



EFFECTIVE DATE

(06-24-2022)

PURPOSE

- (1) This transmits a revision of IRM 4.7.3, Examination Returns Control System (ERCS), Statute of Limitations.

MATERIAL CHANGES

- (1) References to ASED for ERCS have been updated to statute date throughout this IRM to match the field name in ERCS. There are no other statute dates used in ERCS other than the assessment statute expiration date.
- (2) Significant changes to this IRM are reflected in the table below.

Original Reference	New Reference	Description of Change
N/A	4.7.3.1.1 (2)	“Background”: Added (2), users must be aware of the potential for Unauthorized Access of Taxpayer Accounts (UNAX) violations from the use of ERCS. Data from ERCS should be accessed only for IRS business purposes. Audit trails are created and subject to review for all user accesses of taxpayer data. Added link to IRM 10.5.5, IRS Unauthorized Access, Attempted Access or Inspection of Taxpayer Records (UNAX) Program Policy, Guidance, and Requirements.
4.7.3.1.7	4.7.3.1.7	“Related Resources” - Penalty Codes for ERCS, clarified the items contained in this file.
4.7.3.3 (5)	4.7.3.3 (5)	“Statute Date Requirements”: Added to (5), a return cannot be closed from the group with an expired statute. Added Note: If closing a return with Alpha Codes CC, NN, OO or YY and procedures require the statute date be updated to the original statute, even if expired, the statute date can be updated to the expired statute during the ERCS closing process.
4.7.3.5 (5)	4.7.3.5 (5)	“Updating the ERCS Statute Date”: (5) updated to reflect the ERCS User Handbooks can be found under the Manual and Handbooks chapter of the ERCS book in the Virtual Library.
4.7.3.7	4.7.3.7	“Statute Reports”: Added the BBA Partnership Statute Report to the list of ERCS statute reports.
4.7.3.7 (4)	4.7.3.7 (4)	“Statute Reports”: Added a new (4) and renumber remaining paragraphs. Added information for the BBA Partnership Statute Report, which should be run monthly.

Original Reference	New Reference	Description of Change
4.7.3.7 (6)	4.7.3.7 (7)	"Statute Reports": Clarified that the Statute Override Report must be run weekly as the data is overwritten each week. Added a reference to IRM 4.7.6, Reports, for this report.
4.7.3.9	4.7.3.9	"Form 895 Log File": Added Note: The Form 895 log file may be maintained electronically as long as it is kept on a secured shared drive accessible by more than one user so it can be retrieved up to the required three years after closure from the group.
4.7.3.10 (2)	4.7.3.10 (2)	"Retention Requirements": Added the Schedule and Item number from Document 12990 for each item subject to retention.

- (3) Minor editorial changes have been made throughout this IRM. Some items were reworded for clarity. Also, website addresses and IRM references were reviewed and updated, as necessary.

EFFECT ON OTHER DOCUMENTS

IRM 4.7.3 dated 5/16/2019 is superseded.

AUDIENCE

Small Business/Self Employed (SB/SE), Large Business & International (LB&I), and Tax Exempt & Government Entities (TE/GE) shared administrative support employees who use ERCS.

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4.7.3
Statute of Limitations

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4.7.3.1
(06-24-2022)
Program Scope and Objectives

- (1) This IRM section contains information regarding the establishment of and requirements for control of the statute date for returns on ERCS.
- (2) **Purpose:** To provide users the instructions to maintain statute controls and monitor statute dates on ERCS.
- (3) **Audience:** These procedures apply to IRS employees in SB/SE, LB&I, and TE/GE shared administrative support employees who are responsible for statute controls and for monitoring or updating the statute date on returns on ERCS. Employees include managers, technical employees, administrative support employees and shared administrative support employees.
- (4) **Policy Owner:** The SBSE Deputy Director, Examination, who is under the Director, Headquarters Examination.
- (5) **Program Owner:** SB/SE Director, Technology Solutions.
- (6) **Stakeholders:** LB&I.

4.7.3.1.1
(06-24-2022)
Background

- (1) Updating and controlling the statute date on ERCS is essential in ensuring there is no loss to the taxpayer or the government from erroneous abatements or barred assessments. To ensure the accuracy of the ERCS data on reports, it is imperative for users to verify the ERCS statute date is correct and updated timely.
- (2) Users must be aware of the potential for Unauthorized Access of Taxpayer Accounts (UNAX) violations from the use of ERCS. Data from ERCS should be accessed only for IRS business purposes. Users should promptly retrieve ERCS reports from printers or fax machines in order to prevent unintentional disclosure. Audit trails are created and subject to review for all user accesses of taxpayer data. For more information about UNAX, see IRM 10.5.5, IRS Unauthorized Access, Attempted Access or Inspection of Taxpayer Records (UNAX) Program Policy, Guidance, and Requirements.

4.7.3.1.2
(06-24-2022)
Authority

- (1) IRM 25.6.23, Examination Process-Assessment Statute of Limitations Controls.

4.7.3.1.3
(06-24-2022)
Responsibilities

- (1) Responsibilities of managers in regards to statute control for returns under the manager's jurisdiction include, but are not limited to:
 - Ensuring the correct statute date is properly reflected on the case file and on ERCS.
 - Ensuring the correct statute date is on Form 5345-D, Examination Request-ERCS (Examination Returns Control System) Users, when reviewing the form to add a return to ERCS.
 - Ensuring Form 5348, AIMS/ERCS Update (Examination Update), is completed, reviewed and signed for statute date updates.
 - Processing (approving or disapproving) all statute date updates on ERCS timely.
 - Ensuring Forms 895 are generated and returned timely.
 - Monitoring the ERCS statute reports. .

Note: In the absence of administrative support staff the manager has the responsibility to see that the administrative duties are completed.

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- (2) Responsibilities of the technical employee in the group or function in regards to statute control for all returns in the employee's inventory include, but are not limited to:
- Ensuring the correct statute date is on Form 5345-D, Examination Request-ERCS (Examination Returns Control System) Users, when completing the form to add a return to ERCS.
 - Ensuring the correct statute date is properly reflected on the case file and on ERCS.
 - Ensuring Forms 895 are checked for accuracy, signed, and returned to the manager for review within 10 calendar days of generation.
 - Ensuring returns requiring a Form 895, Notice of Statute Expiration, have a managerial approved form on the case file.
- (3) Responsibilities of administrative support and shared administrative support employees in the group or function in regards to statute control include, but are not limited to:
- Ensuring the correct statute date is properly reflected on the case file and on ERCS.
 - Generating Forms 895 and forwarding to the appropriate individual for completion.
 - Updating ERCS to indicate when the Forms 895 have been signed by the manager.
 - Providing the manager with the ERCS statute reports.
 - Maintaining the Form 895 log file.

4.7.3.1.4
(06-24-2022)
**Program Management
and Review**

- (1) ERCS provides statute controls (Form 895 controls) and reports (Pending Statute Report and 895 Report) for all levels of management within the area or practice area. These controls and reports are used to monitor statute dates to prevent a barred assessment that could result in loss of money to the Treasury. Refer to IRM 4.7.6, Reports, for the recommended usage of the statute reports.

4.7.3.1.5
(06-24-2022)
Program Controls

- (1) ERCS contains security checks that restrict a user's access to only what they need in order to perform their official duties and responsibilities. Refer to IRM 4.7.2, Security for information and requirements to gain access to the ERCS system.

4.7.3.1.6
(06-24-2022)
Acronyms

- (1) The table below lists acronyms used in this IRM and their definitions.

Acronym	Definition
AIMS	Audit Information Management System
ARC	Aging Reason Code
ASED	Assessment Statute Expiration Date
BBA	Bipartisan Budget Act
CCP	Centralized Case Processing
DFO	Director of Field Operations

Acronym	Definition
ERCS	Examination Returns Control System
FPA	Final Partnership Adjustment
IDRS	Integrated Data Retrieval System
LB&I	Large Business and International
MF	Master File
MFT	Master File Tax
PSP	Planning and Special Programs
SB/SE	Small Business/Self Employed
TE/GE	Tax Exempt & Government Entities
TM	Territory Manager
UNAX	Unauthorized Access of Taxpayer Accounts

4.7.3.1.7
(06-24-2022)

Related Resources

- (1) References related to this section include:
- *ERCS Group Handbook*
 - *ERCS Territory Handbook*
 - *ERCS PSP Handbook*
 - *ERCS Review Handbook*
 - *ERCS CCP Handbook*
 - IRM 4.7.6, Reports
 - IRM 25.6.23, Examination Process-Assessment Statute of Limitations Controls
 - *Penalty Codes for ERCS* contains a listing of ERCS nationally defined penalty Master File Tax (MFT) codes with Internal Revenue Code section, definitions, statute requirements, and Form 8278, Assessment and Abatement of Miscellaneous Civil Penalties, requirements.

4.7.3.2
(06-24-2022)

Statute Control

- (1) In the group or function, the manager and the revenue agent, tax compliance officer, tax examiner, or audit accounting aide, etc. (hereinafter referred to as technical employee) assigned control of the return are jointly responsible for the control of the statute date.
- (2) When a Form 895, Notice of Statute Expiration, is generated on ERCS the “Date Issued” is set to today’s date. The “Date Returned” must be updated on ERCS to the date the manager initialed the Form 895 . The “Date Issued” and “Date Returned” are used by area and headquarters analysts to monitor statute controls, so it is imperative ERCS is updated accurately and timely.
- (3) Use the option “Acknowledge the Issuance or Return of a Form 895” to input a specific date for the “Date Returned”. The options “Correct a Single Tax Return” or “Correct Multiple Tax Returns” toggle the date returned indicator which sets the “Date Returned” to today’s date.
- (4) These dates are displayed on the “Full Display of Multiple Returns” screen.

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4.7.3.2.1 (06-24-2022) Manager

- (1) All statute date updates on ERCS must be approved or disapproved timely. Timely is generally within two days of notification. Notification can be by an ERCS message when signing on or by notification from the ERCS user making the changes requiring approval.
- (2) The statute date must be verified before approving a new requisition on ERCS. If the statute date is incorrect on a requisition, the manager should skip the return on the ERCS approval screen and instruct the administrative support personnel to update the statute date. The requisition can then be processed.
- (3) When a return is received from the Campus or other function with an incorrect statute date, the manager is required to ensure a Form 5348 is completed. The manager is required to review and sign the form and give the form to the administrative support personnel to update the statute date on ERCS.
- (4) Managers are required to ensure a completed Form 895 is attached to the case file for all returns requiring a Notice of Statute Expiration no later than 180 days prior to the statute date (120 days for Centralized Case Processing (CCP)). The ERCS 895 Report and the Pending Statute Report are used to monitor returns needing a Form 895.
- (5) Once the Form 895 is generated, the manager is required to ensure the technical employee assigned control of the return completes the form and returns it to the manager for approval within 10 calendar days.
- (6) When the manager receives the Form 895 from the technical employee assigned control of the return, the manager has an additional 10 calendar days (or 20 calendar days from the date the form was issued) to review the form for accuracy, initial it, and give it to the administrative support personnel for acknowledgement in ERCS.
- (7) When a prompt assessment statute date is input on ERCS, the manager is required to notify the administrative support personnel as soon as the update is approved so a Form 895 may be printed for the return.
- (8) The manager is required to monitor the Statute Override Report weekly to verify the ERCS statute date is correct.

4.7.3.2.2 (06-24-2022) Technical Employee

- (1) If the statute date needs to be updated, the technical employee is required to prepare Form 5348 and give it to the manager for review and approval. If a Form 895 already exists for the return, the technical employee should follow the procedures in IRM 25.6.23, Examination Process-Assessment Statute of Limitations Controls, to update the form.

4.7.3.2.3 (06-24-2022) Administrative Support

- (1) When a return is received from the Campus or other function, the administrative support personnel or other receiving individual is required to verify the statute date. If the statute date is inaccurate, the return is to be given to the manager for appropriate action.
- (2) After receipt of a signed Form 5348 from the manager for a statute date update, the administrative support personnel is required to timely update the statute date on ERCS. (Generally, for an statute date update, timely is the same day.)
- (3) The administrative support personnel in each group or function must generate Forms 895 from ERCS with sufficient frequency to ensure that a completed

Form 895 is in place no later than 180 days prior to the expiration of the statute date (120 days for CCP). For more information about returns requiring a Form 895, see IRM 25.6.23.3, Returns Subject to Statute Control.

Note: If the local area office is using 210 days or more for their locally defined number of days and the 895 forms are generated monthly, ERCS ensures a Form 895 is generated for returns that have at least 180 days left on the statute date. The phrase “locally defined number of days” is explained in IRM 4.7.3.7(2), Statute Reports.

- (4) Upon receipt of the signed Form 895 from the manager, the administrative support personnel has 3 calendar days to initial and date the form and input the date the manager initialed the form into ERCS. This is the “Date Returned” field on the ERCS system.
- (5) The administrative support personnel has the responsibility to run the appropriate statute reports described in IRM 4.7.3.7, Statute Reports, and take appropriate actions.
- (6) The administrative support personnel is required to place a copy of the completed Form 895 in the log file. If the form on the case file is subsequently updated, all copies of the Form 895 must be retained in the log file. See IRM 4.7.3.10, Retention Requirements, for the log file retention requirements.

4.7.3.3
(06-24-2022)
**Statute Date
Requirements**

- (1) IRM 25.6.23, contains rules for setting and using alpha coded statute dates. Document 6209, IRS Processing Codes and Information, contains rules for setting statute dates based on form numbers and MFTs. This section includes additional ERCS requirements.
- (2) The following rules apply for setting or updating the statute date on ERCS:
 - When a return is requested or updated the statute date must be later than today.
 - A numeric statute date is required for returns with an MFT 03, a Source Code 31, and Push Code 051.
 - When a skeletal Audit Information Management System (AIMS) record is added to ERCS during AIMS to ERCS processing the statute date on the ERCS record is set using the MFT, activity code, and tax period based on a timely filed return.

Note: AIMS does not carry an Assessment Statute Expiration Date (ASED) until the return is fully established.
 - When a full AIMS estate record is added to ERCS during AIMS to ERCS processing, the statute date is set based on the date of death.

Note: AIMS skeletal estate returns cannot be added to ERCS because the date of death is not set until the AIMS record is fully established.
 - The numeric statute date must be within 210 days of expiration in order to update to an alpha code on AIMS and ERCS with the following exceptions: (1) Alpha Code EE, No Return Filed, (2) Alpha Code QQ, “Docketed Case”, (3) Alpha Code XX, ERCS Penalty Control where the

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penalty can be assessed at any time, and (4) Alpha Code ZZ, "Transfer of AIMS Database – Temporary update to allow transfer".

Note: IRM 25.6.23 states the alpha code generally cannot be input until the statute date is within 180 days of expiration. However, AIMS and ERCS allow input when the statute date is within 210 days. This ensures statute controls are in place at 180 days.

- Alpha Code AA, "Claim for Refund/Credit/Abatement Issue", is only valid if at least one of the following are true: (1) the Source Code is 30 or 73, (2) the Claim Amount is set, (3) the Aging Reason Code (ARC) is 053, or (4) the MFT is an ERCS penalty MFT.
- Alpha Code EE, is required on a requisition, if the Push Code is 021, 036 or 050.
- Alpha Code XX is only valid on ERCS and only for penalty controls where the penalty can be assessed at any time.
- Penalty statute dates default to January 1st + 4 years past the tax year, except for MFT PX records which default to January 1st + 3 years past the tax year.
- If the MFT is Y0, "Foreign Bank and Financial Account Report", ERCS sets the default statute date to April 15th + 7 years past the tax year.

(3) The following rules apply to the statute restriction type:

- AIMS and ERCS allow input of an R at the end of a statute date to indicate the date is restricted to a set of issues or flow through entities.
- R is not valid with an EE alpha code.
- R is not valid on the original statute date.

(4) The following rules apply for transfers:

- There must be at least 210 days left on the statute date in order to transfer a return to LB&I.
- There must be at least 210 days left on the statute date in order to transfer a return to SB/SE, Specialty, or the Campus if the ARC is 053, Audit Reconsideration.
- There must be at least 13 months left on the statute date in order to transfer a return to SB/SE, Specialty, or the Campus if the ARC is not 053, Audit Reconsideration.
- Alpha Code FF, "Reference Return", is not valid for transfers to another area.

Note: If the statute date does not have the required number of days/months left on the statute and the gaining office approves the transfer, the statute date is updated to Alpha Code ZZ which will allow the transfer.

Note: When returns are transferred in the ERCS Utility Reorganization program, "Transfer Returns to another PBC", these checks are by-passed on AIMS.

(5) The following rules apply for closings:

- A return cannot be closed with a non-examined disposal code if the statute date is 872xxxx.
- A return cannot be closed to CCP, Status Code 51, if the statute date contains Alpha Code ZZ.
- A return cannot be closed from the group with an expired statute.

Note: If closing a return with Alpha Codes CC, NN, OO or YY and procedures require the statute date be updated to the original statute, even if expired, the statute date can be updated to the expired statute during the ERCS closing process.

Reminder: Contact your local AIMS/ERCS staff for assistance closing cases with a barred statute.

4.7.3.4
(06-24-2022)
**Comparing the Statute
Date on AIMS and ERCS**

- (1) When a return is filed, the ASED is set on Master File (MF) based on the date the return was received by the IRS. The MF ASED is sent to AIMS on the opening record.
- (2) When a new requisition is established on ERCS or when collateral or penalty control records are added to ERCS, the statute date must be input at the time of the requisition.
- (3) When the AIMS record changes from skeletal to a fully established record, the statute dates on AIMS and ERCS are compared during the AIMS to ERCS processing. If the AIMS and ERCS statutes are different, the format for each date is checked and either AIMS or ERCS is updated.
- (4) The following shows the priority order used to determine which statute date to keep, starting with the highest priority:
 - Type 872 statutes
 - Alpha code statutes, excluding EE
 - Irregular numeric statute dates (irregular statute date is any statute other than a statute date set based on a timely filed return; includes prompt assessments and late filed returns)
 - Numeric statute dates based on a timely filed return
 - Alpha Code EE

Example: If ERCS has a numeric statute date and AIMS has an Alpha Code AA the AIMS ASED overwrites the ERCS statute date. Conversely, if AIMS has a numeric ASED and ERCS has an Alpha Code AA statute date, ERCS sends an update to AIMS.

- (5) If both AIMS and ERCS fall into the same priority, the ERCS statute date is kept unless both AIMS and ERCS have an irregular statute date, in which case the earliest date is kept.
- (6) After the initial comparison of AIMS and ERCS, all subsequent statute date differences in the following weeks are resolved as follows:
 - If a statute date is updated on ERCS and the manager has not approved the update, no action is taken to resolve the AIMS and ERCS differences.
 - If an ASED is updated on AIMS, the AIMS ASED overwrites ERCS and the return is listed on the Statute Override Report.
 - If the statute date was updated on ERCS and the update is over 21 days old (indicating the initial update rejected), another update is sent to AIMS.

Note: If a return is listed on the AAC Difference Report, differences between AIMS and ERCS are not resolved during AIMS to ERCS

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processing. AIMS assignee code (AAC) differences must be resolved timely to prevent delays in reconciling statute date differences between AIMS and ERCS.

- (7) IRM 4.7.6.12, AIMS Error Reports, contains detailed descriptions of the reports mentioned in this section.

4.7.3.5 (06-24-2022) Updating the ERCS Statute Date

- (1) If the statute date needs to be updated the group or function must immediately prepare Form 5348. The completed form and all documents necessary to support the statute date update are to be given to the manager for approval. After approval by the manager, the administrative support personnel must update the statute date on ERCS. Approval of the ERCS update is covered in IRM 4.7.3.6, Approving the ERCS Statute Date. After approval by the manager, the statute date updates are sent to AIMS. This is done daily by the AIMS/ ERCS staff in each area.
- (2) There are several reasons a statute date may need to be updated on the ERCS system. These include:
- Updating to an alpha code when the statute date on the return is within 180 days of expiration (ERCS allows an alpha code to be input if the statute date is within 210 days of expiration so the Forms 895 are printed with the alpha code statute date.)
 - Updating to an Alpha Code ZZ in order to transfer a return out of the area
 - Updating to a numeric statute date when a return has been transferred into the area with an Alpha Code ZZ
 - Updating the statute date after securing a Form 872, Consent to Extend the Time to Assess Tax
 - Updating to a numeric statute date from an Alpha Code EE when a return is filed
 - Updating to an earlier statute date after a request for a prompt assessment
 - Adding the statute restriction indicator
 - Correcting an incorrect statute date
 - Issuing of a statutory notice of deficiency
- (3) Audit trails are created when the statute date is updated on ERCS.
- (4) If the statute date is changed after a Form 895 has been generated, the form must be updated to the new statute date. Completion requirements for Form 895 can be found in IRM 25.6.23.
- (5) The ERCS input screen for updating the statute date on ERCS can be found in the "Correct or Display Records" chapter of the ERCS User Handbooks which can be found under the *Manual and Handbooks* chapter of the ERCS book in the Virtual Library.

4.7.3.6 (06-24-2022) Approving the ERCS Statute Date

- (1) Users with write and approval permissions may update a statute date; however, they cannot approve their own updates. For example, statute date changes made by managers on ERCS must be approved on ERCS by the next higher level manager, typically the territory manager (TM).
- (2) When a manager approves a requisition, they are required to ensure the statute date is correct. There is a possibility that the ERCS statute date on a

requisition may overwrite the AIMS ASED when the return is fully established on AIMS. Since the ERCS statute date is approved with the requisition, ERCS does not require the manager to approve the statute date a second time when the AIMS record is fully established, nor does ERCS notify the manager if the AIMS ASED is overwritten with the ERCS statute date. See IRM 4.7.3.4, Comparing the ASED on AIMS and ERCS, for a more detailed description of when the ERCS statute date overwrites the AIMS ASED.

Note: The ASED on AIMS may be viewed using the Integrated Data Retrieval System (IDRS) Command Code AMDIS once the AIMS record is fully established.

4.7.3.7
(06-24-2022)
Statute Reports

(1) The ERCS statute reports along with the AIMS Tables 4.0 and 4.1, Returns with Statute Date Pending, are designed to provide users with the necessary tools to monitor statutes, enforce statute requirements, identify potential issues, and ensure Form 895 procedures are followed timely. This section gives a brief description of the following ERCS statute reports:

- 895 Report
- AIMS-ERCS Statute Report
- BBA Partnership Statute Report
- Pending Statute Report
- Pending Statute Report (Territory)
- Statute Override Report

Note: The 895 Report, AIMS-ERCS Statute Report, BBA Partnership Statute Report, and Pending Statute Report can be found under the Statute Expiration Reports option on the Manager's Reports menu.

- (2) The 895 Report should be run at least monthly to monitor returns requiring a Form 895 and to ensure that each return in inventory has satisfied the statute control requirements. This report includes returns with expired and alpha code statute dates. Refer to IRM 4.7.6.8.1, 895 Report, for more information.
- (3) The AIMS-ERCS Statute Report should be run weekly as the AIMS data is refreshed each week. The report lists returns where the AIMS and ERCS statute dates differ or where the date may have a potential error. ERCS only returns, such as penalty controls or dropped AIMS returns, are not included on this report. Refer to IRM 4.7.6.8.2, AIMS-ERCS Statute Report, for more information about the types of statute issues included on this report.
- (4) The Bipartisan Budget Act (BBA) Partnership Statute Report should be run monthly. The report lists BBA returns containing a final partnership adjustment (FPA) deadline date expiring within the user-entered number of days (between 1 and 999) or all returns with an FPA deadline date. Refer to IRM 4.7.6.8.3, BBA Partnership Statute Report, for more information.
- (5) The Pending Statute Report should be run at least monthly. The report is used to monitor imminent statutes to ensure that statute dates will not expire on returns controlled on ERCS. This includes returns not controlled on AIMS such as penalty records. This report may be run at the territory level. Refer to IRM 4.7.6.8.4, Pending Statute Report, for more information.

Caution: The Pending Statute Report does not list expired statute dates, alpha codes, or irregular statute dates unless the irregular statute date falls

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within the defined number of days. Some alpha codes represent an underlying statute date that can expire (for example, BB, DD, or MM). Therefore, managers should be aware the Pending Statute Report does not provide data on all statute dates which are expiring within the time frame specified when the report is run. Managers should use the 895 Report to identify alpha codes expiring within a short period of time.

- (6) The Pending Statute Report from the Territory Reports menu should be run at least monthly. It is used by TMs, Directors of Field Operations (DFOs), Area and Practice Area Directors, and Planning and Special Programs (PSP) to monitor imminent statute dates on returns. This report provides a count of returns by AAC expiring within 210 days grouped by number of days. There is an option to include a listing of returns with expired statute dates and with statute dates expiring within 30 days. Alpha codes are not included on this report. Returns with irregular statutes are not included on the report, unless the statute date falls within 210 days. Refer to IRM 4.7.6.10.4, Pending Statute Report, for more information.
- (7) The Statute Override Report from the AIMS Error Reports menu must be run weekly as the data is overwritten each week. It is used to alert the manager when the statute date on ERCS is overwritten by the AIMS ASSED. Refer to IRM 4.7.6.12.4 , SDOV (Statute Override) Report, for more information. See IRM 4.7.3.4, Comparing the ASSED on AIMS and ERCS, for details.

4.7.3.8 (06-24-2022)

Form 895 Requirements

- (1) Forms 895 are generated on ERCS for returns meeting one of the following conditions:
 - The statute date is expiring within a defined number of days.
 - The statute date is an alpha code, excluding ZZ, or an 872 type code.
 - The Alpha Code is ZZ and the calculated statute date based on a timely filed return is expiring within a defined number of days.

Note: The defined number of days used to generate Forms 895 on ERCS for the group and PSP is set by each area or by LB&I. The number of days must be between 180 and 400 days. It is recommended it be set to 210 days to make sure all returns have at least 180 days left on the statute date when the Forms 895 are completed.

Note: The defined number of days used to generate Forms 895 on ERCS for Technical Services is 210 days.

Note: The defined number of days used to generate Forms 895 on ERCS for CCP is 120 days.

- (2) The user may include collateral returns when generating Forms 895.
- (3) Forms 895 may be required for returns even if the numeric statute date is not within 180 days (examples include returns with an executed consent and prompt assessments). See IRM 25.6.23.3, Returns Subject to Statute Control. ERCS only generates a form for numeric statute date that fall within the area defined number of days. If a form is required earlier, it should be generated using the ERCS option "Reprint 895 Forms by TIN, MFT and Tax Period".

- (4) If a return has a pending statute update, and either the prior statute date or the statute date pending approval meet the criteria for a Form 895, the form is generated.
- (5) IRM 25.6.23 contains additional information regarding the maintenance of Forms 895 and the requirements for completion and return of the form.

4.7.3.9
(06-24-2022)
Form 895 Log File

- (1) The Form 895 log file is used to ensure statute control requirements are in place, to verify signatures on the forms for cases in current inventory, and as a reference for cases no longer in the group or function. The log file contains a copy of each managerially-approved Form 895 in accordance with the retention period outlined in IRM 4.7.3.10, Retention Requirements. Refer to IRM 25.6.23.5.2, Completion of Form 895 by Area Office Examiner or Specialist, for more information.
- (2) The manager must have access to the Form 895 log file.
- (3) It is recommended the forms be retained in statute expiration date order so the imminent statutes are on top. See IRM 25.6.23.6.2.2, Case Closing Functions Form 895 Statute Control File - Open Section.

Note: The Form 895 log file may be maintained electronically as long as it is kept on a secured shared drive accessible by more than one user so it can be retrieved up to the required three years after closure from the group.

4.7.3.10
(06-24-2022)
Retention Requirements

- (1) The retention requirements for the AIMS Tables 4.0 and 4.1 also applies to the following ERCS statute reports used to work the statute tables:
 - The Pending Statute Report (group level)
 - The 895 Report
- (2) Per Document 12990, Records Control Schedules, Schedule 23, Tax Administration - Examination, retention timeframes are as follows:
 - AIMS Table 4.0 is required to be destroyed three years after issuance (Item 75)
 - AIMS Table 4.1 is required to be destroyed after five years plus the current year, or after no further reference value, whichever is earlier, but must be kept for a minimum of three years (Item 48e)
 - The log file copy of Form 895 must be retained for three years after the final closure from the group or function (Item 73)

Note: Any time a case is returned to the group or function, the three year retention period starts over when the case is subsequently closed.

