



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.17.1

JULY 21, 2025

EFFECTIVE DATE

(07-21-2025)

PURPOSE

- (1) This transmits revised IRM 4.17.1, Compliance Initiative Projects, Overview of Compliance Initiative Projects.

MATERIAL CHANGES

- (1) Material changes to the IRM are listed in the table below:

IRM Reference	Description of Change
4.17.1.1	Subsection title changed from Program Scope and Objectives. Subsections added to address program background, authority, responsibilities, program management and review, program controls, acronyms, terms, and related resources.
4.17.1.2	Content previously contained in IRM 4.17.1.1 and moved to IRM 4.17.1.2.
4.17.1.3	Renamed Purpose and Scope to CIP Fundamentals. Content previously contained in IRM 4.17.1.2 and moved to IRM 4.17.1.3.
4.17.1.4	Content previously contained in IRM 4.17.1.3 and moved to IRM 4.17.1.4. Updated language.
Throughout IRM	IRS Style changes.

EFFECT ON OTHER DOCUMENTS

IRM 4.17.1 dated April 24, 2017 is superseded.

AUDIENCE

Compliance employees within all Operating Divisions who initiate Compliance Initiative Projects.

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Small Business/Self Employed

4.17.1

Overview of Compliance Initiative Projects

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4.17.1.1
(07-21-2025)
Program Scope and Objectives

- (1) Purpose: This IRM section serves as a reference guide on Compliance Initiative Project (CIP) procedures.
- (2) Audience: These procedures apply to compliance employees across all Operating Divisions.
- (3) Policy Owner: Director Examination Case Selection
- (4) Program Owner: Field Case Selection, under the Director, Examination Case Selection.
- (5) Primary Stakeholders: SB/SE Examination.
- (6) Contact Information: To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside of Clearance.

4.17.1.1.1
(07-21-2025)
Background

- (1) Compliance Initiative Projects (CIP) are authorized activities outside of the planned strategies involving taxpayer contact for the purpose of correcting non-compliance that meet the mission, standards, and resources of the Internal Revenue Service. (IRS).

4.17.1.1.2
(07-21-2025)
Authority

- (1) By law, the IRS has the authority to conduct examinations under Title 26, Internal Revenue Code, Subtitle F - Procedure and Administration, Chapter 78, Discovery of Liability and Enforcement of Title, Subchapter A, Examination and Inspection, which includes, but is not limited to IRC 7602, Examination of Books and Witnesses.

4.17.1.1.3
(07-21-2025)
Roles and Responsibilities

- (1) The Director, Headquarters Examination, is the executive responsible for providing policy and guidance for field employees, and ensuring consistent application of policy, procedures, and tax law to effect tax administration while protecting taxpayer's rights. See IRM 1.1.16.5.5, Examination Headquarters Examination, for additional information.
- (2) The Director, Examination Case Selection, reports to the Director, Headquarters Examination, and is responsible for providing guidance on selection of cases, delivery of inventory, input on the work plan, and setting direct assignment criteria for routing of examination work. See IRM 1.1.16.5.5.3, Exam Case Selection, for additional information.
- (3) Field Case Selection (FCS), under the Director, Examination Case Selection, is the group responsible for providing policy guidance on the selection of cases and delivery of inventory for field examination. See IRM 1.1.16.5.5.3.1, for additional information.

4.17.1.1.4
(07-21-2025)
Program Management and Review

- (1) The following are systems or reports that may be used to monitor the classification and delivery of inventory.
 - AIMS Centralized Information System (A-CIS)
 - Examination Returns Control System (ERCS) Tableau
- (2) The National CIP Database will be utilized to track open and terminated CIPs.

4.17.1.1.5
(07-21-2025)

Program Controls

- (1) At the conclusion of the CIP, the Program Analyst reviews audit results to make decisions to improve program quality and selection methods.

4.17.1.1.6
(07-21-2025)

Acronyms

- (1) The following table list the acronyms commonly used throughout this IRM and their definitions:

Acronym	Definition
AT	Abusive Transactions
A-CIS	AIMS Centralized Information System
CDE	Compliance Data Environment
CIP	Compliance Initiative Project
CP&A	Compliance Planning and Analytics
DAS	Discriminant Analysis System
DEBR	Discretionary Exam Business Rule
DIF	Discriminant Function
ERCS	Examination Returns Control System
FCS	Field Case Selection
IRS	Internal Revenue Service
LB&I	Large Business & International
LDC	Lead Development Center
MOU	Memorandum of Understanding
TE/GE	Tax Exempt & Government Entities
TS	Taxpayer Services
SB/SE	Small Business & Self-Employed
SL	Stakeholder Liaison

4.17.1.1.7
(07-21-2025)

(1) The following table defines terms that appear throughout this IRM section::

Terms

Term	Definition
External Data	Taxpayer specific data collected from public and private sources outside of IRS. External data does not include non-sensitive data such as electronic asset locator and people locator services, newspaper articles, periodicals, taxpayer websites, etc.
Internal Data	Information that is required to be filed with the IRS, produced within the IRS, or is furnished to the IRS and incorporated into its data systems. An example is information received from other government agencies as part of an agreement.
National CIP Database	A MS Access database which contains information on past and present CIPs. This database contains a brief description of the activities and/or issues that each CIP addresses. The database has historical and current CIP information that is available for research by IRS personnel. TE/GE will maintain its own record keeping system for CIPs.
Taxpayer	Relates to the primary return identified under an approved CIP. This does not include related returns, prior, or subsequent year returns.
Taxpayer Specific Data	Any information that contains taxpayer identifiers or can be traced to a specific taxpayer. Examples are name, address, taxpayer identification number, driver's license number, telephone number, or coding used in place of another identifier that can ultimately be traced to a specific taxpayer.

4.17.1.1.8
(07-21-2025)

Related Resources

- (1) The following table lists related resources:

Resource	Title
IRM 4.17.2	Responsibilities
IRM 4.17.3	Requirements
IRM 4.17.4	Procedures
IRM 4.31.1	SB/SE Emerging Issues

4.17.1.2
(04-24-2017)

Overview of Compliance Initiative Projects (CIP)

- (1) CIPs are any activity involving contact with specific taxpayers and collection of taxpayer data within a group or segment, using internal or external data to identify potential areas of noncompliance within the group or segment, for the purpose of correcting the noncompliance.
- (2) When gathering taxpayer specific external data, CIP procedures apply regardless of whether taxpayers are contacted.

4.17.1.3
(04-24-2017)

CIP Fundamentals

- (1) The fundamental principles of a CIP include:
- Identifying trends of noncompliance and improper treatment of tax issues.
 - Safeguarding taxpayers' privacy and protecting taxpayers against unauthorized disclosure of confidential information or unauthorized compliance contacts.
 - Improving compliance.
 - Using data-driven business decisions as the basis for expending resources.
 - Ensuring authorization by all functions whose resources are significantly impacted.
 - Utilizing resources effectively and efficiently while treating taxpayers consistently and fairly.
- (2) CIP procedures apply to all functions and units within the IRS and are mandatory. Deviation from these procedures is not allowed without written approval of the Director, Examination Case Selection (or equivalent); Large Business & International (LB&I) Director, Compliance Planning and Analytics (CP&A); Taxpayer Services, Refundable Credits Policy & Program Management; or the appropriate Tax Exempt & Government Entities (TE/GE) Functional Director.

4.17.1.4

(04-24-2017)

Activities Not Subject to CIP Procedures

- (1) CIP procedures do not apply to routine business operations. Routine business operations are structured activities commonly conducted in day-to-day operations, in which taxpayers are specifically identified. Examples are:

Examples of Routine Business Operations Exempt from CIP Procedures

Contacts generated by automated return selection systems such as Discriminant Function (DIF), Discriminant Analysis System (DAS) or automatics (audit codes) identified during return processing.

Small Business & Self-Employed (SB/SE) Campus Exam inventory generated through Discretionary Exam Business Rules (DEBR) or Compliance Data Environment (CDE) and approved through the annual approval process.

Identification of training returns.

Any group of taxpayers that fall within an issue, strategy, or work stream specifically identified on a business operating unit's annual work plan for examination or compliance check.

Securing information necessary for the collection of delinquent returns and taxes.

Submitting, verifying and contacting taxpayers as a result of information reports or referrals, including referrals from other government agencies; federal, state or local, as long as the referrals are not broad market segment or treated as such. Referrals should be a nominal number of specific individuals or list of individuals or business with potential tax implications and are treated individually rather than as a group.

Extending audits or investigations to related taxpayers.

Fraud/BSA compliance examinations or compliance reviews. Refer to IRM 4.26, Bank Secrecy Act, for additional information.

Abusive Transactions (AT) Offshore compliance examinations.

Lead Development Center (LDC) participant cases. See IRM 4.32.2.4.2, SB/SE Office of Promoter Investigations Lead Development Center (LDC) and IRM 1.2.65.4.30, SBSE 1-23-50, Functions Related to Potential Preparer, Promoter and Tax Shelter Cases.

Form 3031, Reports of Investigation of Transferee Liability.

Approved Research Projects which are not intended to select specific taxpayers for examination.

Projects approved through the Government Liaison Business Initiative Proposal or CSO Research Request unless compliance contacts are going to be required. See IRM 11.53.3, CSO Support, Disaster Assistance and Issue Management Resolution System and IRM 11.53.5, Stakeholder Liaison (SL) Activities.

Approved LB&I campaigns.

Approved TEGE Compliance Governance Board strategies.

- (2) CIP procedures do not apply to Memorandums of Understanding (MOUs), if **all** the following applicable conditions are met:
- a. They contain a valid business case.
 - b. They contain clear, specific details regarding taxpayer/return selection criteria and any alternative treatments.
 - c. They are adopted and approved at Headquarters by individuals (directors or higher) who have authority to commit the resources of the initiating function.
 - d. They are approved by all significantly impacted functions.
 - e. The applicable executive authority such as the Director, Examination Case Selection or equivalent; LB&I Director, Compliance Planning and Analytics (CP&A); Taxpayer Services Director, Refundable Credits Policy & Program Management; or the appropriate TE/GE Functional Director are part of the review and approval process.
- (3) If the above criteria are not met, CIP procedures will apply.