



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.1.8

DECEMBER 4, 2024

## EFFECTIVE DATE

(12-04-2024)

## PURPOSE

- (1) This transmits revised IRM 4.1.8, Planning and Special Programs, Special Examination Features and Programs.

## MATERIAL CHANGES

- (1) IRM 4.1.8.1: Updated to conform with IRM 1.11.2.2.4 by removing Program Goals and replacing with Primary Stakeholders.
- (2) IRM 4.1.8.1(3): Updated Policy Owner to include both the Director, WEIIC, and LB&I Policy.
- (3) IRM 4.1.8.1(4): Updated the Program Owner to the DFO, EOS.
- (4) IRM 4.1.8.1(5): Updated paragraph to include Primary Stakeholders and added examination teams that are assigned cases from WEIIC PSP.
- (5) IRM 4.1.8.1(6): Added Contact Information for this IRM.
- (6) IRM 4.1.8.1.1: Updated Background for better readability.
- (7) IRM 4.1.8.1.2: Reworded first paragraph for better clarity and added IRM references.
- (8) IRM 4.1.8.1.3: Added information for additional positions responsible for the procedures in this IRM.
- (9) IRM 4.1.8.1.4: Updated list for parallel structure.
- (10) IRM 4.1.8.1.6: Added DATL, DFO, EOS, and OIC to the list.
- (11) IRM 4.1.8.1.7: Added Related Resources as required in IRM 1.11.2.2.4.
- (12) IRM 4.1.8.2: Updated standards for classification for returns to include a more descriptive description of the WEIIC PSP standards.
- (13) IRM 4.1.8.2.1: Reworded General Information for better clarity.
- (14) IRM 4.1.8.2.3: Removed duplicative text and added link to IRM 4.1.1.6.16.1 for PSP OIC coordinator responsibilities. Added responsibilities required for LB&I cases of the WEIIC PSP OIC coordinator. Also added additional links to the OIC-DATL SharePoint and the OIC-DATL Knowledge Base sites.
- (15) Updated website addresses, organizational titles, and IRM references, as necessary.

## EFFECT ON OTHER DOCUMENTS

IRM 4.1.8 dated August 04, 2022 is superseded.

**AUDIENCE**

Withholding, Exchange and International Individual Compliance (WEIIC), Planning and Special Programs (PSP) employees.

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4.1.8  
Special Examination Features and Programs

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4.1.8.1  
(12-04-2024)  
**Program Scope and Objectives**

- (1) **Purpose:** This IRM section provides guidance and instruction on the classification and assignment of returns with international issues.
- (2) **Audience:** The primary users of this IRM are Withholding, Exchange and International Individual Compliance (WEIIC) Planning and Specialty Program (PSP) employees.
- (3) **Policy Owner:** LB&I Policy under the Strategy, Policy and Governance office in the Assistant Deputy Commissioner Compliance Integration (ADCCI) organization and the Director of WEIIC Practice Area.
- (4) **Program Owner:** The Director of Field Operations (DFO), Exchange & Offshore Strategy (EOS), is responsible for administering this program.
- (5) **Primary Stakeholders.** Examination teams assigned returns with international features from WEIIC PSP are the primary stakeholders of this IRM.
- (6) **Contact Information:** To recommend changes or to make any other suggestions to this IRM section, contact the IRM author or see SPDER's IMD Contacts List by referencing guidelines provided in IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside of Clearance. A request or inquiry can also be made on the *LB&I Policy Gateway*.

4.1.8.1.1  
(12-04-2024)  
**Background**

- (1) WEIIC PSP has responsibility for the classification and assignment of cases involving the following types of taxpayers:
  - U.S. citizens living and working abroad or in a U.S. Territory/Possession,
  - U.S. citizens or resident aliens who hold income producing assets in a foreign country **and** claim the foreign earned income exclusion or foreign tax credit, **or**
  - Permanent residents and non-resident aliens who have a U.S. filing requirement
- (2) WEIIC PSP area is comprised of four program areas, each with different missions and responsibilities, as follows:
  - a. WEIIC Support
  - b. WEIIC Classification
  - c. WEIIC Identification
  - d. WEIIC Claims and Referrals Processing

4.1.8.1.2  
(12-04-2024)  
**Authority**

- (1) The development, implementation, and oversight of procedures specific to WEIIC PSP are within the purview of the Director, WEIIC.
- (2) IRM 1.2.1.2.36, Policy Statement 1-236, Fairness and Integrity in Enforcement Selection, and IRM 1.2.1.5.10, Policy Statement 4-21, Selection of returns for examination, provide the basic guidelines followed by WEIIC PSP.

4.1.8.1.3  
(12-04-2024)  
**Responsibilities**

- (1) The Director, WEIIC, is responsible for the development, implementation and oversight of the foreign payments, international individual compliance, exchange of information, offshore compliance functions, and related supporting program initiatives.
- (2) The Director of Field Operations (DFO), Exchange & Offshore Strategy (EOS), is the executive responsible for the WEIIC PSP program.

- (3) The WEIC PSP program manager is responsible for providing oversight and administration of the procedures in this IRM. The program manager supervises frontline managers and operation staff. The program manager reports progress on their respective program area level projects to the DFO, EOS.
- (4) WEIC PSP team managers are responsible for monitoring and overseeing work of WEIC PSP employees. Team managers provide progress reports on their team level projects to the program manager.
- (5) WEIC PSP employees are responsible for timely completion of assigned work and should be familiar with the examination procedures and information contained in this IRM. Also, WEIC PSP employees should be aware of the applicable procedures in other examination IRM chapters, as cited or linked.

4.1.8.1.4  
(12-04-2024)

#### Program Management and Review

- (1) **Program Reports:** The WEIC director prepares periodic briefing reports for the LB&I commissioner focusing on:
  - a. Significant accomplishments and opportunities for improvement
  - b. Implemented changes in procedures
  - c. Operational, technical, and staffing updates
  - d. Any other key information
- (2) **Program Effectiveness:** The efficiency of the classification procedures is measured through combined business results of the teams that make up the WEIC Practice Area.

4.1.8.1.5  
(08-04-2022)

#### Program Controls

- (1) WEIC PSP analyzes audit results, performs program reviews, and monitors rule-based applications used to select inventory. The results are used to make data-based decisions to improve program quality, improve case selection, and to ensure the integrity of the selection methods.
- (2) The WEIC PSP program manager reports to LB&I executive management on a regular basis via the director's briefings.
- (3) The WEIC director identifies goals and objectives to be achieved by the organization based on annual commitments of LB&I priorities.

4.1.8.1.6  
(12-04-2024)

#### Acronyms

- (1) The following is a list of frequently used acronyms in this program:

Acronym	Term
DATL	Doubt as to Liability
DFO	Director of Field Operations
EOS	Exchange & Offshore Strategy
LB&I	Large Business and International
OIC	Offer in Compromise
PSP	Planning and Specialty Programs
RA	Revenue Agent
TCO	Tax Compliance Officer

Acronym	Term
TE	Tax Examiner
WEIIC	Withholding, Exchange and International Individual Compliance

4.1.8.1.7  
(12-04-2024)  
**Related Resources**

- (1) For information regarding EOS's current leadership team, see the WEIIC page in the LB&I Organizational Chart located under LB&I Offices on *LB&I Source*.
- (2) For additional information regarding the WEIIC Practice Area and a full list of WEIIC programs and services, see *LB&I Organizations - Withholding Exchange and International Individual Compliance (WEIIC)*.

4.1.8.2  
(12-04-2024)  
**Standards for Classification**

- (1) WEIIC PSP will select returns for examination that contain significant international issues including, but not limited to, those which report high-risk tax positions or have other indications of potential non-compliance.

4.1.8.2.1  
(12-04-2024)  
**General Information**

- (1) Generally, international returns received for classification for examination potential will have already been classified for domestic issues. The WEIIC PSP team generally will not screen returns for domestic issues.
- (2) Returns accepted as filed for international features during centralized classification that have not been previously classified for domestic issues will be routed through regular classification at the campus.
- (3) Returns selected for international features will be routed to the WEIIC PSP program manager in the field office. These returns will be filed in central files, priority suspense files, or assigned to groups following area procedures.
- (4) Returns identified as part of an established LB&I large corporate compliance examination during classification will be transferred by the classifier to the appropriate LB&I practice area.
- (5) WEIIC PSP classifiers separate returns into six categories:
  - a. Domestic issues not classified—selected for international
  - b. Domestic issues not classified—accepted for international
  - c. Accepted on classification for domestic issues—selected for international
  - d. Accepted on classification for domestic issues—accepted for international
  - e. Open in an area
  - f. Transfers (show transferee area)
- (6) IRM 4.4.1, Audit Information Management System (AIMS) – Validity and Consistency - Introduction, highlights areas of the Form 5546, Examination Return Charge-Out Sheet, used for classification.
  - a. It contains a detailed explanation of all items on the Form 5546.
  - b. Form 5546 will be reviewed by the classifier's manager because it contains information that may be beneficial when deciding whether to select or accept a return.

4.1.8.2.2  
(08-04-2022)

**Procedures for  
Processing Form 1040  
Returns With Form 2555  
During Classification**

- (1) Returns claiming the foreign earned income exclusion on Form 2555, Foreign Earned Income, are filed at the Austin Campus and are under the jurisdiction of WEIIC. Refer to IRM 4.1.9.5.5, Classification of Returns.
- (2) The following factors must be considered when classifying these returns:
  - a. Is the income from all foreign sources reported on the U.S. income tax return?
  - b. Has the taxpayer used the proper exchange rate for converting the foreign income?
  - c. Is the taxpayer an employee or contractor of the U.S. government?
  - d. Is there a Form 1116, Foreign Tax Credit, attached to the return?
  - e. If Form 1116 is attached to the return, determine if the credit claimed is at the treaty rate or at the foreign country's statutory rate. A citizen or resident claiming the treaty benefit from a foreign country is limited to the treaty rate as a foreign tax credit or deduction on the tax return. A foreign tax credit is allowed only to the extent the foreign income taxes are ultimately both owed and remitted to the foreign country. See 26 CFR 1.905-1(b) and 26 CFR 1.901-2(e).

4.1.8.2.3  
(12-04-2024)

**Offer in Compromise  
(OIC) Coordinator**

- (1) Procedures for a PSP OIC coordinator responsible for monitoring OIC - doubt as to liability (OIC-DATL) cases can be found in IRM 4.1.1.6.16.1, OIC Coordinator.
- (2) LB&I OIC-DATL cases will be routed to WEIIC PSP. The WEIIC PSP OIC coordinator is responsible for establishing all LB&I OIC-DATL cases on AIMS before assignment to a territory. In addition, the WEIIC PSP OIC coordinator is responsible for coordinating the assignment of LB&I OIC-DATL cases to territories within LB&I WEIIC and LB&I domestic operations.
- (3) Additional information regarding OIC-DATL can be found on the following sites:
  - *OIC-DATL SharePoint*
  - *OIC-DATL Knowledge Base*