



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.24.6

AUGUST 16, 2022

## EFFECTIVE DATE

(08-16-2022)

## PURPOSE

- (1) This transmits IRM 4.24.6, Excise Tax, Technical Guidance and Information Processing for Excise Tax Examination Issues.

## MATERIAL CHANGES

- (1) IRM 4.24.4, Excise Fuel Taxes Workload, Policies and Procedures, is obsolete. Selected subsections were moved to this section, as well as to IRM 4.24.1, Introduction to Excise Taxes. Refer to the table below for a detailed list of changes made.

IRM Section	Description of Changes
4.24.6.1.2 Authority	Updated the table to include additional statutes affecting excise taxes.
New 4.24.6.2.12	Added title Procedural Guidance for Abnormal Fuel Referrals. Moved guidance from obsolete IRM 4.24.4.11, Abnormal Fuel Referrals. The content was updated to reorganize the procedural guidance.
New 4.24.6.2.13	Added title Procedural Guidance for Investigative Sample Leads. Moved guidance from obsolete IRM 4.24.4.12, Investigative Sample Leads Identified During Normal Fuel Inspection Activities.
4.24.6.4 Source Codes, Examination Activity Codes, Project Codes and Tracking Codes	Incorporated guidance into paragraph (7) from obsolete IRM 4.24.4.8.1, Aging Reason Code Procedures for FCA Cases.

IRM Section	Description of Changes
4.24.6.14 Quality Review	Moved existing content to IRM 4.24.6.16, Quality Review. Changed title to Submitting a Request for Information (RFI). Moved RFI content from obsolete IRM 4.24.4.4.1, Examination Information Reports and Request for Information (RFI) Form. The RFI content was updated to provide a list of available data sources and clarify procedural guidance.
4.24.6.14.1 Excise Tax Policy Manager Responsibilities	Moved content to New IRM 4.24.6.16.1, Excise Tax Policy Manager Responsibilities.
4.24.6.14.2 Territory Manager and Excise Examination Group Manager Responsibilities	Moved content to New IRM 4.24.6.16.2, Territory Manager and Excise Examination Group Manager Responsibilities.
New 4.24.6.15	Added title Requesting Excise Forensic Lab (EFL) Assistance. Moved content from IRM 4.24.4.5, Excise Forensic Lab (EFL). The EFL content was updated to clarify procedural guidance.
New 4.24.6.16	Moved content from IRM 4.24.6.14, Quality Review. Added title Quality Review.
New 4.24.6.16.1	Added title Excise Tax Policy Manager Responsibilities. Moved content from IRM 4.24.6.14.1, Excise Tax Policy Manager Responsibilities.
New 4.24.6.16.2	Added title Territory Manager and Excise Examination Group Manager Responsibilities. Moved content from IRM 4.24.6.14.2, Territory Manager and Excise Examination Group Manager Responsibilities.
Exhibit 4.24.6-2 Acronyms	Added acronyms related to fuel abstracts.

## **EFFECT ON OTHER DOCUMENTS**

This material obsoletes IRM 4.24.4, Excise Fuel Taxes Workload, Policies and Procedures, issued February 19, 2019. Additionally, this material supersedes IRM 4.24.6 issued on November 22, 2021.

## **AUDIENCE**

This IRM Section (section) is for Small Business/Self Employed (SB/SE) revenue agents and fuel compliance agents (excise examiners), excise tax managers (excise managers) and personnel at Campus Exam/Automated Under Reporter Cincinnati (CEAC) who process excise tax returns (excise returns), excise tax refunds (excise refunds) and excise tax claims (excise claims).

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4.24.6

Technical Guidance and Information Processing for Excise Tax Examination Issues

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4.24.6.1  
(11-22-2021)  
**Program Scope and Objectives**

- (1) **General Overview** - This section provides technical guidance and information processing steps necessary to prepare accurate Excise Tax Examination reports unless otherwise noted in IRM 4.24, Excise Tax.
- (2) **Purpose** - This section explains the procedures and updates related to the technical guidance and information processing steps and methods specific to excise returns, excise refunds and excise claims.
- (3) **Audience** - This section is for SB/SE excise managers, excise examiners and personnel at CEAC who process excise returns, excise refunds and excise claims.
- (4) **Policy Owner** - Director, Examination - Speciality Policy is responsible for the administration, procedures and updates related to the technical guidance and information processing steps and methods specific to Excise Tax Examination issues.
- (5) **Program Owner** - Director, Examination - Specialty Examination owns Excise Tax Examination operations.
- (6) **Primary Stakeholders** - Appeals, Agency Wide Shared Services, Counsel, Field and Specialty Exam Quality (FSEQ), Specialty Exam and Large Business and International (LB&I) are the primary stakeholders for this section.

4.24.6.1.1  
(11-22-2021)  
**Background**

- (1) For compliance purposes, it is essential that managers, senior management officials, excise examiners and personnel at CEAC understand and follow correctly the technical guidance and information processing steps and methods explained in this section to ensure accurate reports are prepared and submitted.
- (2) Examinations are conducted primarily by excise examiners located in field offices. CEAC personnel conduct correspondence examinations and assess excise tax penalties.

4.24.6.1.2  
(08-16-2022)  
**Authority**

- (1) The most significant statutes affecting excise taxes are listed in the table below and dedicated to the associated trust funds or general revenue authorized by the applicable Internal Revenue Code (IRC) Sections.

Type of Excise Tax	Trust Fund	IRC Section
Air Transportation of Persons and Property	Airport and Airway	4043, 4261-4263, 4271-4272, 4281-4282, 4291, 6672,7501
Coal	Black Lung Disability	4121
Communications	General Fund	4251-4254, 4291, 6672,7501
Foreign Insurance	General Fund	4371-4374
Gas Guzzler	General Fund	4064, 4221-4222
Hazardous Chemicals	Hazardous Substance Superfund	4661-4662, 4671-4672
Heavy Highway Vehicle Use	Highway	4481-4483

Type of Excise Tax	Trust Fund	IRC Section
Indoor Tanning	General Fund	5000B
Inland Waterways	Inland Waterways	4042
Leaking Underground Storage Tank	Leaking Underground Storage Tank	4041, 4042, 4081
Obligations Not in Registered Form	General Fund	103, 149, 163, 4701
Occupational Tax and Registration Return for Wagering	General Fund	4411
Oil Spill Tax	Oil Spill Liability	4611, 4612
Ozone Depleting Chemicals	General Fund	4681-4682
Patients-Centered Outcomes Research Institute (fee)	Patients-Centered Outcomes Research	4375-4377
Retail Truck	Highway	4051-4053, 4221-4222
Ship Passenger	General Fund	4471-4472
Sport Fishing and Archery	Sport Fish Restoration and Boating	4161-4162, 4221-4222
Structured Settlement Factoring	General Fund	5891
Tax on Fuels (gasoline, diesel fuel, kerosene, other fuels)	Highway, Airport and Airway	4041, 4043, 4081-4083, 4101-4105
Tires	Highway	4071-4073, 4221-4222
Vaccines	Vaccine Injury Compensation	4131-4132
Wagering	General Fund	4401-4405, 4411-4412, 4421-4424

4.24.6.1.3  
(11-22-2021)

**Responsibilities**

- (1) Director, Examination - Specialty Policy is responsible for Excise Tax Examination policy and procedures.
- (2) Director, Examination - Specialty Examination is responsible for operational examination compliance activities.
- (3) Chief, Estate & Gift/Excise Tax is responsible for ensuring the policies and procedures specific to Excise Tax Examination are communicated to and performed by excise examiners.

4.24.6.1.4  
(11-22-2021)

**Program Objectives and Review**

- (1) **Program Goals** - The program goals provided in this section are designed to increase compliance with excise tax laws by applying the tax laws with integrity and fairness and to provide SB/SE taxpayers top quality post-filing services for excise taxes administered by SB/SE.



- (2) **Program Reports** - Information reporting of program objectives are included on Program Manager Monthly Briefings provided to the Director, Examination - Specialty Policy.
- (3) **Program Effectiveness** - Program effectiveness is measured by the Exam Quality Review Staff, located in FSEQ. FSEQ supports the SB/SE Quality Improvement Program utilizing National Quality Review System (NQRS) to conduct independent case reviews from statistically valid samples of examination case work. National, area and territory trend analysis on the quality attributes is used to establish baselines to assess program performance, identify opportunities to improve work processes, analyze causes for failure, assess the feasibility of possible solutions and measure the success of quality improvement efforts.
- (4) **Annual Review** - Program Manager - Excise Tax Policy is responsible for reviewing annually the information in this section to ensure accuracy and promote consistent tax administration.

## 4.24.6.1.5 (11-22-2021) Terms/Definitions/ Acronyms

- (1) The following chart contains terms and their definitions used throughout this section.

Term	Definitions
AIMS	Audit Information Management System - Used by Appeals, Examination and TE/GE to control returns, input assessments or adjustments to Master File (MF) and provide management reports.
AMDIS	IDRS Command Code used to access AIMS display.
BOD	Business Operating Division. For example, LB&I, SB/SE.
TC	Transaction Code - A three-digit code used to identify a transaction being processed and to maintain a history of actions posted to a taxpayer's account on the MF. A transaction code identifies the precise actions taken on a taxpayer's account.

- (2) Refer to Exhibit 4.24.6-2 for Acronyms and the associated words or phrase that define them as used throughout this section.

## 4.24.6.1.6 (11-22-2021) Related Resources

- (1) Refer to IRM 4.24.6.1.2 for a list of the most significant statutes affecting excise taxes that are dedicated to general revenue or the associated trust funds authorized by the applicable IRC Sections.
- (2) Procedures, law and regulations on a wide variety of excise-related examination issues are addressed on the *Excise Tax Knowledge Base Homepage*.
- (3) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accordance with taxpayer rights. Refer to IRC 7803(a)(3), *Commissioner of Internal*

*Revenue; other officials, execution of duties in accord with taxpayer rights. For additional information about the TBOR, refer to Taxpayer Bill of Rights.*

4.24.6.2  
(11-22-2021)

**Procedural Guidance for  
Certain Types of Excise  
Examinations**

- (1) This section addresses unique procedural guidance relating to excise examinations involving:

- International issues.
- Federal agencies.
- Wagering issues.
- Facilities and services taxes under IRC 4251, *Imposition of tax*, IRC 4261, *Imposition of tax*, and IRC 4271, *Imposition of tax*.
- Examinations of an air collector for taxes imposed under IRC 4261.
- Direct assessment procedures under IRC 4251, IRC 4261 and IRC 4271.
- Structured settlement factoring transactions.
- Executing blanket export exemption certificates.
- Jeopardy assessment transferor/transferee cases.
- Whistleblowers.
- Churches.

**Note:** During the examination of a taxpayer, the excise examiner should consider all excise tax issues when warranted. Refer to IRM 4.24.25.5.9, B 200-2 - Related Excise Tax Returns Considerations, and IRM 4.24.25.5.15, Risk Analysis Workpaper

, for additional information.

4.24.6.2.1  
(11-22-2021)

**Excise Examinations  
with International Issues**

- (1) Excise examiners are responsible for conducting excise examinations of international taxpayers. Generally, the areas addressed are air transportation, foreign insurance, Ozone Depleting Chemicals (ODCs) and fuel.

4.24.6.2.1.1  
(11-22-2021)

**International Case  
Referrals for Foreign  
Insurance Excise Tax**

- (1) When an excise examiner encounters a foreign insurance transaction with a foreign insurer or reinsurer who has an excise tax exemption, such as an IRC 953(d), *Election by foreign insurance company to be treated as domestic corporation*, the following required procedures must be followed:
- a. Complete Form 5346, Examination Information Report.
  - b. Include amount of reinsurance or reinsurance purchased in the “other information” section on Form 5346.
  - c. State whether the exemption is due to an IRC 953(d) election or a treaty exemption in “Other Information” on Form 5346.
  - d. Secure the group manager’s approval signature.
  - e. Submit to Work Load Selection and Delivery (WSD) via secure e-mail at: “\*SBSE Excise WSD.”
- (2) The information submitted on Form 5346 will be reviewed and classified by WSD according to approved criteria.
- (3) If the examination of the foreign entity is to be conducted by an international excise examiner, the international excise examiner will coordinate all actions with the excise examiner assigned to the parent or related entity case, as well as with the Large Corporate Compliance (LCC) Coordinator assigned to the parent or related entity case, if applicable.

4.24.6.2.2  
(08-16-2022)

**Excise Examinations of  
Federal Agencies**

- (1) In general, federal agencies are not exempt from excise taxes.
- (2) The Tax Exempt/Government Entities (TE/GE) Federal, State, Local/ Employment Tax (FSL/ET) is responsible for ensuring federal tax compliance by federal, quasi-governmental, state agencies, city, county and other units of local government, American Samoa, Guam, Puerto Rico and the U.S. Virgin Islands. FSL/ET coordinates activities with other IRS offices, such as Customer Account Services, Counsel, Government Liaison & Disclosure, Employee Plans and Excise Tax Examination.
- (3) At the beginning of an examination of a federal agency, the excise examiner will review the IDRS CC AMDIS to determine whether FSL/ET has an open AIMS control on the taxpayer. If so, the excise examiner should contact FSL/ET by sending a secure email to the Manager EO Classification mail box at "EOclass@irs.gov." The excise examiner should advise FSL/ET that he or she plans to start an examination on the taxpayer. FSL/ET will respond to the excise examiner, if coordination is necessary. The excise examiner does not need to delay opening an examination while awaiting FSL/ET's response.
- (4) If there is not an open AIMS control on the taxpayer, then the excise examiner should contact FSL/ET through TE/GE using the Specialist Referral System (SRS). For more information about SRS, refer to IRM 4.24.6.9.
- (5) Refer to IRM 4.75, Exempt Organizations Examination Procedures, for further guidance.

4.24.6.2.3  
(11-22-2021)

**Excise Examinations  
with Wagering Issues**

- (1) The potential collectibility of the proposed excise tax liability must be reviewed and evaluated for excise examinations with wagering issues. For detailed guidance, refer to IRM 4.20.1.2.1, Examination Collectibility, Examination Collectibility Procedures, Collectibility Considerations.
- (2) All excise examiners need to be aware that TE/GE, not SB/SE, examines wagering issues for Indian Tribal Governments. Refer to IRM 4.88.1.8, Indian Tribal Governments Examination Issues and Procedures, Examination Issues Pertaining to ITG Cases, Indian Gaming, for further guidance.

4.24.6.2.4  
(11-22-2021)

**Excise Examinations  
Relating to Facilities and  
Services Taxes Under  
IRC 4251, IRC 4261 and  
IRC 4271**

- (1) For examination procedures including an air carrier for imposition of tax under IRC 4261, refer to IRM 4.24.6.2.5.
- (2) For general procedural guidelines in the case of uncollected taxes, refer to Treas. Reg. 49.4291-1, *Persons receiving payment must collect tax*.
- (3) Determine whether the collector (the entity that files the Form 720, Quarterly Federal Excise Tax Return, and deposits taxes collected from actual taxpayers) provided an "uncollected tax report" described in Treas. Reg. 49.4291-1. If the collector has not provided the report and an examination reveals the collector failed to collect taxes due on past transactions, the excise examiner should request the collector:
  - a. Attempt to collect the back taxes from the actual taxpayers.
  - b. Report the taxes on Form 720X, Amended Quarterly Federal Excise Tax Return, for the period during which the taxes should have been collected.

- c. Provide a list of back taxes collected showing each person's name and address, the amount of tax collected, the date the tax was incurred and the date the tax was collected.
  - d. Provide a list of uncollected back taxes, showing each person's name and address, the amount of tax due and the date the tax was incurred.
- (4) If the collector agrees to follow the preceding procedures, the examination will be held open for a reasonable amount of time to allow the collector to collect the back taxes.
- (5) The excise examiner should also follow the procedures below:
  - a. If the collector filed Form 720, the prior periods covered by the examination should be established on AIMS using regular MF procedures.
  - b. The substitute for return (SFR) procedures will be followed if the collector did not file Form 720. Refer to IRM 4.24.6.6 for detailed guidance.
  - c. Copies of current Form 720 filed by the collector to report tax collected on past transactions will be secured and made part of the examination work papers. The work papers will also include the lists described in (3)(c) and (d) above.
  - d. Where the collector is unable to collect back taxes and the failure to collect was not willful, as defined for purposes of IRC 6672, *Failure to collect and pay over tax, or attempt to evade or defeat tax*, Non-Master File (NMF) assessments will be made directly against the actual taxpayers using correspondence examination procedures. For example, the failure is not willful if the collector timely provided the "uncollected tax report." Refer to IRM 4.24.2.6 for detailed procedures.
  - e. In such cases, the examination of the collector should be closed as a "no change" case. An assessment of additional tax should not be proposed for the prior periods.
- (6) If the collector refuses to collect the taxes that it failed to collect on past transactions, the following procedures apply:
  - a. Establish on AIMS all prior periods covered by the examination.
  - b. Consider the Trust Fund Recovery Penalty (TFRP) under IRC 6672, if the collector's failure to collect and remit the tax was willful. Refer to IRM 5.7.3.3.2, Collecting Process, Trust Fund Compliance, Establishing Responsibility and Willfulness for Trust Fund Recovery Penalty (TFRP), Establishing Willfulness, for a discussion of willfulness. Refer to IRM 20.1.11.4, Penalty and Interest, Penalty Handbook, Excise Tax and Estate and Gift Tax Penalties, IRC 6672 Failure to Collect and Pay Over Tax or Attempt to Evade or Defeat Tax, for more detailed guidance about asserting the TFRP.
  - c. If the IRC 6672 penalty is not applicable, assess directly the back taxes against the actual taxpayers using correspondence examination procedures in IRM 4.24.6.2.6.
  - d. In such cases, close the examination of the collector as a "no change" case. The work papers will reflect the back taxes, which were not collected by the collector.
- (7) If the collector volunteers to pay an amount equal to the back taxes from its own funds, the procedures in IRS Policy Statement 4-104 allow for acceptance of the payment by the collector in lieu of asserting tax against the actual taxpayer or asserting the IRC 6672 penalty. As a condition to the acceptance of such payments, the collector is required to execute a waiver of its rights to

claim any refund on the grounds of failure to collect the tax. For an example of a waiver template, refer to the Excise Tax Knowledge Base Home, Excise Examination shelf, Other Examination Work and Referrals book, Waiver of Collector to File Claims page, located at *Related Forms and Documents*.

- (8) The excise examiner should make the assessments directly on the collector's Form 720 using standard report writing procedures. Refer to IRM 4.24.20, Excise Tax Report Writing Guide, for guidance.

**Note:** The signed waiver is attached to the examination report.

- (9) Rev. Rul. 58-300, 1958-1 C.B. 454 provides guidelines on the assessment of interest in collected tax cases. Interest assessments are made against the actual taxpayers when warranted.
- (10) There is no basis for assertion of a delinquent filing penalty against the actual taxpayers.

4.24.6.2.5  
(11-22-2021)  
**Excise Examinations of  
a Collector who is also  
an Air Carrier for Taxes  
Imposed Under IRC 4261**

- (1) If an examination of a collector, who is also an air carrier, for taxes imposed under IRC 4261 reveals the collector or air carrier failed to collect one or more of the taxes due under IRC 4261, the excise examiner will:
- Determine if the air carrier under examination provided the initial segment of taxable transportation. IRC 4263(c), *Special rules; payment of tax*, provides that where any tax imposed by IRC 4261 is not paid at the time payment for transportation is made, then such tax shall be paid by the air carrier providing the initial segment of such transportation, which begins or ends in the U.S. If the air carrier under examination is the air carrier who provided the initial segment of transportation beginning or ending in the U.S., then prior and subsequent tax periods where there is potential liability should be established on AIMS using MF procedures.
  - Follow the SFR procedures, if the air carrier who provided the initial domestic segment of air transportation did not file Form 720.
  - If the excise examiner does not have the air carrier that provided the initial segment that begins or ends in the U.S. under examination, the excise examiner should prepare and submit Form 5346. Refer to new IRM 4.24.25.5.8.1, Issue Management System (IMS), Notebook and Workpapers, Form 5346, Examination Information Report, for more detailed guidance. Once the air carrier that provided the initial segment is assigned for examination by WSD, the excise examiner should initiate an examination of that air carrier.
  - The excise examiner should prepare detailed work papers to support taxes assessed under IRC 4263(c).
  - Ensure all components of taxes imposed under IRC 4261 are properly included in the proposed assessment. Work papers will include computations of the tax and a review of all flights.
  - Prepare an assessment of the uncollected tax against the air carrier utilizing forms used in an agreed or unagreed case, whichever applies. Refer to IRM 4.24.20 for guidance.
  - If SOL extensions are necessary, extend all applicable statutes. Refer to IRM 4.24.6.3.1, for more detailed guidance.

4.24.6.2.6  
(11-22-2021)

**Direct Assessment  
Procedures Under IRC  
4251, IRC 4261 and IRC  
4271**

- (2) These procedures are limited to air carriers who failed to collect taxes imposed under IRC 4261 and may not be utilized for taxes due under IRC 4271. Refer to IRM 4.24.6.2.4 for more detailed guidance.

- (1) Under IRC 4251, IRC 4261 and IRC 4271, the taxes imposed are “collected taxes.” Therefore, the person making a payment for the taxable air transportation service is considered the taxpayer and liable for the tax; however, the collector of the payment is the entity required to file Form 720 and remit the collected tax to the government. Tax attaches at the time payment is made for the taxable air transportation service. Form 720 filed by the collector should include all amounts collected for the period for which the Form 720 is filed. The taxpayer (i.e., the person paying for the taxable air transportation service) does not have a filing requirement for these taxes. Treas. Reg. 40.6011(a)-1(a)(3), *Returns*, provides the person required to collect a collected tax, and not the person incurring liability for the tax, must file Form 720. Generally, for examinations where air transportation taxes are due, the assessment is made against the collector.
- (2) In instances where a tax assessment must be made against the taxpayer (the person paying for the taxable air transportation service), direct assessment procedures are followed. Direct assessments are controlled on MF. To establish controls on a taxpayer for whom direct assessment applies, the excise examiner must submit Form 5346. Refer to new IRM 4.24.25.5.8.1 for more detailed guidance. The excise examiner should note in the comments section this is a direct assessment and identify the collector where the issue was originally identified. WSD will establish the MF controls after receipt of Form 5346.
- (3) If the taxpayer has no MF controls established, WSD should establish the case on Examination Return Control System (ERCS) using NMF 45 controls. The case can then be established and worked in IMS. Time can then be charged to ERCS through the IMS time synchronization mechanism.
- (4) If the taxpayer is currently controlled on Master File, the excise examiner will work the case outside IMS. Time should be charged to Activity Code 521.
- (5) The excise examiner should ensure each tax period is controlled where a collector or collectors failed to collect tax on transactions arising in different quarters.
- (6) The excise examiner must ensure the SOL date established by WSD is correct. If there is an error, the excise examiner assigned the case must correct the error using Form 5354, Examination Request Non-Master File.

**Note:** Even though the taxpayer is not required to file a return, the taxpayer's statute begins with the filing of Form 720 by the collector who should have collected the tax. Refer to IRC 6501(a), *Limitations on assessment and collection; general rule*. For purposes of statute control, the excise examiner should know which Form 720 quarter includes the date the purchasing taxpayer did not pay the service provider. If transactions involve more than one quarter, all statutes must be protected individually and Form 895, Notice of Statute Expiration, is prepared as required. The excise examiner should update the SOL information to reflect statute extensions secured from the tax-



payer, as needed. Statute extensions executed by the entity that should have collected tax on the transaction (the collector) do not extend the assessments SOL against the taxpayer.

- (7) Letter 898, 15 - 30 Day Letter - Statement of Proposed Adjustments, is used when making direct assessment of a “collected” tax against an actual taxpayer where the collector failed to collect taxes due on past transactions. Items to consider when preparing Letter 898 are:
- The period covered by the examination should be shown on Letter 898 as an inclusive period from the date of the first transaction for which tax was not collected to the date of the last transaction for which tax was not collected.
  - Completing the last page of Letter 898 eliminates the need for an accompanying report. If a separate report is necessary as in the case of claim adjustments, Letter 898 will be the mechanism for transmitting the report and should be notated “See Attached Report” on the last page.
  - Form 886-A, Explanation of Items, should be attached to explain the proposed assessment.
- (8) Letter 898 offers the recipient taxpayer three options. The taxpayer may:
- a. Sign and return the Statement of Proposed Adjustments on Letter 898.
  - b. Request an appointment to discuss the case with the excise manager.
  - c. Within 30 days, request consideration of the case by Appeals.
- (9) If the taxpayer agrees to the proposed assessment, Letter 898 becomes the “return” for processing. Form 5344, Examination Closing Record, and Form 5734, Non-Master File Assessment Voucher, must also be completed before the case is forwarded to the excise manager for closure. When preparing Form 5734, the excise examiner must exercise care to utilize:
- a. NMF 46, even though the case is controlled on NMF 45.
  - b. Tax Class 6.
- (10) If the taxpayer has not responded to the Letter 898 after 30 days, the case is processed as agreed and the procedures in the preceding paragraph are followed. The initialed copy of Letter 898 along with Form 5344 and Form 5734 suffice for assessment of the tax.
- (11) If the taxpayer does not agree and responds to Letter 898 requesting an Appeals hearing, standard procedures for unagreed cases are followed. Refer to IRM 4.24.10.7, Appeals Referral Process, Case Routing Procedures for Unagreed Excise Tax Examination Cases to Appeals, for more detailed guidance.
- (12) No penalties apply in direct assessments as the taxpayer was not required to file a return or to make deposits. Refer to Rev. Rul. 58-300, 1958-1 CB 454. Additionally, because the tax attaches at the time the taxpayer or customer pays the seller or collector for the taxable services, interest is due from the time the taxable services were paid until the time the tax is paid, either to the collector or the government. Refer to Rev. Rul. 58-300, Rev. Rul. 59-306, 1959-2 CB 422 and IRM 20.2.10.4, Interest, Interest on Estate, Excise, Employment Taxes and Foreign Taxes, Excise Taxes, for more detailed guidance. For Centralized Case Processing (CCP) to calculate the interest, the excise

examiner must include a list of the transaction dates and amounts of tax due for each transaction in the case file at closing.

- (13) Once the NMF direct assessment case established on AIMS is ready to close, it is updated to Status Code 51, by the local AIMS/ERCS Analyst. The case should be closed to CCP using Form 3210, Document Transmittal, and indicate that, "This case is NMF and is controlled on AIMS only and must be closed accordingly. As such no time has been applied." The AIMS/ERCS Analyst puts the case into Status Code 51 prior to it closing to CCP.

4.24.6.2.7  
(11-22-2021)  
**Excise Examinations  
Relating to Structured  
Settlement Factoring  
Transactions**

- (1) Form 8876, Excise Tax on Structured Settlement Factoring Transactions, can be filed multiple times during the year and does not have a due date tied to a specific tax period. Any taxpayer filings of this form are posted for assessment to NMF using Abstract Code 234.
- (2) Leads for Excise Tax Examination on structured settlement factoring transactions are sent to the field from WSD and controlled on AIMS and ERCS on NMF as non-filer leads using MFT 27, Abstract Code 034.
- (3) If during the course of the excise examination it is determined the taxpayer is liable for filing a prior or subsequent Form 8876, the excise examiner will submit Form 5345-D, Examination Request - ERCS (Examination Returns Control System) Users, and request NMF controls.
- (4) If the excise examiner reviews records for multiple months, Form 5345-D is completed for each month/period reviewed.
- (5) The statute is the alpha statute EE.
- (6) If the case is agreed, the excise examiner updates the statute to three years from the date the signed Form 5384, Excise Tax Examination Changes and Consent to Assessment and Collection, is received. The excise examiner need not submit a SFR for processing.

4.24.6.2.7.1  
(11-22-2021)  
**Examples of Closing  
Procedures for Excise  
Tax on Structured  
Settlement Factoring  
Transactions**

- (1) In February 2020, the excise manager receives a non-filer lead for a company that may be liable for excise taxes on structured settlement factoring transactions from WSD. Case controls are established on NMF under MFT 27, abstract code 034 for the 201812 period. The case is assigned to an excise examiner who examines the taxpayer's books and records for the month of December 2018. The excise examiner determines the taxpayer is not liable for the tax for this month, but through discussions with the taxpayer, the excise examiner decides to examine the books and records for October and November 2018. The excise examiner submits Form 5345-D requesting NMF case controls for the 201810 and 201811 periods. The excise examiner determines the taxpayer is liable for the excise tax on structured settlement factoring transactions for the 201810 and 201811 periods. The excise examiner solicits and receives a signed agreement on March 15, 2020. At this point the excise examiner:
  - a. Issues Letter 930, Non-Filer No Liability Substitute for Return Transmittal, for the 201812 period.
  - b. Updates the statute for the 201810 and 201811 periods to March 15, 2023.



- c. Prepares the case file for closure using Disposal Code (DC) 02 for the 201812 period and DC 03 for the 201810 and 201811 periods on Form 5344.
- (2) Assume the same facts as in IRM 4.24.6.2.7.1(1) except that upon the initial appointment on March 8, 2020, the taxpayer gives the excise examiner delinquent Form 8876 for the 201810, 201811 and 201812 periods. The excise examiner examines the taxpayer's books and records to determine whether the submitted delinquent forms are substantially accurate. As a result, the excise examiner will:
  - a. Not forward the delinquent forms to CEAC for processing.
  - b. Ask the taxpayer to make an advanced payment on the deficiency to ensure the taxpayer is not charged any undue interest.
  - c. Submit Form 5345-D requesting NMF case controls for the 201810 and 201811 periods.
- (3) If, after review of the taxpayer's books and records, it is determined the delinquent forms will be accepted as filed, the excise examiner will:
  - a. Incorporate the amounts shown on the delinquent forms into the final examination report.
  - b. Attach the delinquent forms to and obtain the taxpayer's signature on the examination report, which suffices as an agreement to the tax liability as represented on the examination report.
  - c. Update the statute for the periods to March 8, 2023.
  - d. Close the case using DC 08.
- (4) If, after review of the taxpayer's books and records, it is determined the delinquent forms will not be accepted as filed, the excise examiner will:
  - a. Process the delinquent forms as a partial assessment by incorporating the amounts shown on the delinquent forms into an appropriately completed examination report.
  - b. Prepare Form 3198, Special Handling Notice for Examination Case Processing.
  - c. Complete line 12, Form 5344.
  - d. Submit the partial agreement package to CCP for a NMF assessment and indicate on Form 3198 NMF - Partial Assessment.
  - e. Complete the examination.
  - f. On the final examination report, use the tax liability reported on the processed delinquent forms as a starting point.
  - g. Close the case using DC 03 (DC 07 if appealed).

4.24.6.2.7.2  
(11-22-2021)  
**Disposal Codes for  
Excise Tax Cases on  
Structured Settlement  
Factoring Transactions**

- (1) The following examined DCs are available for closing these cases:
  - DC 03 – Agreed before issuance of Letter 950-E, 30-Day Letter - Straight Deficiency or Over-Assessment for Excise Tax Examination Cases.
  - DC 04 – Agreed after issuance of Letter 950-E.
  - DC 07 – Appealed.
  - DC 08 – Other, use when taxpayer did not sign report.
- (2) The above listed DCs require a completed:

- Form 3198.
  - Form 5384.
  - Form 5344.
- (3) All agreed, no change and surveyed cases are closed to CCP following normal case routing procedures.
  - (4) All cases closing to Appeals (DC 07) are updated to Status Code 21 and sent to the local Area Tech Services office following normal excise case routing procedures found in IRM 4.24.10.7, Appeals Referral Procedures, Case Routing Procedures for Unagreed Excise Tax Examination Cases to Appeals.
  - (5) The following non-examined DCs are available for closing these cases:
    - DCs 31/32 – If after due consideration, it is determined that an examination of the taxpayer is not necessary, the case file should be surveyed. Use either DC 31, survey before assignment, or DC 32, survey after assignment.
    - DC 33 – Error accounts with no returns. This DC is used to remove records from the AIMS database established in error.
    - DC 36 - No return filed. No interview conducted nor documents reviewed. Taxpayer not liable or there is little or no tax due.
    - DC 40 - No return, unable to locate taxpayer.

4.24.6.2.8  
(11-22-2021)  
**Executing Blanket  
Export Exemption  
Certificates**

- (1) Form 1363, Export Exemption Certificate (Tax on Amount Paid for Transportation of Property by Air), is used to support exemption under IRC 4272(b)(2), *Definition of taxable transportation, etc.; exceptions*, from the excise tax on the transportation of property by air, where property is transported by two or more methods of transportation in the course of exportation. For general guidelines refer to Treas. Reg. 49.4271-1(d), *Tax on transportation of property by air*.
- (2) Form 1363 may be prepared by the shipper for each payment or, if the shipper expects to make payments for numerous export shipments over a definite or an indefinite period of time, it may be used as a blanket exemption with the permission if approved by an IRS manager with responsibility for excise tax matters.
- (3) Written requests for permission to execute a blanket exemption certificate are reviewed by the Air Transportation Analyst and, if necessary, will be assigned to an excise group. Requests are reviewed for completeness and, when necessary, additional information will be secured from the shipper to make a determination. The determination, if made by the excise group, will be forwarded to the Air Transportation Analyst who will make the final determination of granting the permission.
- (4) Permission will be granted where the shipper can demonstrate that it is impractical to execute a separate Form 1363, Export Exemption Certificate (Tax on Amount Paid for Transportation of Property by Air), for each payment.
- (5) Written notice of permission to issue a certificate is prepared by the Air Transportation Analyst and signed by excise managers with responsibility for excise tax matters. Written notice to the shipper it is not entitled to execute a blanket exemption certificate will be prepared by the Air Transportation Analyst for signature by excise managers with responsibility for excise tax matters. There is no standard form to be used for the shipper's request or for blanket exemption permission.

- (6) If the permission is for an indefinite time or an extended period time, the status of shippers who receive permission to execute blanket exemption certificates should be reviewed within six months after permission is granted and every two years thereafter, to determine if the shipper still qualifies to execute the certificates.
- (7) If denial of permission to execute a blanket exemption certificate is recommended and agreement with the shipper cannot be reached at the excise manager level, the shipper can appeal to the next level of excise tax management.
- (8) For indefinite or extended periods of time for the blanket exemption, a copy of the written requests and all notices of permission and denial are sent to the affected excise group and are maintained by that excise group. Permission to execute a blanket certificate shall remain in force until withdrawn or until the expiration date noted in the permission.

4.24.6.2.9  
(11-22-2021)  
**Jeopardy Assessment  
Transferor/Transferee  
Cases**

- (1) Under IRC 6901(a)(2), *Transferred assets; other taxes*, an assessment may be made of the liability of a transferee for excise taxes incurred, if the transferee liability arises from the liquidation of a partnership or a corporation or a reorganization within the meaning of IRC 368(a), *Definitions relating to corporate reorganizations; Reorganizations*.
- (2) In such cases, if the transferee agrees to pay the excise tax due, the excise examiner will prepare a supplemental return for the taxpayer or collecting agency involved. The transferee will evidence his or her agreement by signing the return as transferee under IRC 6901(a)(2).
- (3) Refer to IRM 4.4.17, AIMS Procedures and Processing Instructions, Jeopardy-Assessments/Termination Assessments/Transferor-Transferee Assessments.

4.24.6.2.10  
(11-22-2021)  
**Examining Form 211,  
Application for Reward  
for Original Information**

- (1) On December 20, 2006, Congress created a provision establishing a Whistleblower Office (WO) within the IRS. The WO oversees administration of the informant award program under IRC 7623(a), *Expenses of detection of underpayments and fraud, etc.; in general*, and IRC 7623(b), *Awards to whistleblowers*. The provision authorizes awards based on a percentage of proceeds collected by the Government and arising from information provided by the informant.
- (2) Treas. Reg. 301.7623–1, *General rules, submitting information on underpayment of tax or violation of the internal revenue laws, and filing claims for award*, provides that whistleblowers may claim an award on Form 211, Application for Award for Original Information. All claims received require coordination with the WO.
- (3) Most excise tax cases involving an award claim originate with the WO. The proper designation (IRC 7623(a) or IRC 7623(b) claim) is determined by the WO and special instructions are included in the assigned case. However, if an examiner receives a Form 211 directly from a taxpayer, immediate coordination with the WO is required to ensure the proper claim procedures are followed.
- (4) IRM 25.2.1, Information and Whistleblower Awards, General Operating Division Guidance for Working Whistleblower Claims, and IRM 25.2.2, Whistleblower

Awards, provides Service-wide procedures and guidance to ensure consistent and proper handling of these cases, including the use of proper safeguards in protecting the claimant's identity.

4.24.6.2.11  
(11-22-2021)

**IRC 7611 Restrictions  
Relating to Excise  
Examinations of  
Churches**

- (1) IRC 7611, *Restrictions on church tax inquiries and examinations*, procedures apply to all excise tax inquiries.
- (2) IRC 7611 provides guidelines and a procedural framework for certain examinations of churches, conventions or association of churches. Refer to Treas. Reg. 301.7611-1, *Questions and answers relating to church tax inquiries and examinations*, for guidance.
- (3) Excise examiners should not initiate an examination on a church. If an excise tax examiner encounters an excise tax issue that involves a church, the excise examiner should refer to IRM 4.75.39, Exempt Organizations Examination Procedures, Church Tax Inquiries and Examination under IRC 7611, for detailed guidance.

4.24.6.2.12  
(08-16-2022)

**Procedural Guidance for  
Abnormal Fuel Referrals**

- (1) Fuel samples are used to support excise tax examinations, ExSTARS examinations, registration reviews and penalty assertion.
- (2) Abnormal fuel samples are identified by the Excise Forensics Lab (EFL) when adulterants are found in a taxable fuel sample. The presence of adulterants means that untaxed product may have been blended with taxed fuel and tax may be due on the volume of adulterant. The person responsible for blending such adulterant with the taxable fuel is generally liable for tax on the amount of the adulterant blended. Adulterants are an indication that the taxpayer is a blender of taxable fuels and if so, must be registered under Form 637 "M" activity. Refer to IRM 4.24.2, Form 637 Excise Tax Registrations, and IRM 4.24.9, Excise Tax Penalties Guidance, for additional information on registration requirements and failure to register penalties.
- (3) Abnormal fuel referrals will be assigned to excise examiners to conduct a follow-up examination or Form 637 Registration review.
- (4) The excise examiner is required to contact the owner of the abnormal fuel sample to determine all of the following:
  - a. The source of the fuel.
  - b. If the owner of the fuel should be registered as a blender.
  - c. If a follow-up fuel sample should be taken.
  - d. If any potential fuel tax liability exists.
- (5) Third party contacts may be necessary to verify purchases and sales. Refer to IRM 4.11.57, Third Party Contacts, for more information.
- (6) If the excise examiner determines there are records to substantiate the non-taxed blending, additional case controls may need to be established.
- (7) Abnormal fuel examination cases will follow the examination procedures found in this section, and the report writing, and case processing procedures found in IRM 4.24.20, Excise Tax Report Writing Guide, and IRM 4.24.21, Case Closings.

4.24.6.2.13  
(08-16-2022)

## **Procedural Guidance for Investigative Sample Leads**

- (1) Investigative sample leads are closely related to the Abnormal Fuel Referrals, as discussed in IRM 4.24.6.2.12, Procedural Guidance for Abnormal Fuel Referrals. The potential technical issues and overall approach to working these leads are similar. Refer to IRM 4.24.15.14, Investigative Samples, for more information.
- (2) The group will assign and ensure these leads are worked as expeditiously as possible to determine the extent of any fuel non-compliance.
- (3) The excise examiner should attempt to obtain a chemical analysis description of the questionable product. Questionable products may require that samples be obtained and a chemical analysis be performed. Excise examiners must discuss questionable product sampling with their group manager. The group manager will forward the request to sample and analyze the questionable product to the Excise Tax Policy Program Manager before proceeding to collect any samples.

4.24.6.3  
(11-22-2021)

## **Extending the Period of Limitations for Assessment of Excise Tax**

- (1) The IRC limits the time in which the government may make an assessment of tax. Excise examiners have the primary responsibility for identifying and protecting the period of limitations for returns in their custody. IRM 25.6.1, Special Topics, Statute of Limitations, Statute of Limitations Processes and Procedures, provides guidance for verifying statute dates. Failure to protect the period of limitations can result in disciplinary action.
- (2) Form 895 provides information, notification and statute update approval for SOLs for tax returns. Refer to the Product Catalogue for a *Form 895 sample document*.
- (3) If the assessment SOL is due to expire, or if it has already expired on the assigned return, the excise examiner should immediately confer with the excise manager to determine the return's disposal.
- (4) An assessment SOL for certain excise taxes can generally be extended with the taxpayer's consent. The excise examiner must obtain the approval of the excise manager before requesting a taxpayer execute a consent. The need for a consent should be clearly identified before solicited by an excise examiner and the excise manager's approval documented fully in the IMS case file. Refer to IRM 25.6.22.2.1(3), Extension of Assessment Statute of Limitations by Consent, Assessment Statute Extension, for an itemization of suitable conditions that allow for an extension of limitation to assess certain excise taxes.

**Note:** The excise examiner generally cannot initiate an examination on any return with less than 365 days remaining on the assessment SOL. There are exceptions to which the excise manager may agree to extend, such as a whistleblower claim.

**Note:** The excise manager must also approve relying on a six year statute.

- (5) Form 872-B, Consent to Extend the Time to Assess Miscellaneous Excise Taxes, extends the assessment SOL of the excise taxes reported on:
  - Form 720, Quarterly Federal Excise Tax Return.
  - Form 2290, Heavy Highway Vehicle Use Tax Return.
  - Form 730, Monthly Tax Return for Wagers.

- Form 11-C, Occupational Tax and Registration Return for Wagering.
- (6) Form 872-EX, Consent to Extend the Time on Assessment of Information Report Penalty, (Form 872-EX) extends the statutory period of limitation on assessment of civil penalties relating to information reported on:
- Form 720-TO, Terminal Operator Report.
  - Form 720-CS, Carrier Summary Report.

Refer to IRM 4.24.17.4, Excise Summary Terminal Activity Reporting System (ExSTARS) Compliance Examination Procedures, ExSTARS Statute Control and Extensions, for detailed procedures.

- (7) Instructions for proper completion of Form 872-B are found in IRM 25.6.22.6.11, Excise Tax, which may be signed on behalf of the Director, Examination - Specialty Tax by excise managers as specified in Delegation Order 25-2 (Rev. 2)(formerly DO-25-2 and DO-42, Rev. 28). Refer to IRM 1.2.2.14.2, Servicewide Policies and Authorities, Servicewide Delegations of Authority, Delegation Order (25-2)(Rev. 2)(Rev. 3)(formerly DO-25-2 and DO-42, Rev. 28), Authority to Execute Agreements to Extend the Period of Limitations on Assessment or Collection and to Accept Form 900, Tax Collection Waiver.

**Note:** When consent agreements are executed by excise managers, the name of the Director, Examination - Specialty Tax will be written, typed, or stamped on the signature line of the form. The excise manager will sign his or her name and indicate his or her title and date on the line immediately below.

- (8) Letter 907-X, Request to Extend Assessment Statute, is used to transmit an extension request to the taxpayer. Pub 1035, Extending the Assessment Period, is included with Letter 907-X and the consent form.
- (9) A copy of the executed consent is mailed to the taxpayer or authorized representative using Letter 929-X, Transmittal to Taxpayer of Copy of Signed Consent. For more detailed guidance, refer to IRM 25.6.22.5.12, Examiner's Responsibilities After Receipt of Consent.
- (10) Form 8849, Claim for Refund of Excise Taxes, and/or amended Form 720 returns present unique statute situations. Refer to IRM 4.24.8, Examination Guidance for Excise Claims for Refund or Abatement, for more detailed guidance.
- (11) There are special rules for paid fuel claims regardless if taken on Form 8849 or Form 720, Schedule C. Any portion of a claim made on IRC 6416(c), *Certain taxes on sales and services, refund to exporter or shipper*, IRC 6420, *Gasoline used on farms*, IRC 6421, *Gasoline used for certain nonhighway purposes, used by local transit system, or sold for certain exempt purposes*, or IRC 6427, *Fuels not used for taxable purposes*, which constitutes an excessive amount (as defined IRC 6675(b), *Excessive claims with respect to the use of certain fuels, excessive use defined*), and any civil penalty provided under IRC 6675, *Excessive claims with respect to the use of certain fuels*. Excessive claims with respect to the use of certain fuel may be assessed three years from the last day prescribed for filing such claim. The SOL cannot be extended.
- (12) Refer to Exhibit 4.24.6-1 for a summary of excise return SOLs.
- (13) Form 872-B is an agreement signed by the taxpayer(s) and an authorized IRS representative to extend to a mutually agreed upon new specified date for the



Assessment Statute Expiration Date (ASED) on assessment of excise taxes. Refer to the Product Catalogue for a *Form 872-B sample document*.

4.24.6.3.1  
(11-22-2021)  
**Extending the Period of  
Limitations to Assess  
Air Transportation Taxes**

- (1) With collected taxes, special care is needed to ensure all aspects of the SOL for filed returns are protected. On May 23, 2001, IRS Chief Counsel issued Field Advice 200101032 followed by supplemental guidance later that same year, which provided language required for extending statutes for collected taxes. The forms and wording to accomplish this task depend on the type of entity under examination. Special language must be used on the Form 872-B and depends on the function the taxpayer plays (i.e., collector, taxpayer, or air carrier).
- Note:** The entity examined may provide more than one function and SOL extensions for each function must be secured, when appropriate.
- (2) In situations where the collector failed to charge and collect tax from the customer, an IRC 6672 penalty can be asserted against the collector to recoup non-collected taxes. Form 2750, Waiver Extending Statutory Period for Assessment of Trust Fund Recovery Penalty, extends the period of limitations for this penalty. Refer to IRM 20.1.11.4 for more detailed guidance.
- (3) For collectors, the following forms should be secured by the excise examiner:
  - Form 2750 for each tax period under examination. The form can be prepared for the entity or for each responsible official depending on the facts and circumstances of the case. This form protects the IRC 6672 penalty SOL.
  - Form 872-B to protect the collectibility for the collected taxes under IRC 7501, *Liability for taxes withheld or collected*.
- (4) When using Form 2750 and Form 872-B under the facts and circumstances described above, the wording depends on the type of tax protected. The language below are the entries that must be entered on the form:
  - For taxable transportation of persons by air tax, the following bolded language must be entered on the form: The amount of liability for **collecting/remitting IRC 4261 Taxable Transportation by Air** tax, imposed on the taxpayer(s) by section **7501 and 4291** of the **Internal Revenue Code**.
  - For the taxable transportation of property by air tax, the following bolded language must be entered on the form: The amount of liability for **collecting/remitting IRC 4271 Taxable Transportation by Air** tax, imposed on the taxpayer(s) by section **7501 and 4291** of the **Internal Revenue Code**.
- (5) For taxpayers, Form 872-B should be secured by the excise examiner to protect the collectibility for the taxes imposed under IRC 4261 and IRC 4271. The wording depends on the type of tax protected. The language below are the entries that must be entered on the form:
  - For the taxable transportation of persons by air tax, the following bolded language must be entered on the form: The amount of liability for **Taxable Transportation of Persons by Air** tax, imposed on the taxpayer(s) by section **4261** of the **Internal Revenue Code**.

- For the taxable transportation of property by air tax, the following bolded language must be entered on the form: The amount of liability for **Taxable Transportation of Property by Air** tax, imposed on the taxpayer(s) by section **4271** of the **Internal Revenue Code**.
- (6) For air carriers, Form 872-B should be secured by the excise examiner to protect the collectibility for the tax imposed on the air carrier under IRC 4263, *Special rules*. The following bolded language must be entered on the form: The amount of liability for **IRC 4261 taxes not paid or collected under any other provision** tax, imposed on the taxpayer(s) by section **4263** of the **Internal Revenue Code**.
  - (7) While the surcharge on fuel used in an aircraft, which is part of a fractional ownership program, is not a collected tax, specific language is required to protect this statute. Form 872-B should be secured by the excise examiner to protect the liability for the tax imposed on the fractional program manager of a fractional program aircraft under IRC 4043, *Surtax on fuel used in an aircraft part of a fractional ownership program*. The following bolded language must be entered on the form: The amount of liability for **Fractional Aircraft Ownership Programs Fuel Surtax** tax, imposed on the taxpayer(s) by section **4043**, of the **Internal Revenue Code**.

4.24.6.3.2  
(11-22-2021)  
**Extending the Period of  
Limitations to Assess  
Communications Taxes**

- (1) Special language on Form 872-B is needed to assess communications taxes and depends on the function the taxpayer plays (i.e. collector or communication provider, or taxpayer).
- (2) Where the collector failed to charge and collect tax from customers, an IRC 6672 penalty can be asserted against the collector to recoup non-collected taxes. Form 2750 extends the period of limitations for this penalty.
- (3) Extension information for a collector:
  - a. Form 2750 is secured for IRC 4251 taxes.
  - b. Form 872-B should be secured by the excise examiner to protect the collectibility for the tax imposed under IRC 4251. The following bolded language must be entered on the form: The amount of liability for **collecting/remitting IRC 4251 Communication Service** tax, imposed on the taxpayer(s) by section **7501 and 4291** of the **Internal Revenue Code**.
- (4) Extension information for a taxpayer: Form 872-B should be secured by the excise examiner to protect the collectibility for tax imposed under IRC 4251. The following bolded language must be entered on the form: The amount of liability for **Taxable Communication Service** tax imposed on the taxpayer(s) by section **4251** of the **Internal Revenue Code**.

4.24.6.3.3  
(11-22-2021)  
**Six Year Period of  
Assessment under IRC  
6501(e)(3) for  
Substantial Omissions  
of Excise Taxes**

- (1) If an excise return omits an amount of properly includible tax exceeding 25 percent of the amount of tax reported on that return, IRS has additional time (up to six years) to assess the additional tax from the date the return was filed. The excise examiner must secure written advice from local Counsel that the six year statute applies and include that documentation in the case file.
- (2) For example, when a Form 720 is filed including the word, "None" or "0" in the abstract's tax column, a return has been filed in accordance with IRC 6501(b)(4), *Limitations on assessments and collections; return of excise taxes*,



and any omission of tax from that return triggers the six-year period for assessment provided by IRC 6501(e)(3), *Limitations on assessments and collections; excise taxes*, because the omission is in excess of 25 percent of the tax reported on that return.

- (3) Since IDRS CC BRTVU and BMFOLR do not always reflect what is recorded on the actual tax return, the original return should be solicited to confirm the amount of tax reported.
- (4) Update the SOL on Form 895 as required.

4.24.6.4  
(11-22-2021)  
**Source Codes,  
Examination Activity  
Codes, Project Codes  
and Tracking Codes**

- (1) Consistent and accurate coding used for application of time and for case data allows the Excise Tax Program to measure and plan workload with confidence.
- (2) The Excise Tax Program uses examination data to:
  - a. Capture business results.
  - b. Develop the Excise Tax Examination work plan.
  - c. Respond to internal and external stakeholders about resource application and results.
- (3) Tracking codes are based on case origin and the type of issue under examination.
- (4) It is the responsibility of the excise examiner to confirm the accuracy of the source code, activity code, project and tracking codes on every assigned case. The excise examiner will correct these codes, if warranted. Refer to new IRM 4.24.25.2.11(3), Synchronization, for more detailed guidance for updating ERCS information.
- (5) When the excise examiner expands the examination to other tax periods or entities, the appropriate codes should be updated and/or corrected, if appropriate:
  - a. In most cases, the project or tracking codes of the primary return will carry over to related returns.
  - b. Normally, there is only one tax period with a primary source code on ERCS and on AIMS.
  - c. The related and multiple year periods reflect pick-up source codes.
  - d. Exceptions are each cycle of an LCC case, which stand alone.
  - e. Excise claims can have more than one return with a primary source code.
- (6) For information about direct examination compliance activity codes and second segment codes, refer to the exhibits shown at *IRM 4.9.1, Examination Technical Time Reporting System, Outline of System*, and Document 6209, IRS Processing Codes and Information.
- (7) To distinguish between RA and FCA workload, an Aging Reason Code 62, "Excise Tax FCA", must be utilized for all Excise Tax FCA workload. FCAs must do the following:
  - a. The aging reason code must be entered on ERCS and merged with the IMS case to properly identify FCA examination case inventory. This code is entered in IMS at the "Edit Entity" screen, ERCS Data tab.

- b. The aging reason code must also be entered on Form 5344, Examination Closing Record, (page 2, line 410), Form 5345-D, Examination Request-ERCS (Examination Return Control System) Users, and Form 5348, AIMS/ERCS Update (Examination Update), when establishing and closing cases worked by FCAs.

- (8) It is common for a Form 637 Review to expand into an examination. When this occurs, the excise examiner uses tracking code 0000 and project code 0637.

#### 4.24.6.4.1 (11-22-2021)

##### **Use of Excise Project and Tracking Codes**

- (1) A project code is a four-digit number indicating that a case belongs to a special program. A project code should be used for large broad based excise exam actions that cannot be monitored via activity codes alone.
- (2) A tracking code is a four-digit code used to identify specific categories of excise projects, or specific excise exam issues or strategies.
- (3) WSD coordinates assignment of project and tracking codes to case work to gauge whether the work sent for examination is productive. Most case work sent to the field for examination includes a project and/or tracking code. WSD is also responsible for all requests for new project and tracking codes or for discontinuance of a code.
- (4) Excise managers and excise examiners must review case inventory to verify that the correct project/tracking codes are reflected on ERCS/AIMS and confirm the codes are recorded on Form 5345-D for any examination pick-ups.
- (5) The accurate use of these codes allows for meaningful data analysis regarding the productivity of each project and provides excise management critical information regarding resource allocation.
- (6) All Affordable Care Act case work requires an assigned project code. The excise examiner must verify accuracy of the project code for these cases.

#### 4.24.6.5 (11-22-2021)

##### **Procedural Guidance Relating to Offers in Compromise (OIC) and Doubt as to Liability (DATL)**

- (1) A Doubt as to Liability (DATL) exists where there is a genuine dispute as to the existence or amount of the correct tax debt under the law. Taxpayers, who have a legitimate doubt of liability for part or all of a tax debt, may file an Offer-in-Compromise (OIC) under the DATL basis.
- (2) On May 17, 2006, the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) was enacted creating IRC 7122(f), *Compromises; deemed acceptance of offer not requested within certain period*, that applies to all OICs (both as to DATL and Doubt as to Collectibility offers) received on or after July 16, 2006. Under this Code Section, if IRS does not make a determination with regard to the OIC-DATL within 24 months of receipt, the OIC will be deemed accepted.
- (3) The IRS received date is the earliest date stamped on Form 656-L, Offer in Compromise (Doubt as to Liability), and it is the date that starts the 24-month timeframe.
- (4) If IRS does not make a timely determination, the offer is accepted in full and the statute is considered barred.
- (5) IRS must follow appropriate barred statute procedures in any situation where the 24-month TIPRA date lapses with no determination.

- (6) An OIC request involving the taxpayer's statement that he or she should not be held liable for the amounts due and owing should not be sent to the OIC Coordinator. These must be addressed by Collection to determine who is responsible for payment because these claims are not questioning the assessment but rather the responsible (liable) party.

4.24.6.5.1  
(11-22-2021)

**Offer in Compromise  
(OIC) Cases Assigned to  
SB/SE Excise Tax**

- (1) Cases will be assigned to Excise Tax Examination when the following criteria are present:
- Taxpayer's BOD code is SB/SE or LB&I.
  - Tax period involves an examination made previously by Area 214 Excise Tax (TC300 or TC308).
  - Tax period involves an assessment from an original filed excise return (Form 720, Form 730, Form 11-C, Form 2290, etc.) that has not had an examination assessment made from another area.

4.24.6.5.2  
(11-22-2021)

**Initial Processing of  
Doubt as to Liability  
(DATL) Offers**

- (1) OIC-DATL offers are filed with the Brookhaven Centralized OIC Operation on Form 656-L. The DATL unit is responsible for the initial screening for processability. For further guidance, refer to IRM 5.19.24.6, Liability Collection, Doubt as to Liability Offer in Compromise, Processability.

4.24.6.5.3  
(11-22-2021)

**Workload Selection and  
Delivery (WSD)  
Coordinator Involvement**

- (1) WSD conducts an initial screening of the case within 10 days of receipt to determine if the case is appropriate for assignment to an Excise Tax Examination field group.
- (2) If the offer is deemed appropriate for an Excise Tax Examination field group, WSD will:
- a. Request case controls on all quarters involved (those with TCs 480) using Project Code 0264, Source Code 73 and Tracking Code None. Source Code 73 cannot be used if the return remains on AIMS in status code 90 or below. In that case, the return retains its original Source Code and Aging Reason Code 53 should be added.
  - b. Request the original case file workpapers.
  - c. Verify TIPRA statute.
  - d. Notify the excise manager via secure e-mail that an OIC-DATL case has been assigned to his or her group and forward the case file via Form 3210 to the excise manager.
- (3) If the offer is not appropriate for field assignment, WSD will:
- a. Return the offer to the centralized DATL processing unit and update the AOIC assignment number to 1901165901.
  - b. Enter information in the AOIC remarks section regarding why the case was returned.
- (4) Once the DATL case is assigned to an examination group and the case file forwarded to the group via Form 3210 to the excise manager, WSD will update the AOIC remarks section to reflect the appropriate Employee Group Code (EGC) and a contact point.

4.24.6.5.4  
(11-22-2021)

**Excise Tax Examination  
of Offer in Compromise  
(OIC) Case**

- (1) Upon receipt of the case from WSD, the excise manager assigns control to an excise examiner.
- (2) The excise examiner should refer to IRM 4.18.1, Exam Offer-in-Compromise, Offers-in-Compromise Received in Exam, for guidance about working the OIC-DATL case.

4.24.6.5.5  
(11-22-2021)

**Acceptance of Doubt as  
to Liability (DATL) Offer**

- (1) An acceptance is very rare because in most cases the reasonably correct liability can be determined. If acceptance is being considered, the excise examiner should refer to IRC 4.18.1.4.3.2, Acceptance, for guidance in accepting an OIC-DATL offer.
- (2) The completed case is routed via Form 3198 to the attention of WSD, who reviews the case, secures approval to issue the acceptance letter and prepares and processes abatement on Form 3870, Request for Adjustment.

4.24.6.5.6  
(11-22-2021)

**Doubt as to Liability  
(DATL) Cases Subject to  
Independent Review  
Process**

- (1) IRC 7122(e), *Compromises; administrative review*, requires IRS to provide for independent administrative review of all proposed OIC rejections prior to the rejection being communicated to the taxpayer. For Excise Tax Examination cases, the case is forwarded to WSD for review by an Excise Tax Policy Subject Matter Expert (SME). The SME cannot be anyone who worked on the case or is a party to the initial rejection or acceptance decision. The SME will review the proposed rejection of OIC prior to any indication or notification of such action being given to the taxpayer. The purpose of the review is to evaluate the case and determine if rejection is the correct decision.
- (2) WSD forwards the case via Form 3210 to the SME for review.

**Note:** The SME has 15 days from receipt to review the excise examiner's recommendation. If the SME does not agree with the excise examiner's recommendation, the case is returned to the excise examiner for further development. If the SME agrees with the recommendation, the examiner is advised and the case is forwarded to WSD via Form 3210 for final processing.

4.24.6.5.7  
(11-22-2021)

**Final Case Processing  
and Closure by  
Workload Selection and  
Delivery (WSD)**

- (1) Upon receipt of a case from the SME for rejected offers or from the excise examiner for withdrawal offers, WSD will:
  - a. Generate and issue the appropriate AOIC disposition letter.
  - b. For rejected offers, suspend the case for 45 days to allow taxpayer time to request Appeals consideration.
  - c. Complete the IAR/Tech Checklist and fax or scan the sheet to the Brookhaven Centralized OIC-DATL site.
  - d. Return the IAR/Tech Checklist to the OIC-DATL processing unit within 180 days of receipt. It must include the date the case was forwarded to Appeals, if appropriate.
  - e. Complete the AOIC offer closing actions based on information on the IAR/Tech Checklist.
  - f. Close the case to CCP for final closure, if agreed or if no Appeals request is received.

4.24.6.6

(11-22-2021)

**Establishing Substitute  
for Return (SFR)  
Controls on Non-Filer  
Cases**

- (1) Push Code 036 is used to establish a TC 150 (Master File Entity Created) on MFT 03 for all non-filer Form 720 cases sent to the field for examination. The MFT 03 Master File account is controlled on AIMS.

**Note:** No filing requirement is established through this process.

- (2) Push Code 051 is used to establish a TC 150 on MFT 03, Form 720, SFRs requested for all paid claim cases (Source Code 31). Refer to IRM 4.24.8 for further guidance.
- (3) If during the course of the examination it is determined that a taxpayer is liable for filing prior or subsequent period excise returns, the excise examiner will establish SFR controls for those periods.
- (4) The excise examiner requests information necessary from the taxpayer to determine a substantially correct tax liability. If the taxpayer provides the excise examiner with delinquent returns, the excise examiner will review the books and records of the taxpayer to determine the accuracy of the delinquent returns received.
- (5) The controlling IRM for SFR actions is IRM 4.4.9, AIMS Procedures and Processing Instructions, Delinquent and Substitute for Return Processing.
- (6) The excise examiner needs to consider properly the assertion or non-assertion of penalties.
- (7) Refer to IRM 4.24.9.5, Penalties Applicable to Substitute for Return, for further guidance.
- (8) Refer to IRM 4.24.20 and IRM 4.24.21, Case Closings, for detailed SFR non-filer report writing and case closing procedures.
- (9) For more information about processing Delinquent Returns and SFRs, refer to Excise Examination shelf, Closing an Examination book, Delinquent Returns and Substitute for Returns (SFRs) page located at the *Excise Tax Knowledge Base Homepage*.

4.24.6.7

(11-22-2021)

**Delinquent Return - No  
Examination Action  
Taken**

- (1) If the excise examiner receives a delinquent return through no direct or indirect action, the excise examiner will accept and date stamp the delinquent return, prepare Document 3210 and Form 13133, Expedite Processing Cycle, and mail all three items to the Internal Revenue Service, Submission Processing Unit, Ogden, UT 84201.

**Note:** If more than one delinquent return is received by the excise examiner, care should be taken to mail each delinquent return under a separate cover.

- (2) The excise examiner will not process the delinquent filings as delinquent returns secured in the field or obtain controls via SFR procedures as though secured during the course of an examination.

- 4.24.6.8  
(11-22-2021)  
**Delinquent Return - Examination Action Taken**
- (1) If an excise examiner secures a delinquent return on which examination action is taken, refer to IRM 4.4.9.5, Delinquent Return Secured - No TC 150 Posting, for processing steps and procedures.
- 4.24.6.9  
(11-22-2021)  
**Specialist Referral System (SRS)**
- (1) The SRS is an online automated system that allows for all submissions and approvals for specialist assistance. It automates the referral request process for FSL/ET, LB&I, SB/SE and W&I field specialists. For more detailed guidance, refer to IRM 4.10.2.7.5, Pre-Contact Responsibilities, Specialist Referrals, and IRM 4.24.5.3, LB&I Examination Program Procedures for Excise Employees, Excise Examinations - Specialist Referral System - Overview.
- (2) Refer to IRM 4.24.6.13 regarding submissions and approvals for assistance or advice of an Excise Tax Subject Matter Expert (SME).
- (3) For additional information about creating a new referral or receiving verification about an existing referral see the *SRS Homepage*.
- 4.24.6.10  
(11-22-2021)  
**Third Party Contacts**
- (1) There are special procedures for making third party contact. These procedures, which have been tailored for excise purposes, are explained in detail under IRM 4.24.15.2.2, Excise Fuel Compliance Inspection, Sampling and Shipping, Third Party Contacts.
- Note:** IRM 4.24.15.2.2, Paragraphs 1 - 6 apply to excise examinations and FCA/FCO inspections.
- 4.24.6.11  
(11-22-2021)  
**Inadequate Records Notice**
- (1) For guidance, refer to IRM 4.10.8.15, Report Writing, Inadequate Record Notices: Overview.
- Note:** The excise examiner uses A105 to document and address inadequate records notice.
- 4.24.6.12  
(11-22-2021)  
**Conversion of QuickBooks Accounting Software**
- (1) When the taxpayer uses QuickBooks to maintain financial books and records, use of QuickBooks accounting software by the excise examiner is recommended but not mandatory. For technical information about the use of QuickBooks accounting software or QuickBooks records, refer to Excise Examination shelf, Examination in Process book, QuickBooks page located at the *Excise Tax Knowledge Base Homepage*.
- 4.24.6.13  
(11-22-2021)  
**Requesting Excise Subject Matter Expert (SME) Assistance**
- (1) When the excise examiner needs the assistance or advice of an Excise Tax SME (SME), the excise examiner must first discuss the need for assistance with the excise manager. If the excise manager agrees, the excise examiner will complete a Guidance Request Memorandum (GRM) and submit it to the excise manager for review and approval. For additional information about GRMs, refer to Excise Examination shelf, Technical Assistance book, Guidance Request Memorandum page located at the *Excise Tax Knowledge Base Homepage*.
- (2) If the excise manager approves the request for advice or assistance, the GRM is e-mailed to the territory manager for review and approval. Secure e-mail is used when taxpayer identifiable information is included.



- (3) Upon review and approval, the territory manager e-mails the GRM, via secure e-mail when required, to the Excise Tax Technical Advisor. The Excise Tax Technical Advisor will submit feedback to the territory manager, if necessary, and will send the GRM to the Program Manager, Excise Tax Policy for review and assignment to the appropriate SME.
- (4) The Excise Tax Technical Advisor will document the submission of the GRM on the tracking report and assign a tracking number.
- (5) The Program Manager, Excise Tax Policy monitors requests to ensure timely handling and that responses are consistent with current policy.
- (6) Within 10 business days after receiving the GRM, the SME provides a written response to excise examiner, excise manager and Excise Tax Technical Advisor. In the event the SME is unable to provide a written response within 10 business days, the SME will notify the excise examiner, excise manager, Excise Tax Technical Advisor and Program Manager, Excise Tax Policy of the projected date when advice will be provided. The notification will provide an estimated date for the written response unless the issue prompting the GRM was forwarded to another office (e.g., Counsel) for advice. If the GRM was sent to another office, the notification will identify the office addressing the issue.
- (7) Excise Tax Policy will provide the Excise Tax Technical Advisor with quarterly updates about the status of GRMs that are open more than 30 days or awaiting input from another office (e.g., Counsel).
- (8) All requests for Counsel's opinions, guidance and any legal assistance are to be routed through the territory managers and to the Program Manager, Excise Tax Policy who will forward the request to the SME for technical review before final approval by the Chief, Estate & Gift/Excise Tax.
- (9) Upon approval from the Chief, Estate & Gift/Excise Tax, the request is routed to the Associate offices, Office of Chief Counsel or to the Division Counsel assigned excise tax matters.
- (10) Technical advice requests, opinions, guidance or assistance requests will not be submitted directly from the field to local Counsel offices, not on an informal or draft basis or otherwise.

### 4.24.6.13.1 (11-22-2021) **Coordinated Excise Issues (CEI)**

- (1) The purpose of Coordinated Excise Issues (CEI) is to provide excise examiners with guidance on significant national issues that are identified as potentially not resolved consistently. CEI may be proposed by the Program Manager, Excise Tax Policy, Program Manager or SME to ensure key excise issues are raised within a particular abstract and are developed and resolved consistently.
- (2) The CEI process for excise tax issues establishes uniform positions within the excise tax abstract or issue area. Excise examiners must not deviate from such positions without the concurrence of the Program Manager, Excise Tax Policy.

4.24.6.13.2  
(11-22-2021)

**Coordination of Excise  
Technical Advice and  
Guidance**

- (1) The following are the duties and responsibilities of excise management with regard to ensuring technical advice and guidance are observed:
  - a. Follow the policies and the procedures instituted by Excise Tax Policy for uniform and consistent excise tax administration.
  - b. Consider CEI during the examination process.
  - c. Excise examiners will consult with the SME, as warranted, whenever the excise examination involves an abstract/issue within the SME's area of expertise.
  - d. Excise examiners are responsible for preparing requests for excise tax technical advice. Requests should be made as early as possible in the examination process. A copy of each request should be sent to the appropriate SME in accordance with the yearly Technical Advice Request Revenue Procedure. The SME should be involved in every step in the process leading to the release of the Technical Advice Memorandum (TAM), including Chief Counsel requests for additional information, conferences, discussions of tentative conclusions, etc.
  - e. The SME's involvement on all excise issues selected for the LB&I Pre-Filing Program or Industry Issue Resolution Program.

4.24.6.13.3  
(11-22-2021)

**Excise Technical Advice  
Memorandum (TAM)  
Procedures**

- (1) A technical advice memorandum (TAM) is requested according to formal procedures contained in the second revenue procedure issued each year. This revenue procedure is updated annually, but may also be modified or amplified during the course of the year.
- (2) Because technical advice is issued to assist field offices, it is the field office that determines whether to request it. In determining whether to request technical advice, the field office should consider whether other forms of guidance, e.g., published guidance, generic advice, or some other form of advice, would be more appropriate. Before requesting technical advice, however, the field office must request assistance and a recommendation from Counsel.
- (3) Written requests for Area Counsel's advice are routed through the Appeals/Counsel liaison in Technical Services. Refer to IRM 4.8.8.12.1.2, Technical Services, Miscellaneous Responsibilities, Advice from Area Counsel, for further guidance.
- (4) New streamlined procedures have been implemented in the processing of TAM requests. The field examiner and the assigned Area Counsel attorney will determine if a TAM is warranted. The field examiner will prepare the Form 4463, Request for Technical Advice or Technical Expedited Advice, and all required attachments and forward to the assigned Area Counsel attorney. The Area Counsel attorney will forward the request via electronic means directly to the Office of Associate Chief Counsel.
- (5) Technical Service's role in the TAM process is limited to processing the original written request for Area Counsel advice. In some instances, Area Counsel may request additional assistance if necessary.
- (6) For complete TAM procedures, please refer to the second revenue procedure of the year (i.e., *Rev. Proc. 2021-2, 2021-1, I.R.B. 116, 2021 WL 54191*) and IRM 4.2.3, Technical Advice to Taxpayers and Examination Personnel.



- (7) Other technical requests, such as CEIs and issues resulting from the Compliance Assurance Process program (CAP) (refer to IRM 4.51.8, LB&I Case Management, Compliance Assurance Process (CAP) Examinations) require the following:
  - a. Forward the request immediately upon receipt to the Program Manager, Excise Tax Policy.
  - b. Notify the LB&I Program Analyst, Excise Tax, if the request originates from a CEI case.
  - c. Engage the SME for the excise issue abstract, if needed.
- (8) Technical excise tax issues should be coordinated with other divisions:
  - a. Including involvement by the Chief, Estate & Gift/Excise Tax and the Program Manager, Excise Tax Policy.
  - b. The Program Manager, Excise Tax Policy collaborates with the LB&I Technical Advisor to provide SME support to the excise field group in resolving case issues.

4.24.6.14  
(08-16-2022)  
**Submitting a Request  
for Information (RFI)**

- (1) The Excise Joint Operations Center (JOC) supports compliance examinations by using a variety of data and advanced analytical tools. Excise examiners may request selected data from the JOC to assist with examinations.
- (2) The JOC has multiple data sources to assist with examination issues such as:
  - AM Best Insurance Data (AM Best)
  - Bureau of Transportation Statistics (BTS)
  - Custom and Border Protection (CBP)
  - Excise Summary Terminal Activity Report System (ExSTARS)
  - Office of Surface Mining (OSM)
  - Port Import Export Reporting Service Trade Intelligence (PIERS TI)
  - VIN Decoder

**Note:** Customs data is also available for examiners to access directly without an RFI through the Web Currency Banking and Retrieval System (WEBCBRS) application.

- (3) Excise examiners must use the JOC RFI Form to request data from the JOC. The JOC RFI form is completed by the excise examiner and forwarded to the GM for approval. Once approved, the GM will forward the RFI directly to the JOC mailbox at *\*SBSE Excise JOC*.

**Note:** The JOC RFI Form can be found on the Excise Tax Knowledge Base Home, under Excise Examination, see *Initiating an Examination*, refer to the “Related Forms & Documents” on the right side of the web page.

- (4) The RFI is used to ensure data requests are clearly communicated, enhance quality, accuracy of data provided and accountability.
- (5) Requests should include pertinent entity information, data source(s), tax period(s) and time frames required.
- (6) The JOC RFI Coordinator will provide a Task Tracker ID (TTID), which excise examiners can use to track RFI status.

4.24.6.15  
(08-16-2022)  
**Requesting Excise  
Forensic Lab (EFL)  
Assistance**

- (7) Excise examiners can send questions about RFIs to the JOC mailbox. Inquiries should include the RFI's TTID.
- (1) The IRS has entered into an interagency agreement with the Pacific Northwest National Laboratory (PNNL) to provide fuel testing and other services for the IRS. The PNNL is also referred to as the EFL. The EFL assists with compliance determinations with respect to fuel tax and registration requirements.
- (2) The EFL is not part of the IRS organization and there are specific rules and guidelines which govern interaction with EFL personnel.
- (3) Excise examiners may request guidance or analysis from the EFL by emailing a request to their excise manager. If the excise manager approves the request for assistance, the excise manager will email the request to the designated Excise Tax Policy Analyst. Under no circumstance should the excise examiner or excise manager contact EFL directly. Secure e-mail is used when taxpayer identifiable information is included.
- (4) Under no circumstances may a taxpayer be provided with EFL's contact information or encouraged to contact the EFL directly to discuss test results.
- (5) If the excise examiner is unable to answer the taxpayer's questions regarding the lab sample, then the excise examiner and their manager are to contact the designated Excise Tax Policy Analyst who will coordinate with the EFL and to communicate the taxpayer's questions and issues. If it is determined that a discussion is needed with the EFL, the Excise Tax Policy Analyst will make the necessary arrangements. Under no circumstance should the excise examiner or excise manager contact EFL directly.

4.24.6.16  
(11-22-2021)  
**Quality Review**

- (1) EQ is the acronym for Embedded Quality. EQRS is the acronym for the Embedded Quality Review System. NQRS is the acronym for National Quality Review System. For purposes of this IRM, unless otherwise stated, EQ, EQRS and NQRS as described under IRM 4.2.8, Chapter 2, General Examining Procedures, Guidelines for SB/SE National Quality Review, apply to the Excise Tax Program. IRM 4.2.8, in general, provides guidance and direction about quality standards.
- (2) The EQRS supports SB/SE's quality improvement program. EQRS and NQRS are quality-driven programs and are a component of business results. Their prominence as part of business results measurement requires management to focus on systemic processes and results, as well as seek improvement opportunities as part of normal daily business practices.
- (3) EQRS consists of two parts:
- EQRS is utilized by excise managers to perform reviews addressing employees' case work.
  - NQRS is utilized by FSEQ to collect information, measure examination quality and assess the long-term trends of system performance consistent with balanced measures.
- (4) EQRS is an automated quality review system, which allows managers and reviewers to critique case work using quality measures known as "attributes." Both managers and reviewers use many of the same attributes in their case reviews. It is important that all users apply the review guidelines consistently.

- (5) Front line managers use EQRS to conduct reviews of employee case work. The quality attributes are linked to excise examiners' Critical Job Elements (CJEs) to assist managers in performance evaluation.
- (6) Excise Tax Embedded Quality Job Aid, also known as The Job Aid, is a reference tool used by managers and NQRS reviewers. The Job Aid may be accessed at the Excise Examination shelf, Quality book, Related Resources tab located at the *Excise Tax Knowledge Base Homepage*. The Job Aid provides guidelines to uniformly and consistently apply the excise quality attributes when conducting case reviews. NQRS reviewers look to the IRM, in addition to The Job Aid, for guidance for this task and duty.

**Note:** The Job Aid includes the cross walks to the CJEs, shown as EQRS CJE Mapping for Revenue Agent and EQRS CJE Mapping for Fuel Compliance Agent.

4.24.6.16.1  
(11-22-2021)  
**Excise Tax Policy  
Manager  
Responsibilities**

- (1) An analyst on the Excise Tax Policy Manager's staff shall be assigned responsibilities for the Excise Tax Embedded Quality Program.
- (2) At the direction of the Excise Tax Policy Manager, such analyst's responsibilities include:
  - a. Establishing and providing guidance to meet program objectives.
  - b. Ensuring consistent application of the quality attributes.
  - c. Recommending updates to the quality attributes and process measures.
  - d. Maintaining instructional guides, forms and letters, as needed.
  - e. Hosting an embedded quality summit to discuss quality trends with affected stakeholders, as needed.

4.24.6.16.2  
(11-22-2021)  
**Territory Manager and  
Excise Examination  
Group Manager  
Responsibilities**

- (1) Territory Manager responsibilities include:
  - a. Conducting analysis of the territory's NQRS and EQRS results and identifying opportunities for improvement.
  - b. Conducting quality improvement initiatives to impact NQRS and EQRS results.
- (2) Excise Tax Examination group manager responsibilities include:
  - a. Conducting quality reviews on case work and inputting the results into the EQRS system.
  - b. Assisting Territory Managers in conducting analysis of the territory's NQRS and EQRS results and identifying opportunities for improvement.
  - c. Conducting quality improvement initiatives to impact NQRS and EQRS results.

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## Exhibit 4.24.6-1 (11-22-2021)

### Statute of Limitations Chart

1. Refer to IRM 25.6, Statute of Limitations.
2. Statute controls, due dates and statutory period of limitations are found in the current revision of Document 6209.
3. Refer to IRM 4.24.8 for due dates, SOLs and statute extension procedures for excise claims for refund or abatement.
4. The SOL citations for:
  - Extensions: Use Form 872-B or Form 872-EX. Refer to IRM 25.6.22.4, Extension of Assessment Statute of Limitations by Consent, Consent Forms, Letters and Publications.
  - Preparation of consent forms: Refer to IRM 25.6.22.5, Preparation of Consent Forms - General Procedures.
  - Statute controls: Refer to IRM 25.6.1, Statute of Limitations Processes and Procedures.
  - Form 895 procedures: Refer to IRM 25.6.23, Examination Process - Assessment Statute of Limitations Controls.
  - Alpha codes: Refer to Exhibit 25.6.23-3, Instructions for Updating the Statute on AIMS.

MFT Code	Form No	Type of Return	Period Covered	Due Date	Statutory Period of Limitations
03	720	Excise Tax	Quarter	Last day of the month following the end of the quarter (April 30, July 31, Oct 31, Jan 31.)	The tax assessment statute is three years from the date a return is filed or due without regard to extensions, whichever is later. The refund statute is three years from the date a return is filed or due without regard to extensions, whichever is later or two years from payment, depending on the date the claim, abatement or reconsideration was filed.
64	730	Wagering Tax	Month	Last day of the month following the month in which the wagers are accepted.	The tax assessment statute is three years from the date a return is filed or due without regard to extensions, whichever is later. The refund statute is three years from the date a return is filed or due without regard to extensions, whichever is later or two years from payment, depending on the date the claim, abatement or reconsideration was filed.

**Exhibit 4.24.6-1 (Cont. 1) (11-22-2021)**  
**Statute of Limitations Chart**

MFT Code	Form No	Type of Return	Period Covered	Due Date	Statutory Period of Limitations
60	2290	Heavy Highway Vehicle Use Tax	Annual / Month	August 31, if in use in July, or last day of the month following the month first used in a period	The tax assessment statute is three years from the date a return is filed or due without regard to extensions, whichever is later. The refund statute is three years from the date a return is filed or due without regard to extensions, whichever is later or two years from payment, depending on the date the claim, abatement or reconsideration was filed.
63	11-C	Occupational Tax on Wagering And Registration Return For Wagering	Annual	Register prior to accepting first wager, then renew by July 1 each year.	The tax assessment statute is three years from the date a return is filed or due without regard to extensions, whichever is later. The refund statute is three years from the date a return is filed or due without regard to extensions, whichever is later or two years from payment, depending on the date the claim, abatement or reconsideration was filed.
NA	720TO/CS	Terminal Operator Report and Carrier Summary Report Returns	Month	Last day of the month following the month	Three years after due date of return or three years after the date return was actually filed or two years after penalty payment was made, whichever is later.

**Note:** Form 2290 must be filed for the month the taxable vehicle is first used on public highways during the current period. The current period begins July 1st and ends June 30th of the following year. Form 2290 must be filed by the last day of the month following the month of first use. If any due date falls on a Saturday, Sunday or legal holiday, file by the next business day. For due dates, refer to the IRS publishing site for *Instructions for Form 2290, Heavy Highway Vehicle Use Tax Return*.

**Note:** An agreed assessment on an SFR does not constitute a filing by the taxpayer. Therefore, there is no three year statute, although a two year statute applies, if the taxpayer paid the tax.

**Exhibit 4.24.6-1 (Cont. 2) (11-22-2021)**

**Statute of Limitations Chart**

**Note:** With the exception of Form 720-TO and Form 720-CS information returns, the six year assessment period may also apply, if written approval is obtained from Counsel.

**Exhibit 4.24.6-2 (11-22-2021)****Acronyms**

The following table contains acronyms and their definitions used throughout this IRM.

<b>Acronym</b>	<b>Associated Words or Phrase</b>
AIMS	Audit Information Management System
AOIC	Automated Offer-in-Compromise
ASED	Assessment Statute Expiration Date
ATAT	Abusive Tax Avoidance Transactions
AWSS	Agency-Wide Shared Services
BOD	Business Operating Division
CAF	Centralized Authorization File
CAP	Compliance Assurance Process
CC	Command Code
CCP	Centralized Case Processing
CEAC	Campus Exam/Automated Under Reporter Cincinnati
CI	Criminal Investigation
CEIC	Coordinated Excise Industry Case
CJEs	Critical Job Elements
DATL	Doubt as to Liability
DC	Disposal Code
DO	Delegation Order
EFL	Excise Forensic Lab
EGC	Employee Group Code
EIS	Excise Industry Specialist
EOG	Examining Officer's Guide
EOS	Excise Operations Support
EQ	Embedded Quality
EQRS	Embedded Quality Review System
ERCS	Examination Returns Control System
EUP	Employee User Portal
ExSTARS	Excise Summary Terminal Activity Reporting System
FCA	Fuel Compliance Agent
FET	Federal Excise Tax



## Exhibit 4.24.6-2 (Cont. 1) (11-22-2021)

### Acronyms

Acronym	Associated Words or Phrase
FSEQ	Field and Specialty Exam Quality
FSL/ET	Federal, State, Local/Employment Tax
GMCM	Group Manager Concurrence Meeting
GRM	Guidance Request Memorandum
IAR	Independent Administrative Review
IDR	Information Document Request
IDRS	Integrated Data Retrieval System
IGM	Interim Guidance Memorandum
IMS	Issue Management System
IRC	Internal Revenue Code
IRM	Internal Revenue Manual
JOC	Joint Operations Center
LB&I	Large Business & International
LCC	Large Corporate Compliance
MCD	Mutual Commitment Date
MeF	Modernized e-File
MF	Master File
NMF	Non-Master File
NQRS	National Quality Review System
ODCs	Ozone Depleting Chemicals
OIC	Offer in Compromise
PNNL	Pacific Northwest National Laboratory
POA	Power of Attorney
POD	Post of Duty
PSI	Passthroughs and Special Industries
RFC	Required Filing Check
RFI	Request for Information
SAC	Special Agent in Charge
SB/SE	Small Business/Self Employed
SFR	Substitute for Return

**Exhibit 4.24.6-2 (Cont. 2) (11-22-2021)****Acronyms**

<b>Acronym</b>	<b>Associated Words or Phrase</b>
SME	Subject Matter Expert
SOL	Statute of Limitations
SRS	Specialist Referral System
SSA	Supervisory Special Agent
TAM	Technical Advice Memorandum
TBOR	Taxpayer Bill of Rights
Tech Services	Technical Services
TE/GE	Tax Exempt & Governmental Entities
TFRP	Trust Fund Recovery Penalty
TIN	Taxpayer Identification Number
TIPRA	Tax Increase Prevention and Reconciliation Act of 2005
TPS	Technology and Program Solutions
WO	Whistleblower Office
WSD	Workload Selection and Delivery