob, Deputy Commissioner, Services and Enforcement
June 17, 2019

Note: This policy statement will be effective when signed by the Deputy Commissioner, Services and Enforcement

1.2.1.5.4
(03-16-1959)
**Policy Statement 4-6,
Examiner may not
examine return if
relationship impairs
impartiality**

- (1) Examiner may not examine return if relationship impairs impartiality
- (2) Examiners will not examine or survey the returns of taxpayers with whom they have a business or social relationship of a nature that might impair their impartiality and independence.

1.2.1.5.5
(12-23-1960)
**Policy Statement 4-7,
Impartial determination
of tax liability**

- (1) **Impartial determination of tax liability**
- (2) An exaction by the United States Government, which is not based upon law, statutory or otherwise, is a taking of property without due process of law, in violation of the Fifth Amendment to the United States Constitution. Accordingly, a Service representative in his/her conclusions of fact or application of the law, shall hew to the law and the recognized standards of legal construction. It shall be his/her duty to determine the correct amount of the tax, with strict impartiality as between the taxpayer and the Government, and without favoritism or discrimination as between taxpayers.

1.2.1.5.6
(03-13-1966)

**Policy Statement 4-8,
Removal of books,
records and documents
to a Service office**

- (1) **Removal of books, records and documents to a Service office**
- (2) Books, records and other documents may be removed to a Service office for examination when the person furnishing them agrees to such action. A receipt shall be issued for all books, records and other documents so removed and they should be retained only for such time as may be reasonably necessary, under all the circumstances, to effect the purpose for which they were obtained.

1.2.1.5.7
(05-03-1994)

**Policy Statement 4-9,
Highest integrity
expected**

- (1) **Highest integrity expected**
- (2) The public expects the highest degree of integrity in tax matters on the part of all Service employees. To this end, the Service has established a comprehensive employee tax compliance program. Employee accounts will be subjected to examination, underreporter, and annual delinquency-check procedures.
- (3) **Computer screening of employee returns to be part of regular returns classification program**
- (4) The returns of all Service employees, regardless of grades or position, will undergo the same initial computer screening process and the same classification procedures that are applicable to all individual income tax returns. However, in order to ensure impartiality and independence, the classification of employee returns will not be performed by subordinates, associates or co-workers in the same post of duty.
- (5) General rules apply in the examination of employee returns. The general rules relating to examinations, proposed changes, appeal rights, etc., will apply to Service employees to the same extent that they apply to all other individual taxpayers.
- (6) **Survey procedures apply to employee returns**
- (7) Survey procedures are applicable to service centers, district offices, and the Austin Compliance Center. Once a Service employee's return has been selected for examination and assigned to a group, it can only be surveyed with the written approval of the Chief, Compliance Division, in service centers; and the Chief, Examination Division, or equivalent position, in district offices and the Austin Compliance Center.
- (8) **Mandatory review**
- (9) Written surveys and examinations of Service employees' returns will be subject to mandatory review.
- (10) **Responsible official to oversee program**
- (11) To ensure the comparability between the treatment of Service employees and tax compliance issues and the treatment of all taxpayers and tax compliance matters, a coordinated effort is required on a national basis by all executives with the responsibility for overall coordination by the Chief Management & Administration. An annual report will be submitted to executive management summarizing the results of the Service's employee tax compliance efforts.

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| <p>1.2.1.5.8
(06-08-1960)
Policy Statement 4-10,
Service ordinarily will
not intervene in
litigation in State courts
between private
litigants; exceptions
provided</p> | <p>(1) Service ordinarily will not intervene in litigation in State courts between private litigants; exceptions provided</p> <p>(2) The Service ordinarily will not intervene in litigation in State courts between private litigants even though the purpose of the parties is to obtain a decree or judgment affecting Federal tax liability of one or the other of the parties to the litigation. In those cases arising in State courts between private litigants, to which officials of the Service have not been made a party but which may be a direct bearing upon the construction of a Federal internal revenue statute or upon the Government's title or right to possession to property which has been seized or distrained upon, the Service may intervene or take other appropriate steps in connection with the proceeding.</p> |
| <p>1.2.1.5.9
(06-29-1976)
Policy Statement 4-11,
Initiation of
examinations may be
postponed in certain
cases</p> | <p>(1) Initiation of examinations may be postponed in certain cases</p> <p>(2) Where business or personal activities of an individual taxpayer would be adversely affected by the immediate initiation of an examination, such action may be postponed for a reasonable period. Except in unusual cases, as for example where the examiner has knowledge that the taxpayer has suffered a recent personal tragedy, the initial contact should not be deferred since the taxpayer must show that the taxpayer's activities would be adversely affected by an early examination. In addition, if the personal participation of an individual such as a particular employee, attorney or accountant is essential to the examination and business or personal activities of that individual at that particular time would be seriously affected, the examination may be postponed for a reasonable time. However, any postponement beyond 60 days must be approved by the group manager. No postponement will be permitted or continued under this policy if such action would jeopardize the assessment or collection of tax.</p> |
| <p>1.2.1.5.10
(06-01-1974)
Policy Statement 4-21,
Selection of returns for
examination</p> | <p>(1) Selection of returns for examination</p> <p>(2) The primary objective in selecting returns for examination is to promote the highest degree of voluntary compliance on the part of taxpayers. This requires the exercise of professional judgment in selecting sufficient returns of all classes of returns in order to assure all taxpayers of equitable consideration, in utilizing available experience and statistics indicating the probability of substantial error, and in making the most efficient use of examination staffing and other resources.</p> |
| <p>1.2.1.5.11
(10-05-2005)
Policy Statement 4-26
(Formerly P-4-84),
Criminal and civil
aspects in enforcement</p> | <p>(1) Criminal and civil aspects in enforcement</p> <p>(2) The purpose of criminal and civil tax investigations is to enforce the tax laws and to encourage voluntary compliance. Experience has demonstrated that attempts to pursue both the criminal and the civil aspects of a case concurrently may jeopardize the successful completion of the criminal case. It is, therefore, necessary in the interests of criminal enforcement of the law, to identify those instances when criminal actions generally will take precedence over the civil aspects. To successfully curtail the spread of abusive tax schemes and the incumbent loss of revenue caused by such schemes, it is also necessary to identify those instances where civil and criminal actions should be coordinated to stop abusive promoters and return preparers.</p> |

- (3) **Civil enforcement actions on taxable periods of the same and other types of tax not involved in the criminal investigation**
- (4) Civil enforcement actions, including enforced collection activity, with respect to taxable periods of the same and other types of tax **not included** in the criminal investigation generally do not imperil successful criminal investigation or subsequent prosecution. Therefore, civil enforcement actions for tax liabilities for such other taxable periods or different types of tax for the same periods will proceed concurrently unless there is agreement between the responsible functions to withhold civil action in whole or part during the pendency of the criminal investigation. The responsible functions must coordinate any proposed enforcement action to minimize any adverse consequences. Coordination meetings should be held as frequently as needed and, at a minimum, quarterly.
- (5) This section also applies to the income tax examinations of persons participating in a tax scheme promoted by the subject of a criminal investigation. Although the participants' income tax examinations should proceed concurrently with the promoters' criminal investigations, the civil examiners should keep the criminal investigators apprised of anticipated actions. The civil examiners and criminal investigators, through their respective counsel, will discuss any civil actions that they believe may imperil a successful criminal investigation or subsequent prosecution.
- (6) If Criminal Investigation (CI), the Division Compliance functions, and their respective Counsel cannot reach agreement to proceed concurrently, resolution will be by elevation to the next level of management. If an executive champion has been assigned to the issue, the champion should also be involved in this process. The first step would be at the Territory Manager and Special Agent in Charge (SAC) level, the second step would be at the Area Director/ Director, Field Operations and the CI Director of Field Operations (DFO) level, and the final step would be at the Compliance Director/ Division Commissioner and the Chief, Criminal Investigation level. If agreement cannot be reached, the Deputy Commissioner, Services and Enforcement, will decide if civil action should be withheld. At each level at which the disagreement is considered, the appropriate Counsel offices will also be involved in the deliberations.
- (7) **Civil enforcement actions on matters involved in criminal investigation**
- (8) Civil enforcement actions with respect to the same taxable periods and same types of taxes for those periods included in the criminal investigation may imperil subsequent prosecution. Therefore, the consequences of civil enforcement actions on the criminal investigation and prosecution case should be carefully weighed. If CI, the Division Compliance functions, and their respective Counsel cannot reach agreement on proceeding, resolution will be by elevation to the next level of management using the steps described in the previous section. However, there generally should be no suspension of collection action on assessed amounts of tax liabilities reported on filed returns.
- (9) **Civil and criminal enforcement actions to stop abusive promoters and return preparers**
- (10) Civil Promoter Penalty examinations and injunctions against promoters of abusive tax avoidance transactions and tax return preparers should not ordinarily be delayed because of the existence of a criminal investigation or proceeding. The purpose of civil injunctions is to quickly stop promoters and

preparers from selling abusive tax avoidance transactions, thus curtailing the spread of illegal tax schemes and the loss of revenue caused by such schemes.

- (11) Civil and criminal functions of the IRS should consider the appropriate action(s) against the promoter or preparer that will stop the sale of the promotion or return preparation quickly. This may be accomplished by pursuing solely a criminal investigation, solely a civil investigation, or parallel civil and criminal investigations. The mere existence or possibility of a criminal investigation or referral should not automatically delay or forestall either an injunction investigation or an injunction referral to DOJ. Likewise, the existence or possibility of a civil injunction investigation or proceeding should not automatically forestall a criminal investigation.
- (12) If concerns are raised about the timing of a civil audit, investigation, or proceeding, or other objections to the criminal or civil investigation, those concerns or objections should be resolved by consultation among the civil and criminal agents and their supervisors, Counsel Attorneys and their managers. When the matter has been referred, the Department of Justice (DOJ) and/or United States Attorney's Office should also be included in the decision-making process.
- (13) When CI and the Division Compliance functions cannot reach agreement on how to proceed on the investigation, separate memoranda will be sent to the respective Territory Manager and Special Agent in Charge. The memoranda should summarize the facts of the open investigation, projected actions, and set forth the specific civil actions identified as roadblocks to a parallel investigation. If the Territory Manager and Special Agent in Charge do not reach agreement, they should involve the SB/SE LDC or LMSB Promoter Program Function and CI Financial Crimes for their assistance in resolution of the dispute. The SBSE LDC or LMSB Promoter Program will work with CI Financial Crimes and their respective operating division counsels to assist in resolution of the dispute.
- (14) If agreement is not reached, the Area Director/Director Field Operations and CI Director of Field Operations (DFO) will attempt to resolve the case issues. The next elevation level will be the SB/SE Director, Reporting Enforcement or the LMSB Industry Director (in consultation with the Promoter Program executive champion) and the CI Director, Financial Crimes. The Deputy Commissioner, Services and Enforcement is delegated as the final authority for the determination of the appropriate case action. At each level, the appropriate Counsel offices will also be involved in the deliberations.
- (15) **Operating divisions and functions involved in this process**
- (16) Although the specific provisions above focus on the cooperation between Criminal Investigation, SB/SE and LMSB operating divisions, this policy also applies to Internal Revenue Service functions not specifically mentioned, including but not limited to TS, TEGE, and Appeals. All IRS functions will conduct civil/criminal coordination in a manner consistent with this policy statement.

1.2.1.5.12
(08-13-2004)

**Policy Statement 4-27
(Formerly P-4-86),
Rewards determined by
value of information
furnished and
Computation and
payment of rewards**

- (1) **Rewards determined by value of information furnished and Computation and payment of rewards**
- (2) The Internal Revenue Service will pay claims for reward applied for on Form 211 commensurately with the value of the information furnished voluntarily and upon the informant's own initiative with respect to taxes, fines, and penalties (but not interest) the Service collects. The Service will pay Form 211 rewards as soon as administratively feasible after the Service collects the additional taxes, fines, and penalties. The Service will determine the amount of reward as follows:
 - a. For specific and responsible information that caused the investigation or, in cases already under audit, materially assisted in the development or identification of an issue or issues and resulted in the recovery, or was a direct factor in the recovery, the reward shall be 15 percent of the amounts the Service recovers, with the total reward not exceeding \$10 million.
 - b. For information that caused the investigation or in cases already under audit, caused an investigation of an issue or issues, and was of value in the determination of tax liabilities although not specific, the reward shall be 10 percent of the amounts the Service recovers, with the total reward not exceeding \$10 million.
 - c. For general information that caused the investigation or investigation of an issue, but had no direct relationship to the determination of tax liabilities, the reward shall be 1 percent of the amounts recovered, with the total reward not exceeding \$10 million.
- (3) **A combination of reward rates may apply in certain cases**
- (4) If the recovery is attributable to information that pertains to more than one of the above categories, the Service will apply the respective rates of reward.
- (5) The Service will not pay any reward if it is less than \$100.00: No reward will be paid if the recovery was so small as to call for payment of less than \$100.00 under the above formula.
- (6) **Grounds for rejecting claims:**
 - a. Information furnished by informant was of no value
 - b. The Service already knew the information or it was available in accessible public records.
 - c. Where payment of a reward would be inappropriate; for example, when the informant participated in the evasion scheme or prepared the return for the taxpayer with knowledge that taxes were being evaded.
 - d. Informant obtained, or furnished, the information while a Department of Treasury employee.
 - e. Informant obtained the information as part of his/her official duties as an employee of any other Federal agency.
 - f. Informant obtained or furnished the information while a State officer or member of a State body or commission having access to Federal returns, copies or abstracts.
 - g. Payment would be contrary to State or local law.

- 1.2.1.5.13
(02-02-1961)
**Policy Statement 4-34,
Closing of
overassessment case to
be withheld until
deficiency of related
taxpayer is established**
- (1) **Closing of overassessment case to be withheld until deficiency of related taxpayer is established**
 - (2) When adjustments are made which increase the tax liability of one taxpayer and the position taken in support of the adjustments requires as a matter of consistency that the tax liability of another taxpayer be reduced, the closing of the case of the taxpayer whose tax liability will be reduced will be withheld until the taxpayer whose liability has been increased agrees to the adjustments proposed and consents to the closing of the case on that basis, or until action by the United States Tax Court or other courts establishes the correctness of the adjustments.
- 1.2.1.5.14
(02-02-1961)
**Policy Statement 4-35,
Appeals conclusion
controlling in
adjustment of related
cases**
- (1) **Appeals conclusion controlling in adjustment of related cases**
 - (2) A conclusion reached by an Appeals official with respect to adjustment of items of income or deductions, the consistent treatment of which requires corresponding adjustments in the tax liability of another taxpayer, will be controlling upon the District Director having jurisdiction in the case of the other taxpayer.
- 1.2.1.5.15
(02-02-1961)
**Policy Statement 4-36,
Identity of other
government agency
informants must be
protected**
- (1) **Identity of other government agency informants must be protected**
 - (2) The source of income received by a taxpayer as an award for information furnished another Federal government agency will never be revealed in the examining officer's report or elsewhere in the administrative file, and the identity of the informant will be protected at all times.
- 1.2.1.5.16
(03-26-1979)
**Policy Statement 4-40,
Early agreement primary
objective**
- (1) **Early agreement primary objective**
 - (2) It is the objective of the Service to obtain the greatest possible number of agreements to tax determinations without sacrificing the quality or integrity of those determinations, and to dispose of tax differences at the lowest level.
- 1.2.1.5.17
(02-02-1961)
**Policy Statement 4-41,
Partial overassessments
may be allowed in
certain contested cases**
- (1) **Partial overassessments may be allowed in certain contested cases**
 - (2) Except in cases requiring Joint Committee consideration, district Examination function partial overassessments may be allowed in contested cases where there is agreement as to overassessment issues or years, and the allowance of the partial overassessment will not jeopardize the Government's position with respect to other contested issues or years.
 - (3) **Circumstances of allowance**
 - (4) The allowance of a partial overassessment will not be made in every contested case, but only where the facts and circumstances are such that departure from the general practice of not making an overassessment until there has been a final determination of the entire tax liability, is warranted. Generally, partial allowances will be made only in cases falling within the following categories:
 - a. Cases for a specific year involving two or more tax-reducing issues;
 - b. Cases for a specific year involving several issues, where the overall result after giving effect to the tax-increasing issues, is a net overassessment; and

- c. Cases involving more than one year where the net result is an overassessment.

1.2.1.5.18
(02-20-1959)

**Policy Statement 4-52,
Establishment of
18-month examination
cycle**

- (1) **Establishment of 18-month examination cycle**
- (2) Examination of estate tax returns will be completed within 18 months from the date the returns are filed. This 18-month cycle contemplates the completion of the examination and other processing by district Examination function, including the issuance of the closing letter.
- (3) **Estate tax cases must be checked to ensure adherence to time limitation within which examinations of these returns must be completed**
- (4) It is recognized that there will be instances where an examination cannot be completed within the stated cycle because of circumstances beyond the control of the Service. Such cases, nevertheless, must be periodically checked to ensure that the Service does not become a party to continuing the delay in effecting their disposition.

1.2.1.5.19
(02-21-1961)

**Policy Statement 4-63,
No unwarranted
adjustments in statutory
notices**

- (1) **No unwarranted adjustments in statutory notices**
- (2) The deficiency asserted in a statutory notice of deficiency should be based on meritorious adjustments. No adjustments should be included for punitive, bargaining, or similar purposes. Estimated amounts to protect the Government's interest may be used only when it is impossible to establish exact amounts.

1.2.1.5.20
(07-26-1972)

**Policy Statement 4-65,
Voluntary payment of
barred deficiency or
account shall not be
solicited**

- (1) **Voluntary payment of barred deficiency or account shall not be solicited**
- (2) The Service shall not make any effort, real or implied, to solicit voluntary payments of a deficiency or taxpayer delinquent account barred by statute. However, payments made by the taxpayer completely of his/her own free will shall be accepted.

1.2.1.5.21
(04-10-1967)

**Policy Statement 4-75,
Usual principles
applicable in the
examination of claims
on their merits**

- (1) **Usual principles applicable in the examination of claims on their merits**
- (2) The same policies and standards governing the extent of examination, evaluation of evidence, issuance of preliminary letters and referral of cases to an Appeals Office will be applicable to cases involving claims for refund considered on their merits as would be applicable in comparable cases not involving claims. However, a conclusion previously reached by an Appeals official on a specific issue in a case will not be modified by a District Director as a result of his/her consideration of a claim, without the concurrence of a Regional Director of Appeals.

1.2.1.5.22
(04-10-1967)

**Policy Statement 4-76,
Disallowed claims may
be reconsidered on the
merits**

- (1) **Disallowed claims may be reconsidered on the merits**
- (2) The merits of claims previously disallowed upon recommendation of a district Examination function may be reconsidered in appropriate cases upon application of the claimant, unless insufficient time remains within the statutory period for filing suit to permit reconsideration. Where, in such cases, it is concluded that an application for reconsideration should be disallowed, in whole or in

part, the claimant will be granted the same opportunities for consideration by an Appeals official as would be appropriate in the case of an original claim being initially considered.

1.2.1.5.23

(07-29-1981)

**Policy Statement 4-77,
Claims may be allowed
without examination**

(1) **Claims may be allowed without examination**

(2) Claims for refund may be allowed without examination or contact with the taxpayer where the examiner concludes, after survey of the case file, that the claim is clearly allowable in full. Any such claim which, if allowed, would produce an overassessment and/or overpayment exceeding \$200,000 may be allowed without examination, but only after notification is received from the Joint Committee on Taxation that the Service may proceed with the disposition of the claim as proposed in the report submitted under the provisions of section 6405(a) of the Code.

1.2.1.5.24

(06-10-2022)

**Policy Statement 4-80
(Rescinded),
Depreciation agreements
will not extend to
property subsequently
acquired**

(1) **Depreciation agreements will not extend to property subsequently acquired**

(2) This policy statement is rescinded. Former IRC 167(d) which provided for depreciation agreements was repealed in 1990 (P.L. 101-508 Sec 11812(a)(1)). Since the policy's issuance in 1961, the adoption of the Asset Depreciation Range Guidelines in Rev. Proc. 71-25 (and successors); the issuance of Treas. Reg. 1.167(a)-11 and Treas. Reg. 1.167(a)-12 in 1973; the passage of the ACRS system of depreciation in 1981; and the amendment of the ACRS system of depreciation (commonly called MACRS) in 1986 had eliminated the need for depreciation agreements before the repeal of former IRC 167(d). Assets which were covered by depreciation agreements either are or should be fully depreciated at this time. Assets purchased subsequent to any depreciation agreements are depreciated under published guidelines.

(3) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement

1.2.1.5.25

(07-25-1967)

**Policy Statement 4-82,
Taxpayer may request
referral of issue under
jurisdiction of District
Director to National
Office**

(1) **Taxpayer may request referral of issue under jurisdiction of District Director to National Office**

(2) During the course of an examination the taxpayer or his/her representative may request that an issue be referred by the District Director to the National Office for technical advice on the grounds that a lack of uniformity exists as to the disposition of the issue, or that the issue is so unusual or complex as to warrant consideration by the National Office. If in the opinion of the examining officer, the circumstances do not warrant such action, the taxpayer or his/her representative will be afforded an opportunity to submit for consideration by the Chief, Examination Division, or the District Director in districts which don't have a Chief, Examination Division, a statement of the facts, law, and arguments with respect to the issue and the reasons why it is believed the issue should be referred to the National Office for advice. If the Chief, Examination Division, or the District Director in districts which don't have a Chief, Examination Division, determines that technical advice is not warranted, he/she will inform the taxpayer in writing that he/she proposes to deny the request, and except in unusual situations where such action would be prejudicial to the best interests of the Government he/she will state specifically the reasons for the proposed denial. If the taxpayer does not agree, all data relating to the issue will be submitted for review to the Assistant Commissioner (Examination). The review

will be solely on the basis of the written record and no conference will be held in the National Office. During such review the district office will suspend action on the issue except where the delay would prejudice the Government's interests. After review in the National Office, the district will be notified whether the proposed denial is approved or disapproved.

- (3) **Taxpayer may submit brief and request hearing in Washington in cases under jurisdiction of District Director; exceptions provided**
- (4) In those cases which are to be referred by a District Director to the National Office for advice, the taxpayer will be advised and afforded an opportunity to submit a statement of his/her understanding of the legal question involved, and to submit a brief of the facts, law, and arguments. Every effort will be made to reach agreement between the taxpayer and the District Director as to the facts and the legal questions involved. If they cannot agree, the areas of disagreement will be clearly stated by the District Director in his/her discussion of the issue. Such comments and brief will accompany the District Director's request for advice. The taxpayer will also be informed that, if he/she so desires, a conference will be granted to him/her in the National Office in the event an adverse decision is indicated. The taxpayer, ordinarily, upon request, will be furnished a copy of the technical memorandum. However, if no definitive guidance is given a District Director, or if the factual submission is such as to indicate that the issue should be decided in the field, or it would not be in the interest of wise tax administration, a copy of the technical memorandum will not be made available to the taxpayer. The policies relating to the referral of issues upon request of taxpayer, advising taxpayers of the referral of issues, and the granting of conferences in the National Office, are not applicable to matters primarily of internal concern or in instances where it would be prejudicial to the interests of the Service, for example, cases involving fraud or jeopardy assessment.

1.2.1.5.26
(12-20-2023)
**Policy Statement 4-83
(Rev. 1), The IRS
Independent Office of
Appeals (Appeals)
privileges granted where
estimated tax penalty is
not agreed**

- (1) **Appeals privileges granted where estimated tax penalty is not agreed**
- (2) Additions to the tax imposed for failure to pay estimated tax do not constitute deficiencies for which a statutory notice of deficiency must be issued in unagreed cases, except if no return is filed for the taxable year. Nevertheless, in any case under consideration by the compliance Examination function in which it is proposed to assert such addition, and the taxpayer does not agree to its assertion, he/she will be given the same consideration of the issue by Appeals as would be available to him/her in the case of a deficiency resulting from adjustments to tax liability.
- (3) Signed: Daniel I. Werfel, Commissioner of Internal Revenue

1.2.1.5.27
(01-06-1999)
**Policy Statement 4-88,
Jeopardy assessments
to be used sparingly and
assessment to be
reasonable in amount**

- (1) **Jeopardy assessments to be used sparingly and assessment to be reasonable in amount**
- (2) Jeopardy assessments should be used sparingly and care should be taken to avoid excessive and unreasonable assessments. They should be limited to amounts which reasonably can be expected to protect the Government. Each jeopardy assessment must receive the personal approval of the District Director, or other delegated official. In addition, prior approval (in writing) by Chief Counsel (or such delegate) is required.

- (3) (Policy statement 4-84, concerning evaluation of the overall interests of enforcement of the law where both criminal and civil aspects of cases are involved, will be followed.)
- (4) **Conditions under which jeopardy assessments will be made**
- (5) A jeopardy assessment will be made by the Service if collection is determined to be in jeopardy because at least one of the following conditions exists:
 - a. The taxpayer is or appears to be designing quickly to depart from the United States or to conceal himself/herself.
 - b. The taxpayer is or appears to be designing quickly to place his/her or its property beyond the reach of the Government either by removing it from the United States, by concealing it, by dissipating it, or by transferring it to other persons.
 - c. The taxpayer's financial solvency is or appears to be imperiled. (This does not include cases where the taxpayer becomes insolvent by virtue of the accrual of the proposed assessment tax, penalty and interest.)
 - d. An individual is in physical possession of cash, or its equivalent, in excess of \$10,000 who does not claim such cash as his/hers, or as belonging to another person whose identity can be readily ascertained and who acknowledges ownership of such cash, so that the collection of tax on such cash is presumed to be in jeopardy within the meaning of IRC 6867.
- (6) **Prior National Office notification required in certain cases**
- (7) Notwithstanding the existence of one or more of the above-cited conditions, in any case which might cause serious inconvenience to the general public, a jeopardy assessment should not be made without prior notification of the appropriate Regional Commissioner. If necessary, the Regional Commissioner will notify the Chief Operations Officer. Examples of such cases include banks, newspapers, insurance companies, hospitals, and public utilities companies.
- (8) **Taxpayer's request for administrative review of jeopardy assessment actions will be expedited**
- (9) A taxpayer's written request for administrative review of the Director's decision that collection of the tax was in jeopardy, or that the amount of the assessment was excessive, will be considered immediately. An individual in possession (see (3)d, above) may not request administrative review.
- (10) **Administrative review provided**
- (11) The Appeals Office will provide the administrative review requested by a taxpayer. If a case is unagreed, a taxpayer may request a conference with Appeals. The review will be conducted expeditiously. Action to abate all or a part of the tax or to issue a statutory notice of deficiency, if necessary, will be initiated by the office having jurisdiction over the merits of the tax liability.
- (12) **Jeopardy assessments involving alcohol, tobacco and firearms taxes**
- (13) Jeopardy assessments involving alcohol, tobacco and firearms will be processed by service centers when requested by a regional director of the Bureau of Alcohol, Tobacco and Firearms.

1.2.1.5.28
(01-06-1999)

**Policy Statement 4-89,
Termination assessment
of income tax to be used
sparingly and
assessment to be
reasonable in amount**

- (1) **Termination assessment of income tax to be used sparingly and assessment to be reasonable in amount**
- (2) Termination assessment of income tax should be used sparingly and care should be taken to avoid excessive and unreasonable assessments. Assessments should be limited to amounts reasonably determined to be the taxpayer's liability for the period in question based on information available at the time. Each termination assessment must receive the personal approval of the District Director, or other delegated official. In addition, prior approval (in writing) by Chief Counsel (or such delegate) is required.
- (3) (Policy statement 4-84, concerning evaluation of the overall interests of enforcement of the law where both criminal and civil aspects of cases are involved, will be followed.)
- (4) **Conditions under which termination assessment will be made**
- (5) A termination assessment will be made if collection is determined to be in jeopardy because at least one of the following conditions exists:
 - a. The taxpayer is or appears to be designing quickly to depart from the United States or to conceal himself/herself.
 - b. The taxpayer is or appears to be designing quickly to place his/her or its property beyond the reach of the Government either by removing it from the United States, by concealing it, by dissipating it, or by transferring it to other persons.
 - c. The taxpayer's financial solvency is or appears to be imperiled. (This does not include cases where the taxpayer becomes insolvent by virtue of the accrual of the proposed assessment of tax, and penalty, if any.)
 - d. An individual is in physical possession of cash, or its equivalent, in excess of \$10,000 who does not claim such cash as his/hers, or as belonging to another person whose identity can be readily ascertained and who acknowledges ownership of such cash, so that the collection of tax on such cash is presumed to be in jeopardy within the meaning of IRC 6867.
- (6) **Prior National Office notification required in certain cases**
- (7) Notwithstanding the existence of one or more of the above-cited conditions, in any case which might cause serious inconvenience to the general public, a termination assessment should not be made without prior notification of the appropriate Regional Commissioner. If necessary, the Regional Commissioner will notify the Chief Operations Officer. Examples of such cases include banks, newspapers, insurance companies, hospitals, and public utility companies.
- (8) **Taxpayer's request for administrative review of termination assessment actions will be expedited**
- (9) A taxpayer's written request for administrative review of the Director's decision that termination assessment action was necessary because collection of the tax was in jeopardy, or that the amount of the assessment was excessive, will be considered immediately. An individual in possession (see (3)d, above) may not request administrative review.
- (10) **Administrative review provided**

- (11) The Appeals Office will provide the administrative review requested by a taxpayer. The review will be conducted expeditiously. Action to abate all or a part of the tax will be initiated by the office responsible for the final determination.

1.2.1.5.29
(02-02-1961)

**Policy Statement 4-101,
Employment tax
coverage achieved
through package
examination**

- (1) **Employment tax coverage achieved through package examination**
- (2) Examination coverage in the employment tax area will be derived principally under the package examination program from original selections of income tax returns for examination.

1.2.1.5.30
(07-10-1959)

**Policy Statement 4-102,
Retroactive assertion of
uncollected facilities and
service taxes for many
prior years generally
impractical**

- (1) **Retroactive assertion of uncollected facilities and service taxes for many prior years generally impractical**
- (2) Where a “collecting agency” such as a club, carrier, etc., is unable to, or upon request refuses to, collect back excise taxes from the actual taxpayers liable therefor, i.e., club members, customers, etc., it is necessary for the Service to proceed directly against the taxpayers to collect the back taxes due. In such cases, it is generally impractical administratively to assert the taxes retroactively for more than a few prior years even though in some cases there is no statutory bar to assessing unpaid taxes for all prior periods.
- (3) **District Directors have discretion in determining extent of retroactivity**
- (4) In the interest of sound administration, each District Director has discretion (within any applicable statutory limits on assessments) to determine, on the basis of the facts and circumstances in each individual case, how far back he/she should go in asserting uncollected back taxes against actual taxpayers. Under ordinary circumstances the normal three-year statute may be followed as a guideline. In making determinations as to the extent of retroactivity, District Directors should take into consideration such factors as costs and difficulties of collection and hardship to taxpayers. A compelling reason for adoption of a relatively long period might be evidence that the taxpayers had some knowledge of their liability but had decided to take no steps to ascertain their exact liability, or the responsibility of the collecting agency to collect from them. Considerations which might justify a relatively short period are a case where liability depends upon an unusually narrow or difficult point of interpretation under which the taxpayers may have had a reasonable basis for doubting their liability for tax, and a case where misleading or incorrect advice was given to the taxpayers by an employee of the Internal Revenue Service.

1.2.1.5.31
(04-10-1967)

**Policy Statement 4-103,
Abatement claims
considered only in
exceptional
circumstances**

- (1) **Abatement claims considered only in exceptional circumstances**
- (2) Where an assessment of excise or employment tax has been made as a result of examination action, the taxpayer will generally be required to pay the assessment and file claim for refund prior to any further consideration of his/her case on its merits. Claims for abatement will be entertained in such cases only where the taxpayer can establish a meritorious reason warranting consideration of such a claim, such as failure to receive the preliminary letter. If it is determined that a claim for abatement should receive consideration, the

taxpayer will be afforded the same opportunities for consideration by the Appeals Office as would be appropriate in the consideration of the merits of a claim for refund.

1.2.1.5.32
(02-02-1961)

**Policy Statement 4-104,
Payment from own
funds by collecting
agency in lieu of
uncollected taxes may
be accepted**

- (1) **Payment from own funds by collecting agency in lieu of uncollected taxes may be accepted**
- (2) Payment by a collecting agency from its own funds of an amount equal to facilities or service taxes which it failed to collect from its customers, patrons, members, etc., may be accepted in lieu of asserting the taxes directly against the taxpayers, or where applicable, asserting the 100-percent penalty against the collecting agency. As a condition to the acceptance of such payments, the collecting agency will be required to execute a waiver of its rights to claim any refund on the grounds of failure to collect the tax.

1.2.1.5.33
(09-14-2021)

**Policy Statement 4-116
(Rescinded), Special
Enrollment Examination**

- (1) **Special Enrollment Examination**
- (2) This policy statement is rescinded. The Treasury Regulation at 26 C.F.R. § 300.4 (Jul. 19, 2017) establishes the amount of the user fee for the special enrollment examination to become an enrolled agent. The charging of a user fee is authorized by the Independent Offices Appropriation Act of 1952 (31 U.S.C. § 9701).
- (3) Signed: Douglas O'Donnell, Deputy Commissioner for Services and Enforcement

1.2.1.5.34
(03-15-1996)

**Policy Statement 4-117,
Examination authority to
resolve issues**

- (1) **Examination authority to resolve issues**
- (2) Examination's authority to resolve issues is derived from its authority to make determinations of tax liability under IRC 6201. It has broad authority to consider and weigh conflicting factual information, data, and opinions. Using professional judgement in accordance with auditing standards, it makes findings of fact and applies Service position on issues of law to determine the correct tax liability. Examining agents are encouraged to exercise this authority to obtain the greatest possible number of agreements to tax determinations without sacrificing the quality or integrity of those determinations, and to dispose of tax differences at the lowest level.

1.2.1.5.35
(11-18-1959)

**Policy Statement 4-118
(Formerly P-1-34), Issues
to be referred to Office
of Secretary**

- (1) **Issues to be referred to Office of Secretary**
- (2) Illustrations of unintended tax benefits or possible abuse of tax convention provisions and issues arising under such conventions that are likely to produce international controversy will be brought promptly to the attention of the Office of the Secretary.

1.2.1.5.36
(11-01-2021)

**Policy Statement 4-119
(Rev. 1), Selection and
Examination of Returns**

- (1) **Selection and Examination of Returns**
- (2) The primary objective of the TE/GE examination program is regulatory, with emphasis on continued qualification of exempt organizations and employee benefit plans, and continued compliance of governmental entities (federal, state and local governmental entities, Indian tribal governments and tribal entities, and entities or organizations that issue tax advantaged bonds). The purpose of selecting and examining returns is to promote the highest degree of

compliance with the statutes governing qualification of plans and exemption of certain types of organizations from tax and to determine the extent of compliance and the causes of noncompliance with the tax laws by plans, organizations, and governmental entities. TE/GE case selection processes operate under a comprehensive set of checks and balances and safeguards to identify the highest potential noncompliance using data driven approaches, third-party information, whistleblowers and information provided by the taxpayer. No one individual can control the enforcement selection decision-making processes, and we limit involvement to only those employees whose duties require involvement. This produces processes that are impartial and applied consistently to each taxpayer return. Examination of exempt organizations will be conducted through a review of the purposes, activities, and legal structures of such organizations. Examination of employee benefit plans will be conducted to determine whether such plans meet the applicable qualification requirements. Examination of governmental entities will be conducted through a review of return filings, and supporting books and records, and other third-party information and agreements to determine compliance with tax laws affecting federal tax liabilities.

- (3) Signed: Douglas O'Donnell, Deputy Commissioner for Services and Enforcement

1.2.1.5.37
(05-03-2013)
**Policy Statement 4-120,
Policy Regarding
Requests for the
Content of Email
Communications under
the Electronic
Communications Privacy
Act and the Stored
Communications Act**

- (1) **Policy Regarding Requests for the Content of Email Communications under the Electronic Communications Privacy Act and the Stored Communications Act**
- (2) The IRS will follow the holding of United States v. Warshak, 631 F.3d 266 (6th Cir. 2010), and obtain a search warrant in all cases when seeking from an internet service provider (ISP) the content of email communications stored by the ISP. Accordingly, such information will not be sought from an ISP in any civil administrative proceeding.
- (3) Any existing IRS guidance that is not in accord with the foregoing policy statement will be updated.
- (4) Signed: Steven T. Miller, Deputy Commissioner for Services and Enforcement

1.2.1.6
(08-08-2024)
**Policy Statements for
the Collecting Process**

- (1) This IRM subsection contains policy statements which relate to the Collecting Process.

1.2.1.6.1
(08-18-1994)
**Policy Statement 5-1,
Enforcement is a
necessary component of
a voluntary assessment
system**

- (1) **Enforcement is a necessary component of a voluntary assessment system**
- (2) A tax system based on voluntary assessment would not be viable without enforcement programs to ensure compliance. Accordingly, the Service is responsible for taking all appropriate actions provided by law to compel non-compliant taxpayers to file their returns and pay their taxes.
- (3) The Service is committed to educating and assisting taxpayers who make a good faith effort to comply. However, enforcement action should be taken promptly, in accordance with Internal Revenue Manual guidelines, against

taxpayers who have not shown a good faith effort to comply. These actions include enforcement necessary to move the taxpayer toward compliance.

- (4) In determining the appropriate enforcement action to take, factors such as the taxpayer's delinquency history should be considered. Promotion of long-term voluntary compliance is a basic goal of the Service, and in reaching this goal, the Service will be cognizant not only of taxpayers' obligations under our system of taxation but also of their rights. However, when a decision to enforce has been made, the Service will have no hesitancy in pursuing the matter to conclusion.

1.2.1.6.2

(02-17-2000)

Policy Statement 5-2, Collecting Principles

(1) **COLLECTING PRINCIPLES**

- (2) All our decisions about collecting must be guided by these principles. To the extent that they are, we will succeed in our mission.
- (3) **SERVICE AND ASSISTANCE—All taxpayers are entitled to courteous, responsive, and effective service and assistance in all their dealings with the Service.**
- (4) We will actively assist taxpayers who try to comply with the law, and work to continually improve the quality of our systems and service to meet the needs of our customers. All taxpayers, whether delinquent or fully compliant, are entitled to prompt and professional service whenever they deal with Service employees.
- (5) **TAXPAYER RIGHTS—We will observe taxpayers' rights, including their rights to privacy and to fair and courteous treatment.**
- (6) This affirms our commitment to observe both the spirit as well as the letter of all legal requirements, including the Taxpayer Bill of Rights I and II and the IRS Restructuring and Reform Act of 1998. Taxpayers will be protected from unauthorized disclosure of information.
- (7) **COMPLIANCE—The public trust requires us to ensure that all taxpayers promptly file their returns and pay the proper amount of tax, regardless of the amount owed.**
- (8) The public as a whole is our customer, not just delinquent taxpayers. Our customers expect us to promote voluntary compliance by ensuring that all promptly pay their fair share. Employees should work with taxpayers to meet all their filing and paying requirements, not only the delinquency at hand. This involves identifying and addressing non-compliance to prevent future delinquencies. All types of taxpayers (individual and business) who fail to timely file their returns or pay their fair share of taxes must resolve both current and delinquent taxes to be considered compliant.
- (9) **CASE RESOLUTION—While we will actively assist taxpayers to comply, we will also take appropriate enforcement actions when warranted to resolve the delinquency. To resolve a case, good judgment is needed to make sound decisions on the appropriate action needed.**
- (10) All taxpayers are required to pay by the due date of the return. From a broad range of collecting tools, employees will select the one(s) most appropriate for each case. Case resolution, including actions such as: lien, levy, seizure of assets, installment agreement, offer in compromise, substitute for return,

summons, and IRC 6020(b), are important elements of an effective compliance program. When it is appropriate to take such actions, it should be done promptly, yet judiciously, and based on the facts of each case.

1.2.1.6.3

(06-09-2003)

**Policy Statement 5-14
(Formerly P-5-60), Trust
Fund Recovery Penalty
Assessments**

(1) Trust Fund Recovery Penalty Assessments

- (2) Trust Fund Recovery Penalty Assessments: The trust fund recovery penalty, applicable to withheld income and employment (social security and railroad retirement) taxes or collected excise taxes, will be used to facilitate the collection of tax and enhance voluntary compliance. If a business has failed to collect or pay over income and employment taxes, or has failed to pay over collected excise taxes, the trust fund recovery penalty may be asserted against those determined to have been responsible and willful in failing to pay over the tax. Responsibility and willfulness must both be established. The withheld income and employment taxes or collected excise taxes will be collected only once, whether from the business, or from one or more of its responsible persons.
- (3) Collection of the withheld income and employment taxes or collected excise taxes is achieved when the Service's right to retain the amount collected is established.
- (4) **Determination of Responsible Persons**
- (5) Responsibility is a matter of status, duty, and authority. Those performing ministerial acts without exercising independent judgment will not be deemed responsible.
- (6) In general, non-owner employees of the business entity, who act solely under the dominion and control of others, and who are not in a position to make independent decisions on behalf of the business entity, will not be asserted the trust fund recovery penalty. The penalty shall not be imposed on unpaid, volunteer members of any board of trustees or directors of an organization referred to in section 501 of the Internal Revenue Code to the extent such members are solely serving in an honorary capacity, do not participate in the day-to-day or financial operations of the organization, and/or do not have knowledge of the failure on which such penalty is imposed.
- (7) In order to make accurate determinations, all relevant issues should be thoroughly investigated. An individual will not be recommended for assertion if sufficient information is not available to demonstrate he or she was actively involved in the corporation at the time the liability was not being paid. However, this shall not apply if the potentially responsible individual intentionally makes information unavailable to impede the investigation. Field investigations to determine the trust fund recovery penalty liability will be conducted promptly to enhance access to relevant information and reduce burden to taxpayers.
- (8) Absent statute considerations, assertion recommendations normally will be withheld in cases of approved and adhered to business installment agreements and bankruptcy payment plans. To the extent necessary, information will be gathered to support a possible assessment in the event the agreement is defaulted.

- (9) **Application of Payments in Determining Trust Fund Recovery Penalty Assessments (effective for assessments where notices of TFRP liability are issued on or after June 19, 2000 and for any undesignated payment made on or after January 1, 2003)**
- (10) Any payment made on the business account is deemed to represent payment of the nontrust fund portion of the tax liability (e.g., employer's share of FICA) unless designated otherwise by the taxpayer. The taxpayer, of course, has no right of designation of payments resulting from enforced collection measures. To the extent partial payments exceed the nontrust fund portion of the tax liability, they are deemed to be applied against the trust fund portion of the tax liability (e.g., withheld income tax, employee's share of FICA, collected excise taxes). Once the nontrust fund and trust fund taxes are paid, the remaining payments will be considered to be applied to assessed fees and collection costs, assessed penalty and interest, and accrued penalty and interest to the date of payment.
- (11) **Small Business Administration**
- (12) When employees of the Small Business Administration perform duties in accordance with the regulations of the agency, the Service will not consider assertion of the liability provided by IRC 6672 or 3505 against those Small Business Administration employees in any past, current or future cases arising out of these duties.

1.2.1.6.4
(03-01-1984)

**Policy Statement 5-16,
Forbearance when
reasonable doubt exists
that assessment is
correct**

- (1) **Forbearance when reasonable doubt exists that assessment is correct**
- (2) Whenever a taxpayer raises a question or presents information creating reasonable doubt as to the correctness or validity of an assessment, reasonable forbearance will be exercised with respect to collection provided:
 - 1. adjustment of the taxpayer's claim is within control of the Service; and
 - 2. the interests of the Government will not be jeopardized.
- (3) **Enforced collection measures to be withheld when disaster impairs ability to pay**
- (4) Reasonable forbearance should be exercised with respect to the enforced collection of taxes from taxpayers whose businesses are located in areas affected by major disasters such as floods, hurricanes, droughts, fire, etc., and whose ability to pay is impaired by such disasters.
- (5) **Forbearance when refund suit is pending on a divisible assessment**
- (6) When a refund suit is pending on a divisible assessment, the Service will exercise forbearance with respect to collection provided that the interests of the government are adequately protected and the revenue is not in jeopardy. However, any refunds due the taxpayer may be credited to the unpaid portion of the liability pending the outcome of the suit.
- (7) Divisible tax cases are those in which the tax assessment may be divided into separate portions or transactions. For example, a quarterly withholding employment tax liability may be sub-divided into individual liabilities covering each employee.

- 1.2.1.6.5
(07-10-1959)
Policy Statement 5-28, Successive seizures—Timing to avoid undue hardship
- (1) **Successive seizures—Timing to avoid undue hardship**
 - (2) The Code authorizes the service of as many successive levies on the same or other income, property, or rights to property, as may be necessary to fully satisfy the tax liability. However, sound judgment should be exercised and the service of successive levies on the same source of income, or type of property, should be so timed as to avoid undue hardship to the taxpayer and/or family.
- 1.2.1.6.6
(09-29-1999)
Policy Statement 5-29, Levy on salary or wages—Generally limited to take home pay
- (1) **Levy on salary or wages—Generally limited to “take home” pay**
 - (2) Except for the statutory exemptions in IRC 6334(a)(8) and (9), a levy legally attaches to the gross amount of the accrued wages or salary. However, in the interest of administrative expediency, a levy will be considered as attaching only to the “take home” pay of the delinquent taxpayer unless it is determined that the taxpayer is voluntarily allotting his/her pay to an extent that would defeat the purpose of the levy. A levy under IRC 6331 (h) which attaches any specified payment due to the taxpayer will not be limited to the “take home pay”.
- 1.2.1.6.7
(05-22-1997)
Policy Statement 5-33, Certain Governmental training allowances are not levied
- (1) **Certain Governmental training allowances are not levied**
 - (2) Governmental training and skill development programs qualify people for employment when they cannot reasonably expect to find full time jobs otherwise. This includes programs such as the Job Training Partnership Act. This Act is intended to alleviate the hardships of unemployment and underemployment. Payments under this Act are exempt from levy. Payments under other, similar acts are not exempt. However, levy on those payments would be contrary to the purpose for which the programs exist, so the payments will not be levied.
- 1.2.1.6.8
(03-11-2024)
Policy Statement 5-34 (Rev. 1), Collection enforced through seizure and sale of the assets occurs only after thorough consideration of all factors and of alternative collection methods
- (1) **Collection enforced through seizure and sale of the assets occurs only after thorough consideration of all factors and of alternative collection methods**
 - (2) The facts of a case and alternative collection methods must be thoroughly considered before determining seizure of personal or business assets is appropriate. Taxpayer rights must be respected. The taxpayer’s plan to resolve past due taxes while staying current with all future taxes will be considered. Opposing considerations must be carefully weighed, and the official responsible for making the decision to seize must be satisfied that other efforts have been made to collect the delinquent taxes without seizing. Alternatives to seizure and sale action may include an installment agreement, offer in compromise, notice of levy, or lien foreclosure. Seizure action is usually the last option in the collection process.
 - (3) All seizures will be approved by the Collection Group Manager, with other specific seizures also requiring Territory Manager, Area Director, or Director of Field Collection or judicial approval.
 - (4) Signed: Douglas W. Odonnell, Deputy Commissioner Services and Enforcement

1.2.1.6.9
(03-08-2022)

**Policy Statement 5-35
(Rev. 1), Establishment
of minimum price in
distrain sales**

- (1) **Establishment of minimum price in distrain sales**
- (2) The minimum price required by the Code to be established in distrain sales should be set by the Property Appraisal and Liquidation Specialist conducting the sale at an amount which could be readily realized from a subsequent sale in the event the seized property was declared purchased by the United States. Consideration should be given to conserving the equity of the taxpayer as well as protecting the Service from unrealistically high valuations. The minimum bid price should ordinarily be computed at 80% or more of the forced sale value of the property less encumbrances having priority over the Federal tax lien. However, the minimum bid price should not exceed the amount necessary to recover the lien interest in the property plus costs.
- (3) **Minimum price of listed securities**
- (4) The minimum price of listed securities to be sold will be fixed at no less than 95% of the closing market price as of the day preceding the sale.
- (5) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement

1.2.1.6.10
(06-10-2022)

**Policy Statement 5-38
(Rev. 1), Seizure of
Assets Located on
Private Premise**

- (1) **Seizure of Assets Located on Private Premises**
- (2) Seizure of property located on private premises will not be made unless the person in possession of the property to be seized voluntarily consents, in writing, to entry to seize property; or, a court order is issued by a court of proper jurisdiction authorizing the entry for the purpose of seizure. Field Collection will coordinate requests for court orders with Advisory and Local Area Counsel.
- (3) **Exception in Cases Where Exigent Circumstances Exist**
- (4) In situations where exigent circumstances are apparent, entry may be made onto private premises for the purpose of seizing property without prior consent of the person in possession of the property, or the issuance of a court order. A seizure under exigent circumstances may be defined as a seizure that must be made immediately, because there is not ample time to secure the necessary Writ of Entry to prevent the taxpayer from putting seized property beyond the reach of the Government. For example, when property is observed being removed from private premises, or otherwise being secreted, with the apparent intent of placing it beyond the reach of the Government, immediate entry may be made. Forcible entry onto private premises will not be made if such entry would cause a breach of the peace or a confrontation.
- (5) Signed: Douglas W. O'Donnell , Deputy Commissioner for Services and Enforcement

- 1.2.1.6.11
(01-13-2011)
Policy Statement 5-39 (Rev. 1), Reimbursement of Bank Charges Due to Erroneous Levy and Service Loss or Misplacement of Taxpayer Checks, or Direct Debit Installment Agreement Processing Errors
- (1) **Reimbursement of Bank Charges Due to Erroneous Levy and Service Loss or Misplacement of Taxpayer Checks, or Direct Debit Installment Agreement Processing Errors.**
 - (2) The Service recognizes that there are circumstances when an erroneous use of its unique enforcement powers may cause taxpayers to incur certain bank charges.
 - (3) Taxpayers who incur bank charges due to an erroneous levy or a Direct Debit Installment Agreement (DDIA) processing error on the part of the Service may file a claim for reimbursement of those expenses.
 - (4) Bank charges include a financial institution's customary charge for complying with the levy instructions and charges for overdrafts that are a direct consequence of an erroneous levy or DDIA processing error on the part of the Service.
 - (5) In addition, there are times when a taxpayer's check may be lost or misplaced in processing. When the Service asks for a replacement check, the taxpayer may be reimbursed for bank charges incurred in stopping payment on the original check. The charges must have been paid by the taxpayer and must not have been waived or reimbursed by the financial institution.
- 1.2.1.6.12
(02-26-1987)
Policy Statement 5-40, Welfare of livestock and domestic animals to be considered before or during course of seizure
- (1) **Welfare of livestock and domestic animals to be considered before or during course of seizure**
 - (2) Before conducting a seizure involving livestock and domestic animals, arrangements for their welfare and safety must be planned for and made in advance. If a seizure is made at a location where such animals are kept and they are not seized, all reasonable efforts to ensure their welfare and safety should be made.
 - (3) This statement of policy is to ensure thorough consideration of the welfare of livestock and domestic animals whenever necessary during the course of any seizure. It is not intended to prohibit or discourage such a seizure once the decision to take such action has been made.
- 1.2.1.6.13
(10-09-1996)
Policy Statement 5-47, Notices of lien generally filed only after taxpayer is contacted in person, by telephone or by notice
- (1) **Notices of lien generally filed only after taxpayer is contacted in person, by telephone or by notice:** A notice of lien shall not be filed, except in jeopardy assessment cases, until reasonable efforts have been made to contact the taxpayer in person, by telephone or by a notice sent by mail, delivered in person or left at the taxpayer's last known address, to afford him/her the opportunity to make payment. All pertinent facts must be carefully considered as the filing of the notice of lien may adversely affect the taxpayer's ability to pay and thereby hamper or retard the collection process.
 - (2) **Notice of lien filing in jeopardy assessment cases**
 - (3) In jeopardy assessment cases, a notice of lien shall be filed immediately after notice and demand has been delivered (whether or not received by the taxpayer) and the assessment remains unpaid.
 - (4) **Other notice of lien filing requirements**
 - (5) A notice of lien must be filed:

1. prior to instituting levy action on property in possession of the taxpayer; and
2. prior to service of final demand for payment if there is reasonable probability that suit may later be instituted.

1.2.1.6.14
(11-19-1980)

**Policy Statement 5-71,
Reporting accounts
receivable as currently
not collectible—General**

- (1) **Reporting accounts receivable as currently not collectible—General**
- (2) If, after taking all steps in the collection process, it is determined that an account receivable is currently not collectible, it should be so reported in order to remove it from active inventory.
- (3) **Hardship**
- (4) As a general rule, accounts will be reported as currently not collectible when the taxpayer has no assets or income which are, by law, subject to levy.
- (5) However, if there are limited assets or income but it is determined that levy action would create a hardship, the liability may be reported as currently not collectible. A hardship exists if the levy action prevents the taxpayer from meeting necessary living expenses. In each case a determination must be made as to whether the levy would result in actual hardship, as distinguished from mere inconvenience to the taxpayer.

1.2.1.6.15
(07-26-1960)

**Policy Statement 5-89,
Offer may be rejected
for public policy reasons**

- (1) **Offer may be rejected for public policy reasons**
- (2) If the acceptance of an offer might in any way be detrimental to the Government's interests, it may be rejected even though it is shown conclusively that the amounts offered are greater than could reasonably be collected in any other manner.

1.2.1.6.16
(07-10-1959)

**Policy Statement 5-97,
Stay of collection—offer
in compromise cases**

- (1) **Stay of collection—offer in compromise cases**
- (2) Submission of an offer in compromise does not automatically stay collection of an account. If there is any indication that the filing of an offer in compromise was solely for the purpose of delaying collection of the liability or that delay would jeopardize the Government's interest, immediate steps should be taken to collect the unpaid liability. However, if it is determined that the offer merits consideration and that the Government's interests would not be jeopardized by delay, collection action will be withheld pending consideration of the offer in compromise.

1.2.1.6.17
(01-30-1992)

**Policy Statement 5-100,
Offers will be accepted**

- (1) **Offers will be accepted**
- (2) The Service will accept an offer in compromise when it is unlikely that the tax liability can be collected in full and the amount offered reasonably reflects collection potential. An offer in compromise is a legitimate alternative to declaring a case currently not collectible or to a protracted installment agreement. The goal is to achieve collection of what is potentially collectible at the earliest possible time and at the least cost to the Government.
- (3) In cases where an offer in compromise appears to be a viable solution to a tax delinquency, the Service employee assigned the case will discuss the compro-

mise alternative with the taxpayer and, when necessary, assist in preparing the required forms. The taxpayer will be responsible for initiating the first specific proposal for compromise.

- (4) The success of the compromise program will be assured only if taxpayers make adequate compromise proposals consistent with their ability to pay and the Service makes prompt and reasonable decisions. Taxpayers are expected to provide reasonable documentation to verify their ability to pay. The ultimate goal is a compromise which is in the best interest of both the taxpayer and the Service. Acceptance of an adequate offer will also result in creating for the taxpayer an expectation of and a fresh start toward compliance with all future filing and payment requirements.

1.2.1.6.18
(08-04-2006)
**Policy Statement 5-133,
Delinquent
returns—enforcement of
filing requirements**

- (1) **Delinquent returns—enforcement of filing requirements**
- (2) Taxpayers failing to file tax returns due will be requested to prepare and file all such returns except in instances where there is an indication that the taxpayer's failure to file the required return or returns was willful or if there is any other indication of fraud. All delinquent returns submitted by a taxpayer, whether upon his/her own initiative or at the request of a Service representative, will be accepted. However, if indications of willfulness or fraud exist, the special procedures for handling such returns must be followed.
- (3) Where it is determined that required returns have not been filed, the extent to which compliance for prior years will be enforced will be determined by reference to factors ensuring compliance and evenhanded administration of staffing and other Service resources.
- (4) Factors to be taken into account include, but are not limited to: prior history of noncompliance, existence of income from illegal sources, effect upon voluntary compliance, anticipated revenue, and collectibility, in relation to the time and effort required to determine tax due. Consideration will also be given any special circumstances existing in the case of a particular taxpayer, class of taxpayer, or industry, or which may be peculiar to the class of tax involved.
- (5) Normally, application of the above criteria will result in enforcement of delinquency procedures for not more than six (6) years. Enforcement beyond such period will not be undertaken without prior managerial approval. Also, if delinquency procedures are not to be enforced for the full six year period of delinquency, prior managerial approval must be secured.

1.2.1.6.19
(07-09-1959)
**Policy Statement 5-134
(Formerly P-1-167),
Operations to be geared
to produce the greatest
revenue yield with
current tax collections
given priority**

- (1) **Operations to be geared to produce the greatest revenue yield with current tax collections given priority**
- (2) On the basis of analysis of revenue potential in each category of tax, number and deployment of taxable entities, and other pertinent local conditions, operations will be concentrated on collecting the taxes which will produce the greatest revenue yield. On the premise that the collection of delinquent accounts would be most adversely affected, and in many cases would be impossible in a disaster area, the Service will concentrate on the collection of current taxes. However, in areas where the taxpaying potential is substantially unimpaired, enforced collection of delinquent accounts will be continued.

- 1.2.1.7
(07-26-2022)
Policy Statements for Human Resource Management Activities
- (1) This IRM subsection contains policy statements which relate to Human Resources Management activities.
- 1.2.1.7.1
(11-25-2003)
Policy Statement 6-2 (Formerly P-0-4), Merit Staffing
- (1) **Merit Staffing**
- (2) In accordance with 5 USC 7106(a), management reserves the right to make selections from any appropriate source after complying with strategy, contractual, or government-wide procedural regulations regarding eligibility, qualifications, priority consideration, etc.
- (3) Title 5 USC 7106(a), provides that any management official has the authority, with respect to filling positions, to make selections for appointments from among properly ranked and certified candidates for promotion or any other appropriate source.
- 1.2.1.7.2
(05-14-1984)
Policy Statement 6-42 (Formerly P-0-1), District and Service Center Directors will be selected from personnel outside the District and Service Center where the vacancy occurs; exceptions may be made for Assistant District and Service Center Directors who have served for less than three years in their present assignments
- (1) **District and Service Center Directors will be selected from personnel outside the District and Service Center where the vacancy occurs; exceptions may be made for Assistant District and Service Center Directors who have served for less than three years in their present assignments**
- (2) Appointment to the positions of District and Service Center Director will be made from among the ranks of Internal Revenue Service executives outside the district and service center where the vacancy occurs. An exception to this general rule may be made where the Assistant District Director or Assistant Service Center Director has served in his/her present assignment for less than three years. The Executive Resources Board will make a determination as to the best qualified with due regard to the specific needs of the district/service center having the vacancy, the experience, abilities, and personal characteristics of candidates, and the needs of the Service for a mobile executive corps.
- 1.2.1.7.3
(04-07-1965)
Policy Statement 6-43 (Formerly P-0-2), Assistant District Directors and Assistant Service Center Directors will be selected from ES&D graduates who have not recently served for more than a year in the office where the vacancy occurs
- (1) **Assistant District Directors and Assistant Service Center Directors will be selected from ES&D graduates who have not recently served for more than a year in the office where the vacancy occurs**
- (2) Appointment to the position of Assistant District Director and Assistant Service Center Director will be made from among the ranks of graduates of the Internal Revenue Service Executive Selection and Development Program who have not recently served for more than one year in the office in which the vacancy occurs.

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| 1.2.1.7.4
(08-25-1980)
Policy Statement 6-44
(Formerly P-0-3), Role of
the Office of Personnel
Management in
recruitment | <ul style="list-style-type: none"> (1) Role of the Office of Personnel Management in recruitment (2) The Internal Revenue Service will plan and administer a positive recruitment program to locate and attract the best qualified personnel available to meet current and projected needs, and maintain a balanced, representative workforce. (3) Additionally, Service will develop positive recruitment program (4) The Internal Revenue Service will plan and administer a positive recruitment program to locate and attract the best qualified personnel available to meet current and projected needs, and maintain a balanced, representative workforce. (5) Service will conduct program of development of realistic qualification standards (6) In cooperation with the Office of Personnel Management, qualification standards for positions peculiar to the Service will be developed to ensure maximum effectiveness in terms of quality and quantity of candidates available for employment, predictable job success, and adaptability to opportunities for employee growth and advancement within the Service. The Service will also cooperate with the Office of Personnel Management in developing qualification standards for positions not peculiar to the Service to ensure their maximum adaptability to positions in the Service. |
| 1.2.1.7.5
(08-18-2002)
Policy Statement 6-45
(Formerly P-0-5), IRS
Non-Discrimination | <ul style="list-style-type: none"> (1) IRS Non-Discrimination: Employees, applicants for employment, and members of the public, who participate in IRS programs, activities, and services, will be treated with dignity and respect, free from discrimination on the basis of race, national origin, sex (including sexual harassment), religion, color, age, disability, sexual orientation, genetic information, or parental status. Reprisal is illegal and will not be tolerated in the IRS. (2) Equally, individuals shall not be excluded from participation in, denied the benefits of, or otherwise subjected to, prohibited discrimination under any program or activity funded by the IRS. (3) The IRS shall comply with the law and is firmly committed to achieving and managing a diverse workforce where every employee is assured an equal opportunity to achieve his or her fullest potential. |
| 1.2.1.7.6
(04-25-1961)
Policy Statement 6-46
(Formerly P-0-7),
Appointment of
consultants and experts
to be held to a minimum | <ul style="list-style-type: none"> (1) Appointment of consultants and experts to be held to a minimum (2) The Internal Revenue Service will hold to a minimum the appointment of consultants and experts. Such appointments will be made only as a means of attaining an objective which cannot be attained by the utilization of the permanent work force or other types of temporary employment. |
| 1.2.1.7.7
(04-25-1961)
Policy Statement 6-47
(Formerly P-0-18), Dual
Careers Supported | <ul style="list-style-type: none"> (1) Dual Careers Supported |

- (2) If an employee and his or her spouse both have careers in the Internal Revenue Service, career advancement to other positions requiring geographic relocation creates special burdens for the couple and for the Service. It is in the interest of the Service to maintain the professional opportunities and contributions of both spouses, and to minimize uncertainty in placement decisions. Therefore:
 - a. When an employee undertakes a new assignment involving relocation in the interest of the government, the Service will generally accommodate the employee's spouse, if employed by the Service, in an appropriate position at the new location.
 - b. Such reassignments should be made within existing organizational structures and staffing.
 - c. Consistent with Service policy, placements will be selected to ensure that neither spouse is in a position to influence an administrative decision or action affecting the other.
- (3) The Service also recognizes that where two spouses have careers with different employers, relocation of either spouse may create a difficult situation for the couple. When the spouse of an IRS employee relocates in his or her career with a non-IRS employer, the Service will attempt to accommodate the employee within existing procedures and practices governing reassignments.

1.2.1.7.8
(12-28-1960)

**Policy Statement 6-48
(Formerly P-0-30), Leave
regulations will be
administered with due
consideration for
employees and needs of
Service**

- (1) **Leave regulations will be administered with due consideration for employees and needs of Service**
- (2) The Service will administer the leave program on a uniform and equitable basis within the scope of applicable laws, regulations, and Internal Revenue Service and Treasury instructions, and with due consideration for employees and the needs of the Service.

1.2.1.7.9
(12-28-1960)

**Policy Statement 6-49
(Formerly P-0-35),
Requests for excusing
or postponing jury duty
to be kept to a minimum**

- (1) **Requests for excusing or postponing jury duty to be kept to a minimum**
- (2) The Service will not request a court to excuse an employee from jury duty except when his/her services are absolutely essential to meet major work schedules which cannot reasonably be postponed.

1.2.1.7.10
(06-18-2021)

**Policy Statement 6-50
(Rev.1), Brief Absences
May be Excused Under
Certain Conditions**

- (1) **Brief Absences May be Excused Under Certain Conditions**
- (2) Under certain conditions, the IRS may grant an employee administrative leave for brief absences without loss of or reduction in 1) pay, 2) leave to which an employee is otherwise entitled under law, or 3) credit for time or service.
- (3) Subject to statute and regulations, and within the limits established by IRS policy, employees may receive administrative leave under certain circumstances that are in the interest of the IRS, the community, or the employee. Examples include civil activities, such as voting, donating blood without compensation, and participating in self-directed training related to an approved career learning plan.

- (4) This policy does not restrict management's ability to require the presence of an employee should it determine the employee's services are necessary (pursuant to management's right to assign work under 5 United States Code Section 7106(a)(2)(B).

- (5) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support

1.2.1.7.11
(05-10-2021)
**Policy Statement 6-51
(Rescinded), Absence
Because of Certain
Emergency Situations
will be Excused**

- (1) **Absence Because of Certain Emergency Situations will be Excused**
- (2) This policy statement is rescinded and replaced by the new regulation at 5 Code of Federal Regulations (CFR) Part 630, Subpart P, Weather and Safety Leave, [5 CFR §§ 630.1601-1607] and Internal Revenue Manual (IRM) 6.630.4, Administrative Leave. The regulation provides the general framework for the Internal Revenue Service (IRS) to implement the weather and safety leave provisions of the Administrative Leave Act of 2016, enacted under Section 1138 of the National Defense Authorization Act for Fiscal Year 2017 (Pub. L. 114-328, 130 Stat. 2000, December 23, 2016) [5 USC § 6329c].
- (3) The above statute and regulation provide a separate type of paid leave to employees when weather or other safety-related conditions prevent them from safely traveling to or from work or safely performing work at an approved location due to an act of God, terrorist attack, or other applicable condition. This leave, called weather and safety leave, replaces excused absence as previously reflected in Policy Statement 6-51. IRM 6.630.4.5, Weather and Safety Leave, provides policy and comprehensive guidance to implement weather and safety leave at the IRS.
- (4) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support

1.2.1.7.12
(12-28-1960)
**Policy Statement 6-52
(Formerly P-0-38), Time
spent in employee group
activities not charged to
leave when participation
is official duty**

- (1) **Time spent in employee group activities not charged to leave when participation is official duty**
- (2) Officers and employees of the Service may participate in the activities of organized employee groups during official duty hours without charge to leave when their participation has been determined by appropriate officials to constitute official duty.

1.2.1.7.13
(06-06-2022)
**Policy Statement 6-53
(Rescinded),
Performance evaluation
plan devised so that the
service and employees
can, with a minimum of
paperwork, receive
these benefits**

- (1) **Performance evaluation plan devised so that the service and employees can, with a minimum of paperwork, receive these benefits**
- (2) This policy statement is rescinded and was replaced by the regulation at 5 Code of Federal Regulations (CFR) Part 430. This policy statement duplicates similar language found in current performance management policies.
- (3) The above regulation provides a legal basis for the agency performance management system making this policy statement unnecessary.
- (4) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support

- 1.2.1.7.14
(04-06-1960)
**Policy Statement 6-54
(Formerly P-0-44), Full participation of employees encouraged**
- (1) **Full participation of employees encouraged**
 - (2) The Service encourages full participation of employees in improving Federal Government operations, and prompt and equitable recognition and reward of those who make especially worthwhile contributions to efficiency, economy, or other improvements of operations or who perform special acts or services in the public interest in connection with, or related to, their official employment.
- 1.2.1.7.15
(01-08-1960)
**Policy Statement 6-55
(Formerly P-0-100), Training to be provided employees for effective performance**
- (1) **Training to be provided employees for effective performance**
 - (2) The Service shall, within the limits of appropriated funds, make available to its employees all training determined by appropriate levels of management to be needed for effective performance of present or proposed assignments and shall encourage and assist employees in planning and following a program of self-development. Training shall be provided as needed in both technical and nontechnical areas, including law and regulations, administration, relations with the public, communication and communication skills, secretarial development, automation and machine operations, stenographic and clerical skills, and the handling of firearms.
- 1.2.1.7.16
(01-08-1960)
**Policy Statement 6-56
(Formerly P-0-101), Determination of training needs and evaluation of programs to be on continuing basis**
- (1) **Determination of training needs and evaluation of programs to be on continuing basis**
 - (2) There shall be a continuing determination by each level of management of training needs, both for individuals and for groups of employees. Also, there shall be continuing evaluation and follow-up of training programs to assure the maximum return on the investment of funds and staff hours. The National Office shall, on a continuing basis, determine the extent to which training needs of groups of employees are Servicewide in scope.
- 1.2.1.7.17
(01-08-1960)
**Policy Statement 6-57
(Formerly P-0-103), Orientation to Service and to job changes provided**
- (1) **Orientation to Service and to job changes provided**
 - (2) All new employees shall be given orientation and induction training with respect to Federal employment, the Service, the immediate organization, and the job. In addition, incumbents shall receive such supplemental orientation training as may be required when they transfer to other jobs or when their jobs are materially affected by major procedural or organizational changes or by the assignment of significantly different duties.
- 1.2.1.7.18
(01-08-1960)
**Policy Statement 6-58
(Formerly P-0-109), Employees connected with training programs to receive special training**
- (1) **Employees connected with training programs to receive special training**
 - (2) All employees who are assigned, either permanently or temporarily, to the development of Service training programs or as instructors shall be provided any special training needed for effective performance in those areas.
- 1.2.1.7.19
(06-01-1962)
**Policy Statement 6-59
(Formerly P-0-111), Basic training in new skills**
- (1) **Basic training in new skills**
 - (2) Basic skills training may be provided at official expense when such training will facilitate redeployment to continuing positions of permanent employees whose positions are scheduled for abolishment as, for example, in the conversion to ADP.

- 1.2.1.7.20
(10-05-1990)
**Policy Statement 6-60
(Formerly P-0-112),
Impact of Automation on
Employees**
- (1) **Impact of Automation on Employees**
 - (2) Where employees' jobs will be substantially impacted by the introduction of new technology, it is the policy of the Internal Revenue Service to provide all career and career conditional employees appropriate retraining and continued employment which give them the opportunity to maintain their grades.
- 1.2.1.8
(01-20-2023)
**Policy Statements for
the Rulings and
Agreements Process**
- 1.2.1.8.1
(11-01-2021)
**Policy Statement 7-73
(Rescinded), Rulings
and determination
letters in general**
- (1) **Rulings and determination letters in general**
 - (2) This policy statement is rescinded. On January 2, 2015, the rulings work listed in Policy Statement 7-73 was moved to Chief Counsel as part of the TE/GE-Chief Counsel realignment to the extent described in Announcement 2014-34, 2014-51 IRB 949 and is covered under Chief Counsel authority in Delegation Order 30-7, Delegation of Legal Authority to the Office of Chief Counsel, dated 11/20/2014. Tax-Exempt and Government Entities Division retains authority to issue letter rulings and determination letters as set forth in Rev. Proc. 2021-4, 2021-1 IRB 157, and 2021-5, 2021-1 IRB 250 (and successor annual revenue procedures or other revenue procedures regarding the allocation of jurisdiction between TEGE Chief Counsel and the Division). Large Business & International Division retains authority to issue letter rulings as set forth in Rev. Proc. 2021-1 (and successor annual revenue procedures). Therefore, Policy Statement 7-73 is rescinded.
 - (3) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement
- 1.2.1.8.2
(02-24-1960)
**Policy Statement 7-74
(Formerly P-11-26),
Rulings in absence of
regulations issued under
certain circumstances**
- (1) **Rulings in absence of regulations issued under certain circumstances**
 - (2) Requests for rulings on Code provisions under which regulations have not yet been issued are treated as follows:
 - a. If the answer to the question raised is clearly covered in the Code, an unconditional ruling is made only after Committee reports are examined to make sure there is no ambiguity in the statute.
 - b. If the answer in the statute is not entirely free from doubt, but is reasonably certain, a ruling is made but only after it is established that a business emergency requires a ruling or that unusual hardship will result from failure to obtain a ruling. If doubt exists as to interpretation of the Code provision, the ruling letter contains a caveat explaining that the ruling is without effect if regulations, when issued, conflict with its holding.
 - c. If doubt as to interpretation of the law governing the question cannot be reasonably resolved before the issuance of regulations, no ruling is issued.

- 1.2.1.8.3
(08-24-2022)
**Policy Statement 7-75
(Rescinded),
Determination and
Opinion Letters in
Pension Plans of
Self-Employed
Individuals**
- (1) **Determination and Opinion Letters in Pension Plans of Self-Employed Individuals**
 - (2) This policy statement is rescinded. Tax-Exempt and Government Entities Division has a more recent authority than the 1967 Policy Statement 7-75; TE/GE retains authority to issue letter rulings and determination letters as set forth in Rev. Proc. 2021-4, 2021-1 IRB 157, and 2021-5, 2021-1 IRB 250 (and successor annual revenue procedures or other revenue procedures regarding the allocation of jurisdiction between TE/GE Chief Counsel and the Division). Therefore, the 1967 Policy Statement 7-75 is outdated.
 - (3) Signed: Douglas W. O'Donnell , Deputy Commissioner for Services and Enforcement
- 1.2.1.8.4
(08-04-2022)
**Policy Statement 7-76
(Rev.1), Rulings or
Determination Letters on
Abusive Transactions**
- (1) **Rulings or Determination Letters on Abusive Transactions**
 - (2) A favorable ruling or determination letter is not issued on the tax consequences of abusive transactions that have as a significant purpose the avoidance or reduction of Federal taxes.
 - (3) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement
- 1.2.1.8.5
(02-24-1960)
**Policy Statement 7-77
(Formerly P-11-37),
Withdrawal of request
for ruling or
determination letter**
- (1) **Withdrawal of request for ruling or determination letter**
 - (2) The withdrawal of a request for ruling or a determination letter is permitted at any time prior to the signing of the letter of reply. However, the District Director is notified of the withdrawal of a request for a ruling if such notification is considered advisable by the National Office.
- 1.2.1.8.6
(06-14-1967)
**Policy Statement 7-78
(Formerly P-11-38),
Unpublished rulings not
used as precedents**
- (1) **Unpublished rulings not used as precedents**
 - (2) Unpublished rulings and technical advice memorandums are not relied on, used, or cited, by any officer or employee of the Service as precedent in the disposition of other cases.
- 1.2.1.8.7
(06-14-1967)
**Policy Statement 7-79
(Formerly P-11-39),
Effective date of
revocation of a ruling to
a taxpayer**
- (1) **Effective date of revocation of a ruling to a taxpayer**
 - (2) A ruling found to be in error or no longer in accord with the position of the Service may be modified or revoked. Modification or revocation may be effected by a notice to the taxpayer to whom the ruling originally was issued, or by a Revenue Ruling or other statement published in the Internal Revenue Bulletin. Except in rare or unusual circumstances, the revocation or modification of a ruling will not be applied retroactively with respect to the taxpayer whose tax liability was directly involved in such ruling if:
 - a. there has been no misstatement or omission of material facts;
 - b. the facts subsequently developed are not materially different from the facts on which the ruling was based;
 - c. there has been no change in the applicable law;
 - d. the ruling was originally issued with respect to a prospective or proposed transaction; and

- e. the taxpayer directly involved in the ruling acted in good faith in reliance upon the ruling and the retroactive revocation would be to the taxpayer's detriment.

1.2.1.8.8
(09-17-2021)

**Policy Statement 7-80
(Rescinded), Effective
date of determination
letter affecting
deductible contributions**

- (1) **Effective date of determination letter affecting deductible contributions**
- (2) This policy statement is rescinded. The statements contained in Policy Statement 7-80 essentially convey the substantive tax provisions set forth in IRC 7428(c), Treas. Reg. § 1.170A-9(f)(5)(ii), and Treas. Reg. § 1.509(a)-7 and the guidance to the public concerning deductibility and reliance on determination letters contained in Rev. Proc. 2018-32. Therefore, Policy Statement 7-80 is rescinded.
- (3) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement

1.2.1.8.9
(09-16-2021)

**Policy Statement 7-81
(Rescinded), Effective
date of revocation of
determination letter to a
taxpayer**

- (1) **Effective date of revocation of determination letter to a taxpayer**
- (2) This policy statement is rescinded. On July 26, 2018, under Delegation Order 30-1 (Rev. 3), the work listed in Policy Statement 7-81, specifically the authority to limit the revocation of the determination letter to a prospective application only, was delegated to the Director, Exempt Organizations (EO) Examinations; Director EO Rulings and Agreements; Director, Employee Plans (EP) Examinations; and Director, EP Rulings and Agreements. Additionally, the Tax-Exempt and Government Entities Division retains authority to modify or revoke determination letters, as set forth in Rev. Proc. 2021-4 and 2021-5 (and successor annual revenue procedures or other revenue procedures regarding the allocation of jurisdiction between TEGE Chief Counsel and the Division). Therefore, Policy Statement 7-81 is outdated.
- (3) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement

1.2.1.8.10
(01-28-1977)

**Policy Statement 7-82
(Formerly P-11-68),
Publication Standards**

- (1) **Publication Standards**
- (2) The purpose of publishing Revenue Rulings and Revenue Procedures in the Internal Revenue Bulletin is to promote correct and uniform application of the tax laws by Internal Revenue Service employees and to assist taxpayers in attaining maximum voluntary compliance by informing Service personnel and the public of National Office interpretations of the internal revenue laws, related statutes, treaties, and regulations, and statements of Service procedures affecting the rights and duties of taxpayers. Therefore, issues and answers involving substantive tax law under the jurisdiction of the Internal Revenue Service will be published in the Internal Revenue Bulletin, except those involving:
 - a. issues answered by statute, treaty, or regulations;
 - b. issues answered by rulings, opinions, or court decisions previously published in the Bulletin;
 - c. issues that are of insufficient importance or interest to warrant publication;
 - d. determinations of fact rather than interpretations of law;
 - e. informers and informers' rewards; or

- f. disclosure of secret formulas, processes, business practices, and similar information.

Procedures affecting taxpayers' rights or duties that relate to matters under the jurisdiction of the Service will be published in the Bulletin.

1.2.1.8.11
(05-18-1967)

**Policy Statement 7-83
(Formerly P-11-69), Form
and scope of published
rulings**

- (1) **Form and scope of published rulings**
- (2) Publication of rulings and other communications involving substantive tax law will be made in the Internal Revenue Bulletin in the form of Revenue Rulings. The conclusions expressed in Revenue Rulings will be directly responsive to and limited in scope by the pivotal facts stated in the Revenue Ruling. Also, the stated facts will be so technically oriented that field employees and taxpayers may clearly understand what was, and what was not, decided.

1.2.1.8.12
(04-16-1968)

**Policy Statement 7-84
(Formerly P-11-70),
Reliance by taxpayers
on Revenue Rulings;
exceptions provided**

- (1) **Reliance by taxpayers on Revenue Rulings; exceptions provided**
- (2) Taxpayers generally may rely upon Revenue Rulings published in the Bulletin in determining the applicability of the tax law to their own transactions and need not obtain ruling letters provided (a) the facts and circumstances in their cases are substantially the same, and (b) the positions stated in the Revenue Rulings are still determinative when considered in the light of subsequent legislation, regulations, court decisions, and Revenue Rulings.

1.2.1.8.13
(02-17-1973)

**Policy Statement 7-85
(Formerly P-11-72),
Taxpayer views on
rulings or procedures
proposed for publication
generally not solicited in
advance**

- (1) **Taxpayer views on rulings or procedures proposed for publication generally not solicited in advance**
- (2) Comments and suggestions from taxpayers or taxpayer groups on rulings or procedures proposed for publication in the Internal Revenue Bulletin may be solicited if such action is justified by special circumstances. Conferences on proposed Revenue Rulings or Revenue Procedures will not be granted outside representatives except where such action is justified by special circumstances. Such conferences as are scheduled will be at the direction of the Service.

1.2.1.8.14
(10-22-1968)

**Policy Statement 7-86
(Formerly P-11-73),
Effective date of
published rulings**

- (1) **Effective date of published rulings**
- (2) A Revenue Ruling published in the Internal Revenue Bulletin applies retroactively unless the Revenue Ruling includes a specific statement indicating the extent to which it is to be applied without retroactive effect.

1.2.1.8.15
(10-22-1968)

**Policy Statement 7-87
(Formerly P-11-74),
Effective date of
Revenue Ruling
revoking or modifying
previously published
ruling**

- (1) **Effective date of Revenue Ruling revoking or modifying previously published ruling**
- (2) Where Revenue Rulings revoke or modify rulings previously published in the Internal Revenue Bulletin, the authority of section 7805(b) of the Internal Revenue Code ordinarily is invoked to provide that the new rulings will not be applied retroactively to the extent that the new rulings have adverse tax consequences to taxpayers.

1.2.1.8.16
(09-03-1987)
**Policy Statement 7-88
(Formerly P-11-75),
Proposed Revenue
Rulings or Revenue
Procedures are of a
confidential nature**

- (1) **Proposed Revenue Rulings or Revenue Procedures are of a confidential nature**
- (2) The contents and status of proposed Revenue Rulings or Revenue Procedures are of a confidential nature until they are available to the public and to Service field offices through publication in the Internal Revenue Bulletin. During the period prior to publication, the following information regarding a Revenue Ruling or Revenue Procedure cannot be disclosed to any one outside the Service: (1) the position to be taken by the Service on a particular issue; (2) where the document has been routed for development or clearance; or (3) the current status of the project. Exceptions may be made only by the Commissioner, the Senior Deputy Commissioner, the Deputy Commissioners or the issuing Assistant Commissioner.
- (3) **Advance delivery of copies of Revenue Rulings or Revenue Procedures to “tax services” permitted in certain instances**
- (4) When it is determined to be in the best interest of the Service and the public, advance copies of Revenue Rulings or Revenue Procedures may be delivered to publishers of “tax services,” with the understanding that such Revenue Rulings or Revenue Procedures are of a confidential nature and subject to the restriction that the contents not be published before Monday publication date of the Internal Revenue Bulletin in which the Revenue Rulings or Revenue Procedures will appear.

1.2.1.8.17
(05-18-1973)
**Policy Statement 7-89
(Formerly P-11-85),
Publication of Internal
Revenue Bulletin
necessary to tax
administration**

- (1) **Publication of Internal Revenue Bulletin necessary to tax administration**
- (2) The Internal Revenue Bulletin is the authoritative instrument of the Commissioner for announcing official rulings and procedures, acquiescences and nonacquiescences in adverse reported decisions of the United States Tax Court, and other Service pronouncements of general interest. Also published in the Bulletin are other important tax matters such as Public Laws and related Committee Reports, Executive Orders, tax treaties, new or amended regulations (Treasury Decisions), and certain court decisions. Publication in the Bulletin is for guidance of Service personnel and the general public on Federal tax matters in order to promote uniform administration and voluntary compliance with the tax laws. Frequent communication and permanent reference are provided through publication of a weekly Bulletin and a semi-annual Cumulative Bulletin. An Index-Digest System is published for use by Service employees and the public in researching matters contained in the Bulletin.

1.2.1.9
(03-08-2024)
**Policy Statement for the
Appeals Process**

- (1) This IRM subsection contains policy statements which relate to the Appeals process.

1.2.1.9.1
(11-04-1998)
**Policy Statement 8-1,
Appeals Administrative
Dispute Resolution
Process**

- (1) **Appeals Administrative Dispute Resolution Process**
- (2) Pursuant to the Internal Revenue Service Restructuring and Reform Act of 1998, P.L. 105–206, and Treasury Directive 63–01, this Policy Statement reaffirms the principles of the Appeals administrative dispute resolution process. Since 1927, when the Internal Revenue Service established an ad-

ministrative appeal to resolve tax disputes without litigation, taxpayers and Appeals have reached mutual agreement in the vast majority of disputed cases.

- (3) As the Service shifts toward becoming a more customer-oriented agency, the Internal Revenue Service's commitment to the Appeals administrative dispute resolution process is reaffirmed by the following principles:
 1. Taxpayers are generally entitled to appeal many disputes arising under the Internal Revenue Code, regulations and procedures. They are also entitled to an explanation of the Appeals process, and to have a timely conference and resolution of their dispute.
 2. Appeals offices are separate from and independent of the IRS office that proposed the adjustment. Issues should be fully developed by compliance functions before an administrative appeal.
 3. The Appeals Office is the only level of appeal within the IRS, and generally is the principal administrative function that exercises settlement authority to resolve tax disputes for cases that are not docketed in the U.S. Tax Court. Rev. Proc. 2016-22 or subsequent procedure, describes when cases docketed in the U.S. Tax Court are referred by Chief Counsel to Appeals for consideration of settlement. The Chief, Appeals, as the administrative dispute resolution specialist in tax matters for the Commissioner, has line authority over Appeals operations throughout the United States.
 4. The Service supports the development and use of alternative dispute resolution (ADR) techniques by Appeals to create an administrative forum, independent of compliance functions, to efficiently prevent or resolve disputes. Appeals is encouraged to survey its customers and expand ADR test programs to enhance taxpayer service.

1.2.1.9.2
(08-13-2014)

**Policy Statement 8-2
(Rev. 1) (Formerly
P-8-49), New issues not
to be raised by Appeals**

- (1) **New issues not to be raised by Appeals**
- (2) Appeals will not raise new issues. Appeals will also not reopen an issue on which the taxpayer and the Service are in agreement.

Exception: IRC 7121

1.2.1.9.3
(01-05-2007)

**Policy Statement 8-3
(Formerly P-8-50),
Mutual concession
cases closed by Appeals
will not be reopened by
Service except under
certain circumstances**

- (1) **Mutual concession cases closed by Appeals will not be reopened by Service except under certain circumstances**
- (2) A case closed by Appeals on the basis of concessions made by both Appeals and the taxpayer will not be reopened by actions initiated by the Service unless the disposition involved fraud, malfeasance, concealment or misrepresentation of material fact, an important mistake in mathematical calculation, or discovery that a return contains unreported income, unadjusted deductions, credits, gains, losses, etc. resulting from the taxpayer's participation in a listed transaction, and then only with the approval of the Appeals Director of Field Operations or Appeals Director of Technical Services.
- (3) **Requirements for reopening mutual concession cases at taxpayer's request**
- (4) Under certain unusual circumstances favorable to the taxpayer, such as retroactive legislation, a case closed by Appeals on the basis of concessions made by both Appeals and the taxpayer may be reopened upon written application

from the taxpayer, and only with the approval of the Appeals Director of Field Operations or Appeals Director of Technical Services. The processing of an application for a tentative carryback adjustment or of a claim for refund or credit for an overassessment (for a year involved in the prior closing) attributed to a claimed deduction or credit for a carryback provided by law, and not included in a previous Appeals determination, shall not be considered a reopening requiring approval. A subsequent assessment of an excessive tentative allowance shall likewise not be considered such a reopening. The Chief of Appeals may authorize, in advance, the reopening of similar classes of cases where legislative enactments or compelling administrative reasons require such advance approval.

- (5) **Non-mutual concession cases will not be reopened by Service except under certain circumstances**
- (6) A case closed by Appeals on a basis not involving concessions made by both Appeals and the taxpayer will not be reopened by action initiated by the Service unless the prior disposition involved fraud, malfeasance, concealment or misrepresentation of material fact, an important mistake in mathematical calculation, or such other circumstances that indicates that failure to take such action would be a serious administrative omission, and then only with the approval of the Appeals Director of Field Operations or Appeals Director of Technical Services. The discovery that a return contains unreported income, unadjusted deductions, credits, gains, losses, etc. resulting from the taxpayer's participation in a listed transaction will constitute a serious administrative omission warranting reopening.
- (7) **Requirements for reopening non-mutual concession cases at taxpayer's request**
- (8) A case closed by Appeals on a basis not involving concessions made by both Appeals and the taxpayer may be reopened by the taxpayer by any appropriate means, such as by the filing of a timely claim for refund.

1.2.1.9.4
(12-23-1960)

**Policy Statement 8-24,
Conferences not granted
in 90-day cases in
absence of unusual
circumstances**

- (1) **Conferences not granted in 90-day cases in absence of unusual circumstances**
- (2) If a taxpayer had an Appeals conference in the prestatutory notice status, or if the opportunity for such a conference was accorded but not availed of, there will be no Appeals conference granted in the 90-day status after the mailing of the statutory notice of deficiency, in the absence of unusual circumstances.

1.2.1.9.5
(12-23-1960)

**Policy Statement 8-36,
Conference rights of
taxpayer with reviewing
officer**

- (1) **Conference rights of taxpayer with reviewing officer**
- (2) Where the Appeals representative recommends acceptance of the taxpayer's proposal of settlement, or, in the absence of a proposal, recommends action favorable to the taxpayer, and said recommendation is disapproved in whole or in part by reviewing officer in Appeals, the taxpayer shall be so advised by such reviewing officer and upon written request shall be accorded a rehearing before such reviewing officer. The Appeals Office may disregard this rule where the interests of the Government would be injured by delay, as for example, a case involving the imminent expiration of the period of limitations, dissipation of assets, etc.

1.2.1.9.6
(11-09-2023)

**Policy Statement 8-47
(Rev. 1), Consideration
to be given to offers of
settlement**

- (1) **Consideration to be given to offers of settlement**
- (2) The IRS Independent Office of Appeals (Appeals) will ordinarily give serious consideration to an offer to settle a tax controversy on a basis which fairly reflects the relative merits of the opposing views in the light of the hazards which would exist if the case were litigated. However, no settlement will be made based upon nuisance value of the case to either party. If the taxpayer makes an unacceptable proposal of settlement under circumstances indicating a good-faith attempt to reach an agreed disposition of the case on a basis fair both to the Government and the taxpayer, the Appeals official generally should evaluate the case in such a manner as to enable the taxpayer to ascertain the kind of settlement that would be recommended for acceptance. Appeals may defer action on or decline to settle some cases or issues (for example, issues on which action has been suspended nationwide) in order to achieve greater uniformity and enhance overall voluntary compliance with the tax laws.
- (3) **Appeals Settlement Authority**
- (4) Appeals is the only administrative function of the Service with authority to consider settlements of tax controversies, and as such has the primary responsibility to resolve these disputes without litigation to the maximum extent possible.
- (5) Signed: Daniel I. Werfel, Commissioner of Internal Revenue

1.2.1.9.7
(10-16-2023)

**Policy Statement 8-48
(Rev. 2), Split-Issue and
Specific Dollar
Settlements Permitted
Under Certain
Circumstances**

- (1) **Split-Issue** and **Specific Dollar** Settlements Permitted Under Certain Circumstances
- (2) The IRS Independent Office of Appeals (Appeals) may consider and accept proposals for **split issue** settlements. A split-issue settlement is the settlement of an issue for a percentage or a stipulated amount of the tax in controversy that if litigated, would result in a decision completely for the Government or the taxpayer.
- (3) Appeals may consider and accept proposals for **specific dollar** settlements. A specific dollar settlement is the settlement of a case for a percentage or stipulated amount of the tax in controversy that approximates the amount that would have been reached by computing the tax.
- (4) Split issue and specific dollar settlements are not appropriate in cases involving issues affecting prior or subsequent tax periods not included in the settlement, such as adjustments to depreciation/depletion, carryovers, carrybacks, or other reoccurring issues.
- (5) Signed: Daniel I. Werfel, Commissioner of Internal Revenue

1.2.1.10
(08-01-2019)

**Policy Statements for
Criminal Investigation
Activities**

- (1) This IRM subsection contains policy statements which relate to Criminal Investigation activities.

1.2.1.10.1 (04-09-1991) Policy Statement 9-6, Legal Rights of Persons Being Investigated	(1) Legal Rights of Persons Being Investigated (2) The methods used by Criminal Investigation to investigate possible criminal violations of the law may vary with the circumstances, but will stay within the bounds of the law and the guidelines promulgated by the Assistant Commissioner. Criminal Investigation personnel will respect the Constitutional rights of all persons being investigated. Enforcement will be administered uniformly, with fairness and impartiality, applying the same standards to all criminal investigations.
1.2.1.10.2 (06-13-1994) Policy Statement 9-85 (Formerly P-1-111), Luxury class vehicles excluded from motor vehicle fleet except for surveillance or undercover work	(1) Luxury class vehicles excluded from motor vehicle fleet except for surveillance or undercover work (2) Luxury class vehicles, including American or foreign sports cars, will not normally be part of a motor vehicle fleet. The Directors of Investigation or the Chief Inspector may allow such inclusion if the following criteria are met: the vehicle is required for and will be used only for surveillance or undercover work; the vehicle will be used with sufficient frequency to make its maintenance feasible; the estimated cost of maintaining the vehicle in a safe operating condition is less than the cost of renting a suitable vehicle; and it is unlikely that the criminal element will identify the vehicle's use for law enforcement purposes. The vehicle will be stored when not in use. The continued inclusion of the vehicle in the fleet will be subject to annual review.
1.2.1.11 (08-08-2023) Policy Statements for Communications, Liaison and Disclosure Activities	(1) This IRM subsection contains policy statements which relate to Communications, Liaison and Disclosure activities.
1.2.1.11.1 (04-23-2004) Policy Statement 11-13 (Formerly P-1-192), Freedom of Information Act Requests	(1) Freedom of Information Act Requests (2) The Internal Revenue Service is committed to full compliance with the Freedom of Information Act (FOIA), 5 U.S.C. § 552. The FOIA provides that agency records are to be made available to the public unless required or permitted to be withheld. The FOIA accommodates the countervailing interests in disclosure and nondisclosure. The IRS is committed to administering the FOIA with respect to agency records in a manner consistent with preserving the fundamental values held by our society, including public accountability, safeguarding national security, enhancing the effectiveness of law enforcement agencies and the decision-making processes, protecting sensitive business information, and protecting personal privacy. (3) If information is not prohibited from disclosure, IRS personnel shall consider whether, as an exercise of administrative discretion, the information should be released or withheld. Any discretionary decision to release information protected under the FOIA should be made only after full and deliberate consideration of the institutional (i.e., public accountability, safeguarding national security, law enforcement effectiveness, and candid and complete deliberations), commercial, and personal privacy interests that could be implicated by disclosure of the information

- (4) The administrative cost and impact on operations involved in furnishing information in response to a FOIA request is not to be a material factor in deciding to deny a request unless the cost or impact would be so substantial as to seriously impair IRS operations.

- (5) This policy creates no substantive or procedural rights enforceable at law.

1.2.1.11.2
(08-12-1976)

**Policy Statement 11-87
(Formerly P-1-24),
Comments on legislation**

- (1) **Comments on legislation**
- (2) Although the chief responsibility for tax policy matters, including proposed tax legislation, is with the Office of the Secretary, the Commissioner, and other appropriate Service officials when authorized by the Commissioner, can comment on tax policy matters, including proposed tax legislation, in certain circumstances. These circumstances include situations in which the Commissioner, or other authorized Service official, is commenting on provisions that are administrative in nature, or assessing or commenting on the effect on the Service or on tax administration of certain existing or proposed provisions.

1.2.1.11.3
(08-12-1976)

**Policy Statement 11-88
(Formerly P-1-25),
Legislative documents
are of a confidential
nature**

- (1) **Legislative documents are of a confidential nature**
- (2) Legislative reports, records and studies made by the Service are in most cases predecisional documents which may be protectible under the Freedom of Information Act. Such documents may not be disclosed to the public unless such disclosure is made or authorized by the Office of the Secretary or the Commissioner.

1.2.1.11.4
(08-12-1976)

**Policy Statement 11-89
(Formerly P-1-26),
Legislative assistance to
other agencies must be
authorized**

- (1) **Legislative assistance to other agencies must be authorized**
- (2) When authorized by the Commissioner or the Office of the Secretary, the Service will furnish technical assistance in preparing drafts of tax legislation and related documents to Congressional Committees, Committee staffs, the House and Senate Legislative Counsels' Offices and other Government agencies concerned. The Service will not furnish assistance in drafting legislation to individuals outside of the Department, including individual members of Congress, except that in certain circumstances and with the Commissioner's authorization, Service personnel can give technical comments and assistance to individual members of Congress concerning proposed legislation that affects the Service or tax administration.

1.2.1.11.5
(01-12-1979)

**Policy Statement 11-90
(Formerly P-1-35),
Agreements to exchange
tax information with
states entered into when
in interests of good tax
administration**

- (1) **Agreements to exchange tax information with states entered into when in interests of good tax administration**
- (2) Formal agreements for the exchange of tax information with State tax authorities will be entered into by the Commissioner when such agreements are in the interests of good tax administration. In order to maximize the effectiveness of these formal agreements they will be supplemented with implementing agreements.
- (3) **Release of tax information restricted to what states need and will use**
- (4) Tax information provided by the Service to State tax authorities will be restricted to the authorities' justified needs and uses of such information.

- 1.2.1.11.6
(07-24-1989)
**Policy Statement 11-91
(Formerly P-1-179), Mass
information program
necessary to Service's
objective**
- (1) **Mass information program necessary to Service's objective**
 - (2) Since taxpayers must compute their taxes under a body of laws and regulations, some of the provisions of which are complex, the Service has the responsibility of providing taxpayers with all possible information to assist them in the performance of their obligations. Mass communication which adequately informs taxpayers of their obligations represents a potential for reducing more costly efforts of providing direct assistance, correction of errors and follow up on delinquencies.
 - (3) The Service, therefore, will conduct a continuous and vigorous information program through the mass media in order to help achieve its objective of enhancing voluntary compliance with the tax laws and regulations.
- 1.2.1.11.7
(10-13-1967)
**Policy Statement 11-92
(Formerly P-1-180),
Cooperation with mass
media encouraged**
- (1) **Cooperation with mass media encouraged**
 - (2) The Service recognizes the people's right to know about their tax laws and the manner in which they are being administered. The rights of members of the press and other information agencies pursuing their objectives of obtaining and distributing news are likewise recognized. In view of the important contributions made by press, radio, television, magazine and other mass media toward disseminating tax information to the public, and otherwise facilitating administration of the tax laws, the Service will cooperate with such media in every reasonable way permitted by law.
- 1.2.1.11.8
(07-24-1989)
**Policy Statement 11-93
(Formerly P-1-181),
Speaking, writing
engagements and
contact with outside
groups are encouraged
subject to limitations**
- (1) **Speaking, writing engagements and contact with outside groups are encouraged subject to limitations**
 - (2) The Service encourages its officials and employees to accept invitations to deliver speeches, participate in tax forums, conferences, seminars and meetings, write articles for publications and have similar contact with outside groups. Such activities are an effective way to inform and educate the public about the Service's mission and operations and to help taxpayers understand their rights and obligations. Generally, invitations to speak, write for publication or otherwise participate in contacts with outside groups should be accepted where the invitation offers an opportunity to meet the goals of informing and educating the public. Each request should be considered on its own merit. However, such activities must not interfere with the primary duties of the officials and employees involved. Service personnel should not participate in meetings, seminars, tax forums, etc.; which appear to be sponsored principally for profitmaking purposes, regardless of whether the sponsor is a taxable business or a tax exempt organization. However, exceptions can be made when it is determined that participating is appropriate because it is the most effective and efficient way to promote the Service's mission and to further public education. An invitation to speak to any group should not be accepted where the evident purpose or probable result of the meeting may be to indicate that the sponsor has a preferential relationship with the Internal Revenue Service; where it might appear that information not available to others is being provided to a preferred group; or where it appears that the speaker's official position with the Service is being used primarily to foster a private purpose rather than to promote the objective of informing and educating the public. Requests for participation in conferences or seminars sponsored by other government agencies or members of Congress will be afforded the same consideration as other requests.

- (3) **Local invitations to be filled locally. National Office personnel usually participate only in national meetings**
- (4) In order to maximize the effectiveness of the limited National Office staff and to maintain proper relationships between field offices and the taxpayers they serve, field offices generally will provide such speeches, participation in tax forums, conferences and meetings, or articles for publication, etc., as may be appropriate in their geographical areas. National Office employees usually will fill engagements only where the participation in the meeting or tax forum extends beyond regional boundaries, such as engagements to participate in meetings of national organizations.
- (5) **Clearance required**
- (6) Prescribed clearance procedures must be followed for speeches, articles and other materials prepared or compiled for outside groups by Service employees in order to minimize the possibility of error or misunderstanding of the official position of the Service on any matter under discussion. Since only the general subject matter to be discussed at a tax forum is known in advance, and clearance of a specific text is not practicable, an employee must be particularly careful to furnish only such information as is clearly in accord with established policies or procedures of the Service.
- (7) **No compensation or honorarium—expenses paid by Service or employee unless proper approval obtained**
- (8) No employee shall receive an honorarium or compensation for speaking, writing for publication, participating in a tax forum, seminar, conference or meeting, or otherwise providing support to outside groups on Internal Revenue Service matters. Travel, lodging and subsistence incident to the above stated activities shall normally be paid by the Service. Exceptions for travel, lodging and subsistence can be made upon approval by an authorized official if it is determined that participation is necessary to promote the Service's mission and further public education. In these exception situations, payment for such expenses may be accepted but only from State, County and Municipal governments and from organizations which are tax exempt under section 501(c)(3), Title 26 of the USC. Any restrictions implied in the above do not prohibit the acceptance of nominal courtesies normally extended in the spirit of hospitality such as local transportation and lunches.

1.2.1.11.9
(05-23-1986)

**Policy Statement 11-94
(Formerly P-1-183),
News coverage to
advance deterrent value
of enforcement activities
encouraged**

- (1) **News coverage to advance deterrent value of enforcement activities encouraged**
- (2) The Service will endeavor to obtain news coverage of its enforcement activities in order to: (a) help deter violations of the internal revenue laws, and (b) increase the confidence of conscientious taxpayers that the Service prosecutes violators. In achieving these goals, the Service will act with due regard for an individual's right to a fair trial as set forth in the Attorney General's guidelines, 28 CFR 50.2, as well as the public's right to know. Accordingly, the Service will promote news coverage of its enforcement activities in the following manner:
 - 1. General information concerning the work of a particular division or divisions involved may be furnished.
 - 2. Information which is a matter of public record (such as pleadings filed with the United States Tax Court or an indictment which has been made public) may be supplied upon request.

3. In cases pending with a U.S. Attorney, the Service will cooperate with him/her to obtain news coverage.
4. In strike force cases, the Service will cooperate with the on-site strike force attorney to obtain news coverage.
5. All news releases concerning criminal actions will be submitted to the U.S. Attorney for approval before distribution to the news media. News releases may be prepared for attribution either to the U.S. Attorney, or for joint attribution to both the Service and the U.S. Attorney. Jointly attributable news releases may be issued on IRS masthead after clearance through the Disclosure Officer and the U.S. Attorney, and may be distributed by Service officials. News releases which are attributed only to the U.S. Attorney may be distributed by Service officials upon request of the U.S. Attorney. Because of statutory prohibition on the disclosure of tax information, it is imperative that material contained in news releases be limited to facts that are a matter of public record.
6. Designated Service officials may participate in press conferences relating to enforcement actions at the invitation of U.S. Attorneys.

1.2.1.11.10
(06-27-1977)

**Policy Statement 11-95
(Formerly P-1-186),
Publicity in connection
with seizures to enforce
collection of tax**

- (1) **Publicity in connection with seizures to enforce collection of tax**
- (2) In the event inquiry is received as to whether property has been seized from a specifically named person, the question will be answered provided notice of tax lien has been filed and a seizure warning notice or notice of sale has been posted. However, such information will not be volunteered.
- (3) **Requests for lists of persons from whom property has been seized**
- (4) The Service also will comply with requests for lists of persons from whom property has been seized, provided a notice of tax lien has been filed and a seizure warning notice or notice of sale has been posted, and provided the office can comply with the request without doing an unreasonable amount of extra recordkeeping. Small offices of the Service should not have very much difficulty in compiling lists of their own seizures. Although it is recognized that large offices cannot be expected to institute special procedures solely for the purpose of answering inquiries by local newspapers, the official receiving the inquiry should inform the newspaper of the seizures of which he or she has personal knowledge on which a notice of tax lien has been filed and a seizure warning notice or notice of sale has been posted.
- (5) **Lien filing information to be disclosed**
- (6) Questions as to whether a notice of tax lien has been filed against a particular taxpayer will be answered. If a notice of lien has been filed pursuant to section 6323(f) of the Code, the amount of the outstanding obligation secured by said lien may be disclosed to any person who furnishes satisfactory written evidence that he or she has a right in the property subject to such lien or intends to obtain a right in such property. (See section 6103(k)(2) of the Code.)

1.2.1.11.11
(07-27-2012)

**Policy Statement 11-96
(Formerly P-1-187),
Forwarding letters for
private individuals,
organizations or
corporations and
Federal, state and local
government agencies
without disclosure of
address**

- (1) **Forwarding letters for private individuals, organizations or corporations and Federal, state and local government agencies without disclosure of address**
- (2) A taxpayer's address is confidential tax information and can be disclosed only as authorized by the Internal Revenue Code. To be of assistance to private persons and Federal, state, and local government agencies in locating an individual, the Service may agree to forward a letter to such individual at the latest address available in Service records, if his/her social security number is furnished by the requester, without disclosing the address to the requester. Letters will be forwarded under the following conditions provided such service will not have an adverse effect on Service operations or conflict with prior Service commitments.
- (3) **Requests from private individuals, organizations and corporations**
- (4) In circumstances where a humane purpose may be served or in extreme emergency situations, the Service may agree to forward a letter. Following are some humane or emergency situations in which the Service may provide assistance:
 - a. A person is seeking to find a missing person to convey a message of an urgent or compelling nature, e.g., the individual would be notified of the serious illness, imminent death, or death of a close relative.
 - b. The health or well-being of a number of persons is involved, such as where persons are being sought for medical study to detect and treat medical defects or diseases.
- (5) The Service will not forward letters in situations where a family member is simply attempting to trace his/her family tree. Nor will the Service forward letters seeking reparation for obligations due the requester.
- (6) Under the authority provided by the Office of Management and Budget (OMB) Circular No. A-25, the Service may impose a user charge for letter forwarding services in humane situations. Reimbursement will be provided for under a written agreement between the Service and the requester.
- (7) Letter forwarding assistance will not be furnished if it would disrupt the Service's tax administration operations or conflict with prior Service commitments.
- (8) Service personnel will screen communications submitted for forwarding to ensure that the contents are consistent with the above authorized purposes.
- (9) **Requests from Federal agencies**
- (10) 31 U.S.C. Sec. 1535 authorizes a Federal agency to perform services within its capabilities for another Federal agency on a reimbursable basis. Consistent with the statute, the Service may agree to forward letters for another Federal agency under a written agreement providing for reimbursement. This service will not be provided if it would disrupt our tax administration functions or conflict with prior Service commitments.
- (11) **Requests from state and local governments**
- (12) The Service is authorized to provide reimbursable services to state and local government units under the authority of the Intergovernmental Cooperation Act

of 1968, and OMB Circular No. A-97. Upon approval by the Office of Management and Budget, the Service will forward letters for a state or local government unit unless such service would disrupt The Service's tax administration operations or conflict with prior Service commitments. Reimbursement from state and local agencies may be waived under conditions specified in OMB Circular No. A-25.

- (13) **Use of electronic media**
- (14) Private individuals, organizations or corporations and Federal, state and local government agencies which have contracted with the Service for letter forwarding may be required to submit the names and identification numbers of the recipients in electronic format in accordance with Service specifications.
- (15) **Notification to addressee that address has not been released to the requester**
- (16) Any person to whom a letter is forwarded will be advised that his/her address has not been disclosed, and that the Service has no interest in the matter other than forwarding the letter on behalf of the requester.
- (17) **Disposition of letters received for forwarding will not be disclosed**
- (18) To divulge the disposition of a letter submitted for forwarding would indicate whether the taxpayer may have filed a return. This information, i.e., fact of filing, constitutes return information subject to the disclosure restrictions of the Code; therefore, the Service will not disclose whether or not a letter to a specific individual has been forwarded, or forwarded but returned as undeliverable.
- (19) Any communications that are not forwarded, or are forwarded but returned by the postal service as undeliverable, will be destroyed. The requester will not be notified of their disposition.

1.2.1.11.12
(08-09-1977)
**Policy Statement 11-97
(Formerly P-1-194),
Service officials may
participate in
practitioner liaison
meetings; meetings
open to public, normally
on Government
premises; other groups
may be invited**

- (1) **Service officials may participate in practitioner liaison meetings; meetings open to public, normally on Government premises; other groups may be invited**
- (2) Service officials invited to participate in a practitioner liaison meeting may do so for the purpose of explaining and elaborating on the Service's policies and procedures. All such meetings will be open to the general public and will be held on Government premises unless compelling reasons to the contrary exist. When such a meeting is requested other practitioner groups may be invited.
- (3) **No set schedule of meetings; determination by Service officials that meeting will benefit tax administration; agendas to be reviewed by Regional Commissioner, District or Service Center Directors; sponsors to be encouraged to solicit agenda items from other groups**
- (4) These meetings will not be held specifically to any set schedule but, instead, will be scheduled on request when practitioner problems or concerns of sufficient importance justify them. Prior to agreeing to a meeting, the Regional Commissioner, District or Service Center Director will determine that an exchange of views with the practitioner organization(s) at the location proposed will contribute to the overall administration of the Service's tax program in their particular area. Service officials will not prepare the agenda for the meeting.

The agenda will be prepared by the practitioner group, however Service officials will review the proposed agenda items to delete topics that are not appropriate for discussion. Whenever possible, the sponsoring organization is encouraged to solicit agenda items from other appropriate groups.

1.2.1.11.13
(08-31-1993)
**Policy Statement 11-98
(Formerly P-6-14),
FedState Relations**

- (1) **FedState Relations**
- (2) The Service is committed to pursuing cooperative tax administration with state tax agencies while ensuring that taxpayers' rights to privacy and confidentiality are protected. The Service will promote opportunities for joint tax administration that will better meet the needs of taxpayers to understand and be able to comply with multiple filing and reporting requirements. These joint efforts will permit us to ensure fairness in the tax system and increase opportunities to reduce taxpayer burden. Efforts should allow both the IRS and state agencies to increase efficiencies and effectiveness in operations through sharing of resources. Working together improves the chances for increasing both voluntary and enforced compliance. Specifically, the Service in partnership with the states will:
 - a. Continually identify patterns, trends and causes for noncompliance.
 - b. Ensure that taxpayers can meet their filing and tax obligations with minimum contact and burden.
 - c. Provide tax administration at the least cost and burden to both Federal and state governments, without unduly imposing on taxpayers' rights to privacy.

1.2.1.11.14
(05-22-2023)
**Policy Statement 11-99
(New), Processing
Disclosure Requests
from Government
Agencies for Non-tax
Programs**

- (1) Officers and employees of government agencies (federal, state, and local) have no right of access to confidential tax returns or return information that is not explicitly defined in Internal Revenue Code (IRC) 6103. These officials, in connection with their duties may not act as a taxpayer's representative, such as on Form 2848, *Power of Attorney and Declaration of Representative*, or designee on Form 8821, *Tax Information Authorization*, to request tax records including tax transcripts or IRS notices sent to an individual or business taxpayer, to administer non-tax government programs otherwise not codified within IRC 6103(l).
- (2) Office of Governmental Liaison, Disclosure & Safeguards (GLDS) is the point of contact for government agencies requesting access to tax records and is responsible for considering such requests in accordance with IRC 6103. Agencies seeking tax records to administer government programs not explicitly authorized in IRC 6103 should request tax records directly from the subject taxpayer, explore other available data sources, or pursue a legislative amendment to IRC 6103 authorizing specific use of tax records to administer such program.
- (3) Absent extraordinary circumstances supported by Treasury Office of Tax Policy, IRS Chief Privacy Officer and Business Unit data owner, the IRS will not establish a data exchange agreement with, or process disclosure requests from, other government agencies that rely on taxpayers to waive their rights to confidentiality of their tax records by executing consent-based disclosure authorizations under IRC 6103(c) to obtain tax records to administer non-tax government programs. Consistent with congressional deliberation of proposed amendments to the statute, processing requests submitted by agencies needing tax records to administer non-tax programs will be balanced against

taxpayers' rights to privacy and potential adverse impact on voluntary tax compliance. Disclosures pursuant to taxpayer consent:

- a. Are not subject to the same level of oversight and security protection as other disclosures and lose IRS privacy and security protections once made.
 - b. Require the IRS to expend resources in support of non-tax programs of other agencies.
 - c. Are inconsistent with the statutory intent and construct of IRC 6103.
- (4) This policy ensures compliance with the statutory construct and legislative intent of IRC 6103 as it relates to authorized access and use of tax records for non-tax purposes, while also protecting taxpayers' rights to privacy and confidentiality as established in the Taxpayer Bill of Rights.
- (5) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support

1.2.1.12
(08-01-2019)
**Policy Statements for
Penalties and Interest
Activities**

- (1) This IRM contains policy statements relating to Penalties and Interest activities.

1.2.1.12.1
(06-29-2004)
**Policy Statement 20-1
(Formerly P-1-18),
Penalties are used to
enhance voluntary
compliance**

- (1) **Penalties are used to enhance voluntary compliance**
- (2) The Internal Revenue Service has a responsibility to collect the proper amount of tax revenue in the most efficient manner. Penalties provide the Service with an important tool to achieve that goal because they enhance voluntary compliance by taxpayers. In order to make the most efficient use of penalties, the Service will design, administer, and evaluate penalty programs based on how those programs can most efficiently encourage voluntary compliance.
- (3) Penalties encourage voluntary compliance by:
1. demonstrating the fairness of the tax system to compliant taxpayers; and
 2. increasing the cost of noncompliance.
- (4) In order to effectively use penalties to encourage compliant conduct, examiners and their managers must consider the applicability of penalties in each case, and fully develop the penalty issue when the initial consideration indicates that penalties should apply. That is, examiners and their managers must consider the elements of each potentially applicable penalty and then fully develop the facts to support the application of the penalty, or to establish that the penalty does not apply, when the initial consideration indicates that penalties should apply. Full development of the penalty issue is important for Appeals to sustain a penalty and for Counsel to successfully defend that penalty in litigation.
- (5) Abusive transactions, frivolous returns, and other abusive taxpayer conduct undermine the fairness and integrity of the federal tax system and undercut voluntary compliance. Thus, it is particularly important in those cases for examiners and their managers to consider the potential applicability of penalties, and to develop fully the facts to either support the application of the penalty or to demonstrate that penalties should not apply. Consistent development and proper application of the accuracy-related and fraud penalties in abusive transaction cases will help curb this activity by imposing tangible

economic consequences on taxpayers who engage in those transactions. In addition, consistent development and proper application of the promoter and preparer penalties in abusive transaction cases will help curb this activity by providing an economic deterrent for promoting abusive transactions and preparing returns claiming tax benefits from abusive transactions. An abusive transaction is one where a significant purpose of the transaction is the avoidance or evasion of Federal tax.

- (6) Special Rule for Listed Transactions. The Service will fully develop accuracy-related or fraud penalties in all cases where an underpayment of tax is attributable to a listed transaction. For purposes of this Policy Statement, a listed transaction is a transaction the Service has identified as a listed transaction pursuant to the regulations under IRC § 6011.
- (7) In limited circumstances where doing so will promote sound and efficient tax administration, the Service may approve a reduction of otherwise applicable penalties or penalty waiver for a group or class of taxpayers as part of a Service-wide resolution strategy to encourage efficient and prompt resolution of cases of noncompliant taxpayers.
- (8) In considering the application of penalties to a particular case, all Service functions must develop procedures that will promote:
 - a. Consistency in the application of penalties compared to similar cases;
 - b. Unbiased analysis of the facts in each case; and
 - c. The proper application of the law to the facts of the case.
- (9) The Service will demonstrate the fairness of the tax system to all taxpayers by:
 - a. Providing every taxpayer against whom the Service proposes to assess penalties with a reasonable opportunity to provide evidence that the penalty should not apply;
 - b. Giving full and fair consideration to evidence in favor of not imposing the penalty, even after the Service's initial consideration supports imposition of a penalty; and
 - c. Determining penalties when a full and fair consideration of the facts and the law support doing so.

Note: This means that penalties are not a “bargaining point” in resolving the taxpayer’s other tax adjustments. Rather, the imposition of penalties in appropriate cases serves as an incentive for taxpayers to avoid careless or overly aggressive tax reporting positions.

- (10) The Service will continue to develop, monitor, and revise programs to help taxpayers voluntarily comply with the law and avoid penalties.
- (11) To promote consistent development, consideration, and application of penalties, the Service prescribes guidelines in a Penalty Handbook that all operating divisions and functions will follow. The Office of Penalty and Interest Administration must review and approve changes to the Penalty Handbook for consistency with Service Policy before making recommended changes.
- (12) The Service collects statistical and demographic information to evaluate penalties and penalty administration, and to determine the effectiveness of penalties in promoting voluntary compliance. The Service continually evaluates

the impact of the penalty program on compliance and recommends changes when the Internal Revenue Code or penalty administration does not effectively promote voluntary compliance.

1.2.1.12.2
(11-06-1981)
**Policy Statement 20-2
(Formerly P-2-4),
Penalties and interest
not asserted against
Federal agencies**

- (1) **Penalties and interest not asserted against Federal agencies**
- (2) Penalties and interest will not be asserted against agencies or instrumentalities of the United States.
- (3) **Full compliance with tax laws**
- (4) Federal agency compliance with the tax laws is required and will be monitored and enforced by Service personnel.

1.2.1.13
(01-20-2023)
**Policy Statements for
Customer Account
Services Activities**

- (1) This IRM subsection contains policy statements which relate to Customer Account Services activities.

1.2.1.13.1
(11-04-1977)
**Policy Statement 21-1
(Formerly P-6-1), Service
Commitment to
Taxpayers Service
Program**

- (1) Service Commitment to Taxpayers Service Program
- (2) The Service is committed to a Taxpayer Service Program which will help taxpayers voluntarily comply with tax laws and assist them in meeting their obligations under the tax laws. The resources requirements needed to fulfill this commitment will be given the same level of consideration as requirements for other major service programs

1.2.1.13.2
(11-04-1977)
**Policy Statement 21-2
(Formerly P-6-10), The
public impact of clarity,
consistency, and
impartiality in dealing
with tax problems must
be given high priority**

- (1) **The public impact of clarity, consistency, and impartiality in dealing with tax problems must be given high priority**
- (2) In dealing with the taxpaying public, Service officials and employees will explain the position of the Service clearly and take action in a way that will enhance voluntary compliance. If a taxpayer problem has been caused by a Service error, the mistake will be acknowledged and an apology given to the taxpayer. Internal Revenue Service officials and employees must bear in mind that the public impact of their official actions can have an effect on respect for tax law and on voluntary compliance far beyond the limits of a particular case or issue.

1.2.1.13.3
(03-14-1991)
**Policy Statement 21-3
(Formerly P-6-12),
Timeliness and Quality
of Taxpayer
Correspondence**

- (1) **Timeliness and Quality of Taxpayer Correspondence**
- (2) The Service will issue quality responses to all taxpayer correspondence.
- (3) Taxpayer correspondence is defined as all written communication from a taxpayer or his/her representative, excluding tax returns, whether solicited or unsolicited. This includes taxpayer requests for information, as well as that which may accompany a tax return; responses to IRS requests for information; and annotated notice responses.
- (4) A quality response is timely, accurate, professional in tone, responsive to taxpayer needs (i.e., resolves all issues without further contact).

- 1.2.1.13.4
(09-14-1993)
**Policy Statement 21-4
(Formerly P-6-13),
One-stop service
defined**
- (1) **One-stop service defined**
 - (2) Assistance and information to taxpayers contacting the Service will be sufficiently timely, complete, and accurate to minimize the need for further contact by the customer on the same issue(s).
 - (3) One-stop service is defined as the resolution of issues during the taxpayer's initial contact or as a direct result of that contact. One-stop service complements and promotes the Service's three key objectives: reduce taxpayer burden, improve voluntary compliance and improve customer satisfaction and quality-driven productivity. Service employees will take the necessary steps to provide one-stop service in all types of contacts initiated by the taxpayer whether the contact is by telephone, correspondence or face-to-face.
- 1.2.1.13.5
(11-04-1977)
**Policy Statement 21-5
(Formerly P-6-40),
Assistance furnished to
taxpayers in the
correction of accounts**
- (1) **Assistance furnished to taxpayers in the correction of accounts**
 - (2) Service officials and employees will act objectively and expeditiously to correct errors and discrepancies in taxpayers' accounts. Corrections which will result in a benefit to the taxpayer will be handled as expeditiously as those which will benefit the Government. Service officials and employees dealing with the matter will take every action possible to correct the problem and will assist the taxpayer to the fullest extent possible to understand and to take whatever action is required of him/her.
- 1.2.1.13.6
(06-08-2022)
**Policy Statement 21-6
(New), Monitoring
Employee Contacts with
Taxpayers**
- (1) Monitoring Employee Contacts with Taxpayers
 - (2) Quality customer service is contingent on the IRS' ability to provide correct answers to customer inquiries, timely correction of errors, and identification of trends for strategic planning purposes. An important aspect is the ability to assure taxpayers that IRS employees are providing correct answers in a courteous and professional manner.
 - (3) Taxpayer contacts, either by the toll-free telephone lines or in-person at Taxpayer Assistance Centers, are subject to monitoring and/or recording for customer service, quality assurance, employee evaluation and training purposes. Toll-free telephone contacts are captured with the use of telephone recording software and Taxpayer Assistance Center contacts are captured with desktop recording tools.
 - (4) Taxpayers are notified of such recordings at the beginning of each phone call and at the start of each in-person visit. Telephone contacts to the toll-free line are notified by a recorded message prior to speaking with a representative. For contacts at the Taxpayer Assistant Centers, clearly posted signs notify customers in the office that their contact may be recorded.
 - (5) All taxpayers subject to monitoring will have the choice to opt-out of such recordings at the beginning of each contact simply by notifying the representative they prefer not to be recorded.
 - (6) All recorded contacts are encrypted, and access is restricted only to authorized personnel. As such, all recorded contacts will be available for a temporary length of time as determined by the IRS.
 - (7) Taxpayers may view the IRS Privacy Policy at <https://www.irs.gov/privacy-disclosure/irs-privacy-policy>.

- (8) Signed: Douglas W. O'Donnell, Deputy Commissioner for Services and Enforcement

1.2.1.14
(08-01-2019)

Policy Statements for Taxpayer Education and Assistance Activities

- (1) This IRM subsection contains Policy Statements which relate to Taxpayer Education and Assistance activities.

1.2.1.14.1
(11-04-1977)

Policy Statement 22-1 (Formerly P-6-21), Educational programs provided

- (1) **Educational programs provided**
- (2) The Service will conduct taxpayer education programs for taxpayers whose needs for tax information are most effectively met by these means.
- (3) These educational programs will include those established to assist individuals in meeting their current and future tax obligations, as well as programs designed to instruct groups of taxpayers or prospective taxpayers on their rights and responsibilities under the tax law or on specific tax provisions of common interest.

1.2.1.14.2
(11-04-1977)

Policy Statement 22-2 (Formerly P-6-20), Information provided taxpayers on the application of the tax law

- (1) **Information provided taxpayers on the application of the tax law**
- (2) The Service will develop and conduct effective programs to make available to all taxpayers comprehensive, accurate, and timely information on the requirements of tax law and regulations.
- (3) Positive efforts will be made to determine taxpayers' needs and to effectively meet these needs. Information will be provided through a variety of means, including telephone and office assistance programs, mass media and taxpayer publications.

1.2.1.14.3
(05-01-2001)

Policy Statement 22-3 (Formerly P-6-41), Commitment to assist non-English speaking taxpayers understand their tax obligations

- (1) **Commitment to assist non-English speaking taxpayers understand their tax obligations**
- (2) The IRS commits to provide top quality service to each taxpayer, including those who lack a full command of the English language. The needs of these taxpayers will be included in the agency strategic and tactical plans consistent with available resources. Our workforce will have the essential tools necessary to interact appropriately with our diverse taxpayer base.

1.2.1.15
(01-01-2020)

Policy Statements for Office of Chief Counsel Activities

- (1) This IRM contains Policy Statements which relate to Chief Counsel activities.

1.2.1.15.1
(05-08-1959)

Policy Statement 1-28, Petitions for changes in regulations to be considered

- (1) Petitions for changes in regulations to be considered
- (2) Interested persons have the privilege of petitioning for the issuance, amendment, or repeal of regulations, and such petitions shall be considered on their merits.

1.2.1.15.2
(09-03-1987)

**Policy Statement 1-29,
Proposed regulations
are of a confidential
nature**

- (1) **Proposed regulations are of a confidential nature**
- (2) The contents of proposed regulations are of a confidential nature until the notice of rule making is filed by the Office of the Federal Register, National Archives and Records Service, for public inspection. Likewise, the contents of final regulations are also of a confidential nature until the Treasury decision is so filed. During the period prior to such filing of either the proposed regulations or the final regulations, information cannot be disclosed to anyone outside the Department as to the position to be taken by the Department on a particular issue in the regulations. Exceptions may be made only by the Commissioner, the Senior Deputy Commissioner, the Deputy Commissioners, the Chief Counsel, the Deputies Chief Counsel, the Associate Chief Counsel (Technical and International), the Director, Legislation and Regulations Division, and the Director, Employee Plans and Exempt Organizations Division.
- (3) **Advance delivery of copies of regulations to “tax services” permitted in certain instances**
- (4) Advance copies of proposed regulations or final regulations may be delivered to publishers of “tax services,” with the understanding that such regulations are of a confidential nature and subject to such conditions as are deemed appropriate, when it is determined that such action is in the best interest of the Service and the public.

1.2.1.15.3
(04-27-1974)

**Policy Statement 1-30,
Comments concerning
proposed regulations**

- (1) **Comments concerning proposed regulations**
- (2) Interested persons may submit any data, views, or arguments in response to a notice of proposed rule making published pursuant to 5 U.S.C. 553. Further, procedures are provided for members of the public to inspect and to obtain copies of written comments submitted in response to such notices. Designations of material as confidential or not to be disclosed, contained in such comments, will not be accepted. Thus, a person submitting written comments in response to a notice of proposed rule making should not include therein material that he/she considers to be confidential or inappropriate for disclosure to the public. It will be presumed by the Internal Revenue Service that every written comment submitted to it in response to a notice of proposed rule making is intended by the person submitting it to be subject in its entirety to public inspection and copying in accordance with proper procedures. The name of any person requesting a public hearing and hearing outlines are not exempt from disclosure.

1.2.1.15.4
(09-03-1987)

**Policy Statement 1-31,
Requests for public
hearings usually
granted; exceptions
provided**

- (1) **Requests for public hearings usually granted; exceptions provided**
- (2) A notice of proposed rule making invites comments from the public. Public hearings requested in a timely comment usually will be granted. However, public hearings may be denied if the Commissioner, the Senior Deputy Commissioner, the Deputy Commissioners, the Chief Counsel, Deputies Chief Counsel, the Associate Chief Counsel (Technical and International), the Director, Legislation and Regulations Division, or the Director, Employee Plans and Exempt Organizations Division, determines that such denial is necessary or appropriate. For example, a hearing may be denied when the time element is such that the delay to permit a public hearing would seriously burden taxpayers or interfere with good administration of the law.
- (3) **Hearings consolidated when practicable**

- (4) To promote efficiency and to expedite the promulgation of regulations, the Service will hold consolidated hearings with respect to proposed regulations. Every effort shall be made to consolidate for hearing purposes those commenting parties or groups which have substantially the same interest in the subject matter under consideration. However, any individual, group, or association may be afforded a separate public hearing.
- (5) **Hearings generally not granted on untimely request but comment may be considered**
- (6) Comments must be received within the period specified in the notice of rule making. A public hearing will not be granted as a result of an untimely request unless the Commissioner, the Senior Deputy Commissioner, the Deputy Commissioners, the Chief Counsel, Deputies Chief Counsel, the Associate Chief Counsel (Technical and International), the Director, Legislation and Regulations Division, or the Director, Employee Plans and Exempt Organizations Division, determines that a public hearing is appropriate and that it will not unduly delay the processing of final regulations. If a public hearing is granted as a result of a timely request by other persons concerned with the same issue, the Service may allow any person present at the hearing to give his/her views after the comments of all persons properly granted the hearing are heard. No commitment will be made to delay consideration for action on any regulation pending receipt of original or supplementary comments after the period specified in the notice of rule making. Consideration will be given, however, to any late written comment if such consideration will not delay the processing of the final regulation, as, for example, when the late comment is received while timely comments are still under initial consideration.
- (7) **Hearings open to public and press**
- (8) All hearings with respect to a proposed regulation will be open to the public including members of the press.
- (9) **Timely mailed comments treated as timely filed**
- (10) Written comments to notices of proposed rule making which are timely mailed will be treated as timely filed. Therefore, if the cover containing the comment bears a timely postmark, the comment will be considered filed timely although received after the last date, or the last day of the period, prescribed for filing.

1.2.1.16
(03-08-2024)
**Policy Statements for
Special Topics**

- (1) This IRM subsection contains policy statements which relate to Special Topics.

1.2.1.16.1
(02-23-2015)
**Policy Statement 25-2,
Return Preparer
Misconduct**

- (1) **Return Preparer Misconduct**
- (2) Assisting taxpayers who report they are victims of preparer misconduct.
- (3) The Internal Revenue Service (IRS) will assist victims of misconduct by individuals in the business of preparing tax returns. The IRS recognizes the need for consistency across its functions to ensure the applicable and timely resolution of taxpayer account issues where the taxpayer establishes preparer

misconduct with sufficient documentation. Where appropriate, the IRS may require or encourage victims to report instances of preparer misconduct to other federal, state and local agencies.

- (4) Appropriate federal agencies to which victims can report instances of misconduct may include the Federal Trade Commission (1-877-438-4338 or <http://www.ftc.gov/>), Consumer Finance Protection Bureau (1-855-411-2372 or <http://www.consumerfinance.gov/>) and the Social Security Administration (1-800-772-1213 or <http://www.ssa.gov/>).
- (5) Appropriate state and local agencies to which victims can report instances of misconduct may include consumer protection agencies; such as the Better Business Bureau, state attorney general offices; practitioner licensing organizations, such as state boards of accountancy; and law enforcement agencies.

1.2.1.16.2
(06-18-2021)

**Policy Statement 25-3
(New), Standard Tax
Compliance Checks for
Suitability and
Monitoring for Federal
Applicants, Employees,
and Contractors**

- (1) **Standard Tax Compliance Checks for Suitability and Monitoring for Federal Applicants, Employees, and Contractors**
- (2) The IRS will consistently administer and uniformly process tax compliance checks for suitability determinations and monitoring tax compliance. Tax compliance is defined as the accurate and timely filing of all required tax returns and timely payment of all tax liabilities.
- (3) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support

1.2.1.16.3
(09-13-2023)

**Policy Statement 25-4
(New), Gender-Inclusive
Language**

- (1) **Gender-Inclusive Language**
- (2) The IRS is committed to being a model employer and aims to build an inclusive culture for all, including transgender, gender non-conforming, and non-binary employees and taxpayers.
- (3) An inclusive culture provides equality of opportunity for all Americans regardless of race, color, religion, sex, sexual orientation, gender identity, national origin, age or disability.
- (4) All IRS official communications and written materials (hardcopy and digital; internal and external) shall incorporate gender-inclusive language.
- (5) In general, text should not contain unnecessary gendered language and should be readable, clear and concise. Writers should consider the type of communication, context, audience and the purpose of the communication.
- (6) These practices will be integrated when establishing new or revising existing policies, operating procedures, technical documents and other materials.
- (7) Signed: Daniel I. Werfel, Commissioner of Internal Revenue

1.2.1.17
(03-08-2024)

**Policy Statements for
Security, Privacy and
Assurance Activities**

- (1) This IRM subsection contains policy statements which relate to Security, Privacy and Assurance Activities.

1.2.1.17.1
(10-04-2005)
**Policy Statement 10-1
(formerly P-25-1),
Assisting taxpayers who
report they are victims
of identify theft**

- (1) **Assisting taxpayers who report they are victims of identify theft**
- (2) The Internal Revenue Service shall take the necessary steps to provide assistance to victims of identity theft within the scope of their official duties. Where appropriate, the Internal Revenue Service shall encourage victims to report instances of identity theft to other Federal agencies. The Internal Revenue Service recognizes the need for consistency across its functions to ensure the timely resolution of taxpayer account issues stemming from the identity theft. In addition, identity theft victims shall be advised of the impact, if any, on their future filing requirements.
- (3) Appropriate Federal agencies to report instances of identity theft may include the Federal Trade Commission (1-877-438-4338 or <http://www.ftc.gov/>) and the Social Security Administration (1-800-772- 1213 or <http://www.ssa.gov/>).

1.2.1.17.2
(10-24-2023)
**Policy Statement 10-2
(New), Privacy First:
Protecting Privacy and
Safeguarding
Confidential Tax
Information**

- (1) **Privacy First: Protecting Privacy and Safeguarding Confidential Tax Information**
- (2) The IRS strives to preserve and enhance public confidence by advocating for the appropriate protection, authentication, minimization, retention, and disclosure of sensitive information.
- (3) The IRS follows the overarching privacy ethical framework from the *IRS Privacy Principles* as it relates to sensitive data, which includes personally identifiable information (PII) and tax information. Use of this framework promotes the integrity and trustworthiness the public expects and deserves and shapes how we fulfill our mission.

Note: These principles are consistent with, but not limited by, our ethical duties under the *criminal conflict of interest statutes*(18 USC 202-209), *Standards of Ethical Conduct for Employees of the Executive Branch* (5 CFR 2635), *the Department of the Treasury Supplemental Standards of Ethical Conduct* (5 CFR 3101), *the Department of the Treasury Employee Rules of Conduct*(31 CFR 0), and the *Employee Responsibilities and Conduct* provisions (5 CFR 735). Also refer to *The IRS Ethics Handbook*(internal only). For more information, IRS personnel may refer to the General Legal Services *EthicsLink* site (internal only). Other sets of rules apply to IRS personnel, such as the Privacy Act and *Internal Revenue Code*. Also, this policy allows for activities associated with the Foundations for Evidence-Based Policymaking Act of 2018.

- (4) Privacy is a right. The IRS respects the right to privacy. We limit information collected to what is relevant and necessary to fulfill our mission. The *Taxpayer Bill of Rights* enumerates rights found within the *Internal Revenue Code*, including the rights to privacy and confidentiality. We must be familiar with these rights and follow them, along with the IRS Privacy Principles and the underlying laws, regulations, and policies on which these are based. [*Minimizing Collection, Use, Retention, and Disclosure*]
- (5) Privacy is personal. The IRS puts privacy first to do what is right. We protect information as if it were our own. The public trusts the IRS to protect privacy. We earn this trust when we act ethically, treat everyone fairly, honestly, and respectfully, and strive to always protect their right to privacy. [*Accountability*]

- (6) Privacy is discretion. The IRS protects the right to confidentiality. We access information only as allowed by law, and we share information only as allowed by law, which includes limiting access and disclosure to those who have a need to know. We will always strive to act in a way that reflects a commitment to protect the rights to privacy and confidentiality. [*Strict Confidentiality*]
- (7) Privacy is transparency. The IRS protects the right to be informed. We notify the public about the data we collect, why we need it, and how we use it. We strive to ensure accurate, complete, and timely information for fair treatment. The IRS allows individuals access and correction to their information when permissible. We verify information and notify impacted individuals to the greatest extent possible before taking adverse action based on that information. [*Openness and Consent; Data Quality; Verification and Notification; Access, Correction, and Redress*]
- (8) Privacy is fundamental. The IRS fosters a culture where we embed privacy and data protection practices and awareness in our daily work activities. [*Privacy Awareness and Training*]
- (9) Privacy is protection. The IRS protects all categories of sensitive data, including PII and tax information. We can't have privacy without security. [*Security*]
- (10) Privacy is a public trust. The public counts on the IRS to safeguard confidential information entrusted to us. The IRS uses taxpayer information only for the purpose collected. The IRS is the custodian of the nation's tax data, and taxpayers are the data owners. We do not access or disclose sensitive information except as provided by law. [*Purpose Limitation*]
- (11) Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support

Exhibit 1.2.1-1 (07-06-2020)
Policy Statement 1-230, Diversity and Inclusion
Diversity and Inclusion
Commitment

The IRS has a strong commitment to ensure that diversity and inclusion principles are integrated into the policies, procedures and practices used to carry out our mission. This commitment not only extends throughout the IRS workforce, but to the taxpayers, tax practitioners and communities with whom we engage. The IRS is also committed to fostering an inclusive workforce that reflects America's diversity through effective outreach, recruitment, hiring and employee development. While diversity and inclusion can mean different things to different people across different cultures, the importance of belonging is universal'.

Definitions
Diversity

At the IRS, diversity is a broad concept that encompasses all the differences that employees bring to work. Diversity, therefore, includes the traditional focus around race and gender, ethnicity, individuals with disabilities, veterans, sexual orientation and religion, but it also includes diversity of thought, ideas, backgrounds, and experiences

Inclusion

Inclusion, one of IRS's core values, occurs when we leverage and engage every employee's unique strengths and talents so that everyone can contribute to his or her full potential. Diversity coupled with inclusion is a long-term business strategy that will help fuel the innovative outcomes and continual improvement necessary for our future success.

Belonging

Belonging is when employees feel their insights and contributions are valued. A sense of belonging means that each employee can bring their full identity to work, and not feel like they are a different person in the workplace than they are at home. Enabling everyone at the IRS to perform at their best while being themselves is fundamental to our continued success. It is imperative that barriers are cleared, each voice is heard and understood, and each of us appreciate others for their unique perspectives and backgrounds

Equity

Equity is about ensuring fairness and respect. It means employees feel supported, valued, trusted and able to achieve their personal best, and it means taxpayers and other stakeholders are treated equally. Equity encompasses legal obligations and requirements for non-discrimination, civil rights, reasonable accommodations and equal employment opportunity.

Accountability

Leveraging diversity and inclusion is critical to our mission, workforce and taxpayers. Each IRS employee and manager is responsible for promoting diversity and inclusion and demonstrating inclusive behaviors. This creates an organizational culture that fosters workforce diversity and inclusion resulting in a more engaged workforce. Greater engagement of employees from all backgrounds yields greater personal satisfaction and higher levels of productivity. Our attitudes, words, actions and in actions all impact the workplace environment. Diversity and inclusion is an investment and is essential to improve our ability to drive innovation, solve complex problems, serve taxpayers and achieve our mission. Each of us must strive to treat one another with dignity and respect, be open to learning about our differences and seek to leverage individual attributes that will make the IRS stronger. To reach our full potential, we must hold each other accountable and lead by example.

You are the strength and the future of the IRS. As "IRS Ambassadors," your interactions with each other and with taxpayers make a difference. We must continue our commitment to diversity, inclusion and civility. All people are important, none more or less so than any others. The Service comprises many people, who often

Exhibit 1.2.1-1 (Cont. 1) (07-06-2020)**Policy Statement 1-230, Diversity and Inclusion**

come onboard through different doors, but share a common interest in pursuing our overall mission. We must respect and value our difference, move forward together and be reflective of the diverse taxpayer communities which we serve.

Signed: Charles P. Rettig, Commissioner of Internal Revenue

Exhibit 1.2.1-2 (03-12-2020)**Policy Statement 1-37, Alternative Dispute Resolution for Equal Employment Opportunity Claims**

The Internal Revenue Service (IRS) is committed to early and voluntary resolution of claims of employment discrimination in order to foster a harmonious and productive working environment. The IRS recognizes that mediation and other forms of Alternative Dispute Resolution (ADR) are valuable mechanisms for resolving Equal Employment Opportunity (EEO) claims and related concerns. Accordingly, it is the policy of the IRS to offer ADR for all EEO claims with the exception of cases involving criminal activity and managerial actions taken as a result of a 1203 violation.

All IRS managers and supervisors have a duty to cooperate in ADR as a part of the EEO process. During the EEO process, the IRS will offer to engage in ADR with the employee. Once ADR is offered and the employee elects to participate, a management official must participate in the ADR session. Participating management officials are expected to do so in good faith and must have the authority or have immediate access to an official with authority to enter into a binding settlement agreement. As mandated by the Equal Employment Opportunity Commission (EEOC), the management official representing the Service in mediation and/or with settlement authority cannot be the same individual whom the employee has alleged is responsible for the discriminatory action(s). As ADR is intended to facilitate voluntary resolution, no participant in ADR during the EEO process shall be compelled against his/her will to compromise claims or make binding commitments.

In order to derive the maximum benefit from and ensure confidence in the ADR process, all ADR sessions shall be conducted using a certified mediator or otherwise appropriately trained neutral third party. The IRS regards the Department of the Treasury Shared Neutrals Program as a viable source for trained, neutral third parties.

The IRS shall record information concerning the ADR process including: the number of ADR sessions offered; the number of ADR offers accepted; and the source of the neutral third parties used in each ADR session. The IRS shall also survey or otherwise offer ADR session participants the opportunity to inform the Service of their opinions concerning the effectiveness of the ADR session, including the effectiveness of the neutral third party utilized.

This policy supersedes all previous EEO Alternative Dispute Resolution policies.

Signed: Jeffrey J. Tribiano, Deputy Commissioner for Operations Support and Sunita Lough, Deputy Commissioner for Services and Enforcement

