



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.24.24

OCTOBER 18, 2023

EFFECTIVE DATE

(10-18-2023)

PURPOSE

- (1) This revises IRM 4.24.24, Excise Tax, Form 637 Registration Files: Administrative Procedures for Initial Applications and Case Reviews.

MATERIAL CHANGES

- (1) Refer to the table below for a description of the material changes made.

Number	Subsection	Description of Change
1	IRM 4.24.24.1, Program Scope and Objectives	Clarified the purpose of this section. Corrected reference to IRM in paragraph (7).
2	IRM 4.24.24.1.1, Background	Rearranged content by adding a bullet list. Updated IRM reference to IRM 4.24.2.4. Added activity letter SA and clarified the example that a Letter 3689 does not constitute a determination letter. Added additional reference to IRC 4662.
3	IRM 4.24.24.1.2, Authority	Added additional authority references to IRC 4662 and updated IRC 4101 reference to include Sustainable Aviation Fuel (SAF).
4	IRM 4.24.24.1.5, Terms and Definitions	Added additional reference to IRC 4662 to the definition of Form 637. Added LT Assignment Q1, LT Process Q2, Queue Manager Q1 and Queue Manager Q2 to the terms table. Corrected the term Notice CP 241 to be CP 241, Notice 637 Registrant.
5	IRM 4.24.24.1.6, Acronyms	Corrected the definition for EEFax and added SAF to the table.
6	IRM 4.24.24.1.7, Related Resources	Removed duplicate information that is found in IRM 4.24.24.1.2. Removed obsolete link to IRM 4.24.4 and added a new link to IRM 4.24.2, Introduction to Excise Taxes.
7	IRM 4.24.24.2, Creating, Maintaining, and Monitoring Form 637 Registration Files	Updated the note under (3) to clarify the location of the "Form 637 Registration Group Contact Information" page. Rearranged content for easier readability.
8	IRM 4.24.24.3, Form 637 Registration Group - IMS Process	Clarified how IMS is utilized by the registration group.

Number	Subsection	Description of Change
9	IRM 4.24.24.4.1, Status 10 Pending - Assignment of Form 637 IMS Cases Queue Manager Q1	Changed title to Status 10 Pending - Assignment of Form 637 IMS Cases to "Queue Manager Q1" and added clarifying language to better explain the "Queue Manager Q1."
10	IRM 4.24.24.4.2, Status 15 Territory Assigned - Form 637 IMS Case Assignments by LT	Updated IRM reference in paragraph 5(a). Added a note that the excise group is responsible for establishing the case file on ERCS for discretionary reviews.
11	IRM 4.24.24.4.3, Status 20 Compliance Check - Overview Initial Application and Sample Reviews Conducted by Form 637 Registration Group TE	Added several IRM references. Clarified that if compliance issues are found on initial applications, then the TE must follow the procedures to deny the application. Also clarified that initial applications in Status 20 that contain mixed activity letters designated as both a registration group case and an excise group case activity letters will be worked as an excise group case if no compliance issues are found by the TE.
12	IRM 4.24.24.4.3.1, Status 20 - Initial Application Procedures Specific to the Form 637 Registration Group TE	Removed obsolete language about printing the F637 pdf file. Removed note about not enclosing Pub 5170 and Notice 609 with Letter 3681. Added clarifying language that a case will be placed in suspense for two weeks to allow the applicant sufficient time to provide a new signature and dated application.
13	IRM 4.24.24.4.3.2, IMS Status 20 - Initial Compliance Review Procedures Specific to Form 637 Registration Group Cases	Replaced the term Google with perform internet search. Reorganized content for better readability.
14	IRM 4.24.24.4.3.3, IMS Status 20 - Compliance Review Procedures for Excise Group Cases	Added clarifying language that the TE must deny the application if deficiencies remain after the TE attempted to resolve them during the compliance check, or the applicant failed to respond.
15	IRM 4.24.24.4.4, Status 30 LT Review - Form 637 Case Criteria	Added clarifying language that cases may be assigned or reassigned to either the registration group or an excise group based upon workload or priorities. Added a reference to IRM 4.24.24.4.5.
16	IRM 4.24.24.4.4.2, Status 30 - Procedures for Excise Group Cases	Added clarifying language that initial applications without compliance issues that contain mixed activity letters designated as both registration group case and excise group case activity letters. Updated IRM reference in paragraph (3)(a).
17	IRM 4.24.24.4.5, Status 65 Q Manager Denial, Revocation or Suspension - Overview	Changed title to Status 65 - Q Manager Denial or Revocation Overview. Moved the definition of Queue Manager Q2 to IRM 4.24.24.1.5, Terms and Definitions. Removed the Note under paragraph (1), it is not applicable to this section.

Number	Subsection	Description of Change
18	IRM 4.24.24.4.5.2, Status 65 - Required Actions to Deny Applications or Revoke Registrations for Form 637 Registration Group Cases	Added language to clarifying that if an applicant is denied a registration due to deficiencies (e.g., unfiled tax returns or balances due) and such deficiencies are satisfied within 30 days from the date of Letter 3685, then the LT will approve the registration if it is a registration group case or send to the field for review if it is a excise group case.
19	IRM 4.24.24.4.5.3, Status 65 - Procedures for Applications Denied for a Form 637 Registrant	Changed title to Status 65 - Procedures for Applications Denied for an Existing Form 637 Registrant. Corrected IRM reference in paragraph (1)(a). Clarified that for registrations that are delegated to the excise group (e.g., activity letter K, M and S) and the registrant has not resolved the compliance issues or has not responded after 30 days, then the LT will send the IMS case file to the excise group for review.
20	IRM 4.24.24.5, Monitoring Registrants Using Form 637 Indicator on Business Master File (BMF)	Corrected Notice CP 241 to CP 241, Notice - 637 Registrant.
21	IRM 4.24.24.5.1, Procedures to Post or Delete Form 637 indicator on BMF	Updated (3) to clarify the location of the "Update: Where to Send Form 2363" page.
22	IRM 4.24.24.5.2, Notice CP 241 Procedures	Changed title to IRM 4.24.24.5.2, CP 241, Notice - 637 Registrant, Procedures. Incorporated IGM SBSE 04-0623-0017 to make a reference to IRM 4.24.6.2.14, Excise Examinations of Indian Tribal Government (ITG) Cases, into paragraph (3). Updated the content in (4) to be a table instead of bullet list.

- (2) Inflation Reduction Act of 2022 (Pub. L. 117-169, 136 Stat. 1818) Provision 13203 relating to Sustainable Aviation Fuel (SAF) has been incorporated throughout this IRM Section (section).
- (3) Editorial changes have been made throughout this section to update electronic links and organizational name changes, correct grammar and punctuation errors, and remove excessive links to laws, forms, and letters.

EFFECT ON OTHER DOCUMENTS

This section supersedes IRM 4.24.24, Form 637 Registration Files: Administrative Procedures for Initial Applications and Case Reviews, dated August 25, 2021. This section incorporates Interim Guidance Memorandum (IGM) SBSE 04-0322-0012, Interim Guidance on Registration Tests for Form 637 Registrations Other than Under IRC 4101, including new G Registrations, dated March 1, 2022 and IGM SBSE 04-0623-0017, Excise Examinations of Indian Tribal Governments, dated June 2, 2023.

AUDIENCE

This section provides guidance to SB/SE Specialty Examination, Excise Tax Examination employees and personnel at the Centralized Specialty Tax Operations (CSTO).

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Small Business/Self Employed

4.24.24

Form 637 Registration Files: Administrative Procedures for Initial Applications and Case Reviews

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4.24.24.1
(10-18-2023)
Program Scope and Objectives

- (1) **Purpose** - This section describes the administrative procedures for Form 637 Registration initial applications and case reviews for the Form 637 Registration Group (hereinafter referred to as “registration group”). This includes creating, maintaining, and monitoring Form 637 Registration files (hereinafter referred to as “IMS case files”), the Issue Management System (IMS) process, workflow, and monitoring registrants using the Form 637 indicator on Business Master File (BMF).
- (2) **Audience** - The audience for this section includes the SB/SE Director, Examination - Specialty, Chief, Estate & Gift/Excise Tax Exam, Excise Tax Examination territory managers, group managers, revenue agents (RAs), fuel compliance agents (FCAs) and fuel compliance officers (FCOs) (RAs, FCAs and FCOs are collectively and hereinafter referred to as “examiners” throughout this section), registration group employees, and Centralized Specialty Tax Operations (CSTO) employees.
- (3) **Policy Owner** - Director, Examination Specialty Policy is responsible for the administration, procedures and updates related to processing Form 637 applications and follow-up compliance reviews.
- (4) **Program Owner** - Director, Examination - Specialty Tax owns Excise Tax Examination operations.
- (5) **Primary Stakeholders** - Primary stakeholders include the Chief, Estate & Gift/Excise Tax Exam, Excise Tax Examination, CSTO, and Excise Case Selection (ECS).
- (6) **Other Stakeholders** - Other areas that follow these policies and procedures include the IRS Independent Office of Appeals (Appeals), Agency Wide Shared Services, Counsel, Large Business and International, SB/SE Examination, and Tax Exempt and Government Entities.
- (7) **Program Goals** - The processes and procedures provided in this section are consistent with the objectives or goals addressed in IRM 1.1.16.5.3.1, Excise Tax Examination.

4.24.24.1.1
(10-18-2023)
Background

- (1) The Internal Revenue Code (IRC) requires each person who engages in certain activities subject to federal excise tax to be registered by the IRS as a taxpayer who engages in these activities. The taxpayer must register with the IRS before undertaking the activity. In other situations, a person must register with the IRS as a taxpayer who conducts certain activities to receive an excise tax benefit that may come with such activity, such as, buying or selling an article tax-free or filing a claim for refund or credit. For specified activities the taxpayer must use Form 637 to apply for registration under:
 - IRC 4101, Registration and bond (related to certain fuel taxes and credits)
 - IRC 4222, Registration (related to IRC 4221 tax-free sales)
 - IRC 4662, Definitions and special rules (related to certain tax-free sales of intermediate hydrocarbon streams or tax-free inventory exchanges of taxable chemicals)
 - IRC 4682, Definitions and special rules (related to ozone-depleting chemicals)

- (2) Form 637 includes a listing of activities for which registration is required or allowed. Refer to the tables found in IRM 4.24.2.3, Applications under IRC 4101, and IRM 4.24.2.4, Applications Other Than IRC 4101, that list all applicable activity letters.
- (3) Letter 3689, Approval of Excise Tax Registration, is issued when an application is approved. A copy of the Form 637 application is not considered proof of registration. Letter 3689 should be retained as proof of registration.
- (4) Letter 3689 does not constitute a determination letter. For example, an approval of an AB, NB, or SA registration does not mean all future product produced unequivocally qualifies for the biodiesel/renewable diesel mixture credit or sustainable aviation fuel credit. In addition, an approval of an AL or AM registration does not mean all future product produced unequivocally qualifies for the alternative fuel/alternative fuel mixture credit.
- (5) If an application for registration is denied or an approved registration is revoked, then the applicant or registrant will be notified in writing and the reason for the denial or revocation will be provided.
- (6) An approved registration remains valid until revoked. Registration status can be found at *Confirm Online Form 637 Registration Status*.
- (7) All Form 637 Registration numbers issued after February 1, 2004, are comprised of 10 digits. For registration numbers issued prior to the preceding date:
 - a. The non-UV/UP registration number has eight digits.
 - b. The activity letters UP and UV registration numbers are comprised of nine digits.

4.24.24.1.2
(10-18-2023)

Authority

- (1) Form 637 Registrations are processed under the following authorities:
 - IRC 4101 - Registration and bond with respect to the tax imposed by IRC 4041(a)(1) or IRC 4081, every person producing or importing biodiesel (as defined in IRC 40A(d)(1)), including renewable diesel (as defined in IRC 40A(f)(3)), or alcohol (as defined in IRC 6426(b)(4)(A), every person producing or importing sustainable aviation fuel (SAF) (as defined in IRC 40B), and every person producing second generation biofuel (as defined in IRC 40(b)(6)(E))
 - Note:** The IRS will treat the producer or importer of a SAF synthetic blending component and the United States producer of a SAF co-processed qualified mixture as the persons required to register under IRC 4101.
 - *Treas. Reg. 48.4082-5* - Registration relating to diesel fuel or kerosene removed, entered or sold in Alaska for ultimate sale or use in an exempt area of Alaska
 - IRC 4222 - Registration for certain tax-free sales under IRC 4221
 - IRC 4662(b)(10)(C) - Registrations for intermediate hydrocarbon streams containing one or more organic taxable chemicals
 - IRC 4662(c)(2)(B) - Registrations for inventory exchanges of taxable chemicals
 - *Treas. Reg. 52.4682-5(d)*- Exports of ozone-depleting chemicals (ODCs)

- (2) Delegation Order SBSE 1-23-7 (formerly SBSE DO 4.36, Rev. 3), Approval, Denial, Suspension or Revocation of Form 637, Application for Registration (for Certain Excise Tax Activities), delegates the authorities for approving, denying, revoking, and suspending Form 637 Registrations.
- (3) Delegation Order 4-6 (Rev. 1), Taxable Fuel Bond, delegates the authority to make the final determination as to the amount of bond required to be given by an applicant or existing registrant, to satisfy certain registration requirements under IRC 4101 with respect to the tax imposed by IRC 4041(a)(1) or IRC 4081. This delegation order also delegates the authority to require the posting of a bond to satisfy certain registration requirements under IRC 4101 for Form 637 Registration and to set the value of such bond.
- (4) This section is tailored for the administrative procedures for Form 637 initial applications and case reviews. Refer to IRM 4.24.2, Form 637 Excise Tax Registrations, for a general overview of Form 637 Registrations, including applications under IRC sections 4101, 4222, 4662, and 4682, as well as for general guidance. Refer to IRM 4.24.23, Operational Procedures and Responsibilities for Form 637 Registrations and Secure Airport Terminals (SAT), for information about the operational roles, responsibilities and procedures for Form 637 Registrations and SATs.

4.24.24.1.3 (10-18-2023) Roles and Responsibilities

- (1) Director, Examination - Specialty Policy is responsible for the procedures and policies addressed in this section.
- (2) Program Manager, Excise Tax Policy is responsible for ensuring the procedures are accurate and updated regularly as needed.
- (3) The Chief, Estate & Gift/Excise Tax Exam is responsible for ensuring the procedures within this section are adhered to by employees in Excise Tax Examination.
- (4) Form 637 Registration case work is processed by the following areas:
 - **Centralized Specialty Tax Operations (CSTO)** - All initial Form 637 applications are received by the Cincinnati IRS Center (CIRSC), date stamped and forwarded to CSTO for initial processing. Refer to IRM 4.24.23.5, Responsibilities of Centralized Specialty Tax Operations (CSTO).
 - **Excise Case Selection (ECS) and Workload Selection and Delivery (WSD)** - The selection of sample review cases and monitoring the Annual Form 637 Registration Workplan is conducted by ECS/WSD. Refer to IRM 4.24.23.4, Responsibilities of Excise Case Selection (ECS) and Workload Selection Delivery (WSD).
 - **Registration Group** - The registration group administers and maintains Form 637 Registrations. The registration group consists of lead technicians (LTs), tax examiners (TEs), an exam technician and a management and program assistant. Refer to IRM 4.24.23.6, Responsibilities of the Form 637 Registration Group.
 - **Excise Groups** - Form 637 compliance reviews assigned to excise groups are conducted by examiners. Group managers are responsible for concurring with the examiner's compliance review recommendation and approving penalty determinations, if applicable. Refer to IRM 4.24.23.7, Roles and Responsibilities for Excise Groups.

4.24.24.1.4
(08-25-2021)

Program Management and Reviews

- (1) **Program Reports** - Information regarding the reporting of program objectives are included on, but not limited to:
 - Examination Headquarters Monthly Briefings
 - Program Manager Monthly Briefings
 - SB/SE Examination Operational Reviews and Business Performance Reviews
- (2) **Program Effectiveness** - Program goals are measured with Excise Embedded Quality Performance Reports that monitor whether quality attributes are applied uniformly and consistently.
- (3) **Annual Review** - Program Manager, Excise Tax Policy, is responsible for reviewing the information in this section annually to ensure accuracy and promote consistent tax administration.

4.24.24.1.5
(10-18-2023)

Terms and Definitions

- (1) Below are definitions for terms frequently used throughout this section:

Term	Definition
Applicant	A person that has applied for registration on Form 637.
Form 637	Form 637, Application for Registration (For Certain Excise Tax Activities), is used to apply for excise tax registration for activities under IRC 4101, IRC 4222, IRC 4662, and IRC 4682.
LT Assignment Q1	The queue name for the Assignment Queue within IMS and has certain administrative permissions for processing IMS case files. The "LT Assignment Q1" is assigned to the Form 637 Registration Program with oversight by the LT.
LT Process Q2	The queue name for the Process Queue within IMS and has certain administrative permissions for processing IMS case files. The "LT Process Q2" is assigned to the Form 637 Registration Program with oversight by the LT.
Letter of Registration	Letter 3689 is issued when an application is approved for registration.
CP 241, Notice - 637 Registrant	A notice that is generated indicating a registrant may no longer meet the registration requirements and follow-up actions may be required.
Registrant	A person that has been issued a letter of registration (Letter 3689).
Queue Manager Q1	The queue name for the Assignment Queue within IMS and has certain administrative permissions for processing IMS case files. The "Queue Manager Q1" is assigned to the Form 637 Registration Program with oversight by the registration group manager.
Queue Manager Q2	The queue name for the Deny/Revoke Queue within IMS and has certain administrative permissions for processing IMS case files. The "Queue Manager Q2" is assigned to the Form 637 Registration Program with oversight by the registration group manager.

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4.24.24.1.6
(10-18-2023)

(1) Below are the acronyms and their definitions used throughout this section.

Acronyms

Acronym	Definition
BMF	Business Master File
CCP	Centralized Case Processing
CID	Criminal Investigation Division
CIRSC	Cincinnati IRS Center
CP	Computer Paragraph
CSTO	Centralized Specialty Tax Operations
ECS	Excise Case Selection
EEFax	Enterprise Electronic Facsimile
EIN	Employer Identification Number
ERCS	Examination Returns Control System
FCA	Fuel Compliance Agent
FCO	Fuel Compliance Officer
IDRS	Integrated Data Retrieval System
IMS	Issue Management System
IRC	Internal Revenue Code
LT	Lead Technician
RA	Revenue Agent
SAF	Sustainable Aviation Fuel
TE	Tax Examiner
WSD	Workload Selection and Delivery

4.24.24.1.7
(10-18-2023)

Related Resources

- (1) Form 637 Registration status can be located at *Confirm On-line Form 637 Registration Status*.
- (2) Refer to IRM 4.24.1 , Introduction to Excise Taxes, for general framework describing basic examiner responsibilities, excise IRC sections, excise IRM sections, excise tax abstracts, and Excise Tax Program returns and claims.
- (3) For further guidance and procedures on a wide variety of excise issues, refer to *Excise Tax Knowledge Base Homepage* accessed via the Virtual Library on IRS Source - Home.
- (4) 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*.

- (5) For information relating to identity theft, refer to IRM 25.23, Identity Protection and Victim Assistance.

4.24.24.2
(10-18-2023)

**Creating, Maintaining,
and Monitoring Form
637 Registration Files**

- (1) The IMS case files are created by Campus Input Operators, the registration group manager, queue managers and LTs.
- (2) The IMS case files are maintained and updated by the registration group manager, queue managers and LTs.
- (3) If a Form 637 application is received by an excise group, then the examiner will forward the application to the registration group via secure e-mail. The original application will be mailed to the registration group.

Note: For registration group contacts, refer to the Excise Tax Knowledge Base Homepage, Form 637 Registration shelf, Registration Information book, Book Landing Page chapter, Registration Information Landing Page, Other Related Resources at “Form 637 Registration Group Contact Information”.

- (4) All contacts with applicants or registrants by the registration group during or after reviews will be documented on the Case Level Activity Record in IMS.
- (5) All contacts with applicants or registrants by examiners during reviews will be documented on the Examining Officer’s Activity Record in IMS.
- (6) All contacts with registrants that impact their registration by the examiner between reviews will be documented on the Examining Officer’s Activity Record and e-mailed to the LT to upload into the IMS case file.
- (7) Upon completion of a sample review, discretionary review, or an examination which requires an update to the Form 637 Registration number due to a change in the IRS registration numbering system, the examiner or the LT will inform the registrant that a national registration number will be issued, if applicable. Depending on whomever is closing the case, the examination manager or the registration group will issue Letter 5023, Change in Form 637 Registration Number, along with Publication 5039, Terms and Conditions of Registration for Form 637.

Note: The examiner will include this information in the recommendation section on Form 13499-C, 637 Recommendation and document the Examining Officer’s Activity Record.

Note: TEs will include this information under their recommendation in IMS and document the Case Level Activity Record in IMS.

4.24.24.3
(10-18-2023)

**Form 637 Registration
Group - IMS Process**

- (1) All IMS case files are maintained and monitored electronically utilizing the IMS. These files contain scanned documents from historical paper files, previous reviews, and electronic case documents.
- (2) All Form 637 Registration cases are designated as one of the following review types in IMS:

- 588I - Initial Application Review
- 588S - Sample Review
- 588D - Discretionary Review

(3) The IMS is utilized by the registration group to assign cases as follows:

- Registration group manager to the LT or TE
- LT to the TE
- LT to the group manager

(4) IMS is utilized by the registration group to work all aspects of initial applications and sample reviews.

(5) IMS is utilized by group managers to:

- a. Assign cases to examiners.
- b. Review cases currently in process.
- c. Approve the examiner's recommendation regarding an applicant or registrant.
- d. Prepare Letter 3689, Approval of Excise Tax Registration, Letter 3696, Form 637 Compliance Review Summary, and/or Letter 5023, Change in Form 637 Registration Number, if warranted.
- e. Prepare Letter 3685, Denial of Excise Tax Registration, or Letter 3691, Letter of Revocation, using the Form 637 Registration manager's contact information.
- f. Return the IMS case file to the examiner, if warranted.
- g. Return the IMS case file to the LT, if warranted.

(6) Form 637 Registration cases are controlled in IMS under the applicable status code. Refer to Exhibit 4.24.24-1 for a table containing a list of IMS status codes and a brief description about their uses and purposes.

4.24.24.4 (08-25-2021) **Form 637 Registration Group - IMS Workflow Processes**

(1) The sections below address case processing procedures and workflow for Form 637 IMS case work. Each subsection describes the IMS life cycle of a case from the time a case is created in IMS until it is moved to closing status.

4.24.24.4.1 (10-18-2023) **Status 10 Pending - Assignment of Form 637 IMS Cases to "Queue Manager Q1"**

(1) The registration group manager's "Queue Manager Q1" screen under the IMS Queue Menu, displays all IMS case files in Status 10 that have been input by CSTO or created by an LT. Status 10 cases include new applications and follow-up compliance reviews.

(2) The registration group manager and/or queue manager shall make territory assignments on all Form 637 IMS cases in Status 10. Territory assignments are based on the geographical location of the applicant or registrant.

(3) Once the territory has been assigned, the IMS case file will be placed in Status 15 in the case inventory for the LT assigned to the territory.

4.24.24.4.2
(10-18-2023)

**Status 15 Territory
Assigned - Form 637
IMS Case Assignments
by LT**

- (1) Status 15 IMS case files include initial applications, discretionary and sample reviews.
- (2) The LT will assign IMS case files in Status 15 to TEs in the registration group and to excise groups from the "LT Assignment Q1."
- (3) Under the "LT Assignment Q1," the LT will assign initial applications in Status 15 to the TE and update to Status 20.

Note: When a case is updated to Status 20, IMS automatically generates an e-mail to the TE assigned the case.

- (4) The registration group's sample reviews in Status 15 will be assigned by the LT to a TE and updated to Status 20.

Note: Sample reviews that are to be worked by the registration group do not require Examination Returns Control System (ERCS) controls.

- (5) The LT assigning a sample review to an excise group will:
 - a. Establish the IMS case file on ERCS and verify the correct project and tracking code(s) are assigned to the case. Refer to IRM 4.24.2.9, Examinations Resulting from Form 637 Compliance Reviews, for a list of the applicable tracking codes.
 - b. Upload the Form 637 historical file into the IMS case file, if applicable.
 - c. Update the IMS case file to Status 40 and select the appropriate team code.
 - d. Place the IMS case file in the designated group manager queue.
- (6) The LT assigning a discretionary review to an excise group will:
 - a. Upload the Form 637 historical file into the IMS case file, if applicable.
 - b. Update the IMS case file to Status 40 and select the appropriate team code.
 - c. Place the IMS case file in the designated group manager queue.

Note: The excise group is responsible for establishing the case file on ERCS for discretionary reviews.

4.24.24.4.3
(10-18-2023)

**Status 20 Compliance
Check - Overview Initial
Application and Sample
Reviews Conducted by
Form 637 Registration
Group TE**

- (1) An IMS case file in Status 20 is either an initial application or a sample review that is assigned to the registration group. This will allow the TE to:
 - a. Conduct an Integrated Data Retrieval System (IDRS) compliance check on the applicant or registrant and all related persons.
 - b. Conduct an Accurant search on the applicant or registrant.
 - c. Complete the initial application or sample review.
- (2) If the initial application or sample review is designated as a registration group case, then the TE will complete the initial application or sample review. The TE will:
 - a. Conduct the applicable registration tests.
 - b. Verify satisfactory tax history.
 - c. Recommend approval or denial on an initial application.
 - d. Recommend continuing or revoking a registration on a sample review.

- (3) The initial application or sample review will only be designated as an excise group case, if there is an open excise examination, no compliance issues have been identified or Letter 3681 was not returned “undeliverable”. Refer to IRM 4.24.24.4.4.2 for more information about when a case is designated as an excise group case.
- (4) If the LT returns an initial application or sample review to the TE for corrections, then it will be updated to Status 20. The TE must take action within 10 days of assignment.
- (5) The Form 637 review of an initial application in IMS Status 20 designated as a registration group case will be completed within 45 days of assignment in IMS. If deficiencies are discovered, then the TE has 60 days from the date of assignment to complete the initial application review. If third-party contacts are necessary, then the TE has 120 days from the date of assignment to complete the initial application review. Extensions to these timeframes may be approved by the LT. TE's must document the Case Level Activity Record in IMS with the reasons for the delay and the estimated completion date.
- (6) The IDRS compliance check for an initial application in Status 20 designated as an excise group case will be completed within 45 days of assignment in IMS. If deficiencies are found on an application designated as an excise group case, then the TE will attempt to resolve the deficiencies and recommend denial if the deficiencies are not resolved. At that time, the TE will document the Form 637 IMS recommendation screen and the Case Level Activity Record in IMS accordingly and follow the procedures in IRM 4.24.24.4.3.2(1) sections g-j and IRM 4.24.24.4.3.2(2).
- (7) Initial applications in Status 20 that contain mixed activity letters designated as both registration group case and excise group case activity letters will be worked as an excise group case unless compliance issues are found by the TE. If compliance issues are found, then the TE must follow the procedures to deny the application. Refer to IRM 4.24.24.4.3.2, IMS Status 20 - Initial Compliance Review Procedures Specific to Form 637 Registration Group Cases.
- (8) Initial applications in Status 20 that contain mixed activity letters designated as both a registration group case and an excise group case activity letters will be worked as an excise group case if no compliance issues are found by the TE. These types of applications will be processed as an excise group case following procedures found in IRM 4.24.24.4.3.3, IMS Status 20 - Compliance Review Procedures for Excise Group Cases.

4.24.24.4.3.1
(10-18-2023)

**Status 20 - Initial
Application Procedures
Specific to the Form 637
Registration Group TE**

- (1) The following procedures apply to all initial applications in Status 20 processed by the registration group TE. The TE will:
 - a. Review the original Form 637 application in IMS on the “Original Form 637 Application” screen.
 - b. Prepare and mail Letter 3681, Notification for Form 637, within 10 calendar days from assignment of the IMS case file and include their name, employee ID number, telephone and fax numbers in the contact information. The TE must enclose Publication 5170 and Notice 609, Privacy Act Notice, with Letter 3681. The signed copy of Letter 3681 must be uploaded into the IMS case file.

- c. Complete the “Form 637 Data” screen by verifying the name and address on the application with the name on IDRS, obtain an “INOLES” and upload it into the IMS case file and complete the General Information - Part III.

Note: The “Form 637 Data” screen content mirrors that of a Form 637 application. The TE must transcribe all information submitted by the applicant on the original Form 637 application onto the “Form 637 Data” screen in IMS, thus capturing it for processing purposes.

- d. If an initial application is incomplete, then secure the information necessary to complete the application. The case will be placed in suspense for two weeks to allow the applicant sufficient time to provide necessary information. Information obtained will be added to the “Form 637 Data” screen.
- e. If an application does not contain a valid signature, then secure a new signature and dated application from a person whose signature binds the applicant. The case will be placed in suspense for two weeks to allow the applicant sufficient time to provide a new signature and dated application.
- f. If additional information is required to complete the activity test or IDRS compliance check, then the TE must allow sufficient time to lapse (14 calendar days after mailing Letter 3681) before contacting the applicant by telephone. Letter 3682, Additional Information Request, must be issued following the telephone call. Refer to IRM 4.24.23.3, Initial Contact, for additional information.

Note: When making or receiving phone calls, the TE must follow IRM 21.1.3.2.3, Required Taxpayer Authentication, to ensure they are speaking to the appropriate taxpayer or taxpayer’s representative to prevent unauthorized disclosure of tax information.

- g. Letter 3682 must be used to request information to complete the activity test or IDRS compliance check (e.g., an EIN or SSN, payments, or delinquent returns).
 - h. Letter 3682 may be faxed to the applicant when requesting additional information. The TE will include their name, employee ID number, telephone number and fax number in the contact information. If Letter 3682 is faxed to the applicant, then the Department of the Treasury/IRS logo must be on the fax cover sheet. Refer to IRM 4.24.23.2, Use of Fax Machine or Enterprise Electronic Facsimile (EEFax), for additional information on the use of fax machines and EEFax.
 - i. Secure appropriate IDRS research necessary to complete the IDRS compliance check. If deficiencies are discovered, then the applicable IDRS research documents will be scanned and uploaded in the IMS case file to support the TE’s findings. This includes: BMFOLT/BMFOLI, IMFOLT/IMFOLI, SUMRY or TXMODA.
 - j. Scan and upload into the IMS case file any information received relating to processing the application, such as corrected signatures, tax returns secured, address change request or verification of payments on tax account balances due.
- (2) The TE will forward via Form 3210 any non-filed returns secured to the appropriate IRS Submission Processing campus. A copy of any non-filed return(s) that are secured will be uploaded in the IMS case file and the word/phrase “Possible Duplicate - Do Not Process” notated in red ink on the face of the

return(s). The TE also needs to upload Form 3210 and document the Case Level Activity Record in IMS with the date the returns were received and the date they were mailed to the campus.

- (3) If necessary, a non-filer referral using Form 5346, Examination Information Report, will be prepared for other federal taxes, such as income or employment taxes. At that time, Form 5346 will be prepared by the LT and forwarded to the registration group manager for approval and submission to Planning and Special Programs (PSP). Refer to IRM 4.4.23.3.4, Form 5346, Examination Information Report, for additional information.
- (4) The TE must determine if the IMS case file is an excise group case or a registration group case and then document the Case Level Activity Record in IMS with all actions taken.

4.24.24.4.3.2
(10-18-2023)
IMS Status 20 - Initial Compliance Review Procedures Specific to Form 637 Registration Group Cases

- (1) The following procedures apply to an application in Status 20 that is designated a registration group case. After completing the procedures in IRM 4.24.24.4.3.1, the TE will:
 - a. Perform internet research. For example, the TE may perform an Internet search on the applicant to determine if the entity is or will be engaged in the business activity or activities for which the registration was submitted. The Internet can also be used to confirm and establish further facts and information about the applicant, including alternate addresses and operating locations. For example, the web page of a Form 637 applicant, which requests activity letter F, establishes no information regarding educational activities, thus requiring follow-up actions.
 - b. Perform Accurant business and people searches. Accurant may reflect name/address/TIN that are geographically or name-linked and may show employees at a given company or location. Research can then be conducted on those names via Command Code IRPTRO to identify W-2's, K1's and TIN. If Accurant research reveals any unusual information about the applicant, such as criminal convictions, then the TE will refer the application to the registration group manager for follow-up action.
 - c. Complete the Form 637 Activity Letter Job Aid for each activity letter to establish if the applicant is engaged in the business associated with that activity letter or is likely to be engaged in such activity in the near future.
 - d. Contact the applicant and/or related person by telephone and issue Letter 3682 to secure any non-filed returns and/or payments that were discovered during the activity test and IDRS compliance check.
 - e. Upload the Form 637 Activity Letter Job Aid and complete the "Form 637 IMS Recommendation" screen.
 - f. Recommend approval of the application if the applicant and all related persons of the applicant have a satisfactory tax history and the applicant meets the activity test.
 - g. Solicit a withdrawal statement from the applicant if the applicant does not meet the activity test or the applicant and/or any related person does not have a satisfactory tax history. If no response is received, then document the Case Level Activity Record in IMS and recommend denial of the application.
 - h. Recommend denial of the application if no response is received with 30 days to a request for additional information needed to complete the Form 637 Registration process unless an extension has been granted.

- i. Document the Case Level Activity Record in IMS with all actions taken on the application. This includes the closing recommendation and reasons supporting the recommendation.
 - j. Close the IMS case file to the LT for review and update to Status 30 in IMS.
- (2) When a registration group case application is denied by the TE, the TE will:
 - a. Notate the reasons for the denial on the Case Level Activity Record in IMS, Form 637 Activity Letter Job Aid and "Form 637 IMS Recommendation" screen under the comments section.
 - b. Upload the IDRS research that substantiates any outstanding tax balances, if applicable.
 - c. Deny the application in IMS and close the IMS case file to the LT for review and update the IMS Status to 30.
- (3) If a registration group case has multiple activity letters and the TE recommends that certain activities be approved and others be denied, then the TE will close the case to the LT for the final determination on all activity letter(s). The IMS case file will be updated to Status 30 and placed in the "LT Process Q2."
- (4) If it is determined that an applicant did not apply for the correct activity letter and may qualify for another activity letter, then the TE will:
 - a. Secure a new application with the activity letter that applies.
 - b. Secure a withdrawal statement from the applicant for the application with the incorrect activity letter.
 - c. Deny the incorrect activity letter in IMS.
- (5) If a registration group case is returned to a TE to address an issue or issues that prevented the LT from approving the TE's recommendation, then the TE must take action on the IMS case file within 10 days from reassignment. The TE will:
 - a. Resolve all issues notated in the IMS case file and, if necessary, contact the LT for clarification.
 - b. Document the Case Level Activity Record in IMS with all actions taken to resolve issue(s).
 - c. Upload any documentation requested by the LT or that is necessary to resolve the issue(s).
 - d. Close the case back to the LT and update the IMS Status to 30.
- (6) A registration group case will not be returned to a TE from Status 30 a second time to address or resolve new issue(s), unless it has been approved by the registration group manager on the Case Level Activity Record in IMS.

Note: The case will be returned a second time to the TE, if the TE did not resolve or address the previous issue(s) notated by the LT on the first review.

4.24.24.4.3.3
(10-18-2023)
**IMS Status 20 -
Compliance Review
Procedures for Excise
Group Cases**

- (1) After the registration group TE completes the procedures in IRM 4.24.24.4.3.1 the following actions must be taken on applications designated as an excise group case. The TE will:

- a. Complete the “Form 637 IMS Recommendation” screen with the filing requirements and payment histories for the applicant and related person(s).
- b. Recommend “Approve” in IMS if no deficiencies were discovered on the IDRS compliance check.
- c. Deny the application if deficiencies remain after the TE attempted to resolve them during the compliance check, or the applicant failed to respond. The TE will notate the deficiencies discovered on the “Form 637 IMS Recommendation” screen, the Case Level Activity Record in IMS and recommend “Deny” in IMS. If there is an open examination, then the initial application will be assigned to the excise group for resolution.
- d. Document the Case Level Activity Record in IMS.
- e. Close the IMS case file to the LT. The IMS case file will be updated to Status 30.

4.24.24.4.4
(10-18-2023)
**Status 30 LT Review -
Form 637 Case Criteria**

- (1) The criteria used to designate a case as a registration group or an excise group case will be reviewed as warranted based on the needs of the Excise Tax Program. Cases may be assigned or reassigned to either the registration group or an excise group based upon workload or priorities.
- (2) Both registration group and excise group initial applications completed and approved by the TE will be updated to IMS Status 30 for an LT review.
- (3) The IMS case file is returned to the LT that assigned the IMS case file to the TE in Status 20.
- (4) The LT will confirm the determination made by the TE that the IMS case file is one of the following:
 - An excise group case
 - A registration group case
- (5) Registration group cases are kept within the registration group, and the LT will make the determination to approve the application for registration.
- (6) All cases that are denied in IMS by the TE are updated to Status 65 and placed in the registration group manager’s “Queue Manager Q2” under the IMS Queue Menu for concurrence and to make the final determination. Refer to IRM 4.24.24.4.5 for additional guidance.
- (7) If a registration group case has multiple activity letters and some are denied and others are approved, then the IMS case file will be updated to Status 30 and placed in the “LT Process Q2” under the IMS Queue Menu for a final determination on the activity letter(s) that the TE recommended be approved. The denied activity letters will be forwarded to Status 65.

4.24.24.4.4.1
(10-18-2023)
**Status 30 - Procedures
for Form 637
Registration Group
Cases**

- (1) The IMS case files in Status 30 will be reviewed in IMS by the assigned territory LT. If the LT agrees with the TE’s recommendation to approve the Form 637 application, then the LT will make a final determination and approve the application in IMS.
- (2) Upon the approval of an application, the LT (or TE) will:

- a. Prepare and issue Letter 3689 to the applicant and enclose Publication 5039. Letter 3689 contains the approved registration number and the effective date of registration.
 - b. Upload the signed Letter 3689 into the IMS case file.
 - c. Complete and forward the Form 2363, Master File Entity Change, to have the Form 637 indicator added to IDRS. Refer to IRM 4.24.24.5.1, Procedures to Post or Delete the Form 637 indicator on BMF, for detailed guidance.
 - d. Document all actions taken on the Case Level Activity Record in IMS.
- (3) If the LT assigns procedures in (2) above to a TE, then the LT will:
 - a. Update the IMS case file to Status 85 and assign to the TE.
 - b. Provide closing instructions to the TE on the Case Level Activity Record in IMS, if applicable.
- (4) When a registration group case has multiple activity letters and some are being approved and others are being denied by the TE, the final determination on the activity letter(s) recommended for approval will be made by the LT. If the LT concurs with the TE recommendation to approve, then the LT will:
 - a. Approve the activity letter(s) in IMS.
 - b. Follow the procedures in (2) above.
 - c. Update the IMS case file to Status 65.
- (5) When the LT reviews a registration group case and issues are discovered, which prevent the LT from approving the application, it will be returned to the TE in Status 20 for corrective actions. The LT will:
 - a. Notate the issue(s) and actions the TE should take, if applicable, on the Case Level Activity Record in IMS.
 - b. Update the IMS case file to Status 20.
- (6) If the issue(s) can be resolved via phone or e-mail with the TE, then the LT will contact the TE, resolve the issues, document their actions on the Case Level Activity Record in IMS and approve the registration.
- (7) The LT will not send an IMS case file back to the TE a second time for new issues identified unless the LT has the approval of the registration group manager. If approval is not received, then the LT will address the new issue.
- (8) If the TE did not resolve or address the original issue(s) notated by the LT on the first review, then the LT may return an IMS case file to the TE a second time. At that time, any disagreements between the LT and the TE on case actions will be elevated to the registration group manager for resolution.

4.24.24.4.4.2

(10-18-2023)

**Status 30 - Procedures
for Excise Group Cases**

- (1) Status 30 Form 637 IMS cases that are considered excise group cases will be sent to the excise groups to make the final determination on the application. This includes:
 - Initial applications without compliance issues designated as an excise group case.
 - Initial applications without compliance issues that contain mixed activity letters designated as both registration group case and excise group case activity letters.

- Initial applications without compliance issues received from an approved registrant adding an excise group activity letter(s) to its current registration.
 - Initial applications that have an open excise examination.
- (2) Form 637 IMS cases will be assigned to an excise group from the “LT Process Q2.”
- (3) The LT assigning an initial application to the excise group must:
- a. Establish the Form 637 Registration case file on ERCS and verify the correct project and tracking code(s) are assigned to the case. Refer to IRM 4.24.2.9, Examinations Resulting from Form 637 Compliance Reviews, for a list of the applicable tracking codes.
 - b. Upload the Form 637 historical file into the IMS case file, if applicable.
 - c. Update the IMS case file to Status 40 and select the appropriate team code.
 - d. Assign the IMS case file to the group manager queue.

4.24.24.4.5
(10-18-2023)
Status 65 - Q Manager Denial or Revocation Overview

- (1) When it is determined a Form 637 Registration should be denied, revoked, or the taxpayer requests withdrawal of a registration, the IMS case file is updated to Status 65 and placed in the registration group manager’s “Queue Manager Q2” to make the final action in IMS.
- (2) The registration group manager’s concurrence is required on all IMS case files that are denied or revoked in the registration group. The manager will:
- a. Review the IMS case file and TE’s recommendation to deny or revoke registration.
 - b. Document concurrence on the Case Level Activity Record in IMS.
 - c. Take final action in IMS.
 - d. Update the IMS case file to Status 80 or 85 for the appropriate registration letter(s) to be issued.

4.24.24.4.5.1
(10-18-2023)
Status 65 - Denial of Applications or Revocation of Registrations for Form 637 Registration Group Cases

- (1) When it is determined that an applicant or registrant, including a related person as defined under *Treas. Reg. 48.4101-1(b)(5)*, does not meet the applicable registration tests, or has not responded to a request for additional information, the application or registration will be denied or revoked.
- (2) The applicant or registrant must be notified in writing that the application or registration is denied or revoked and the basis for the denial or revocation provided. Letter 3685 is used for denials and Letter 3691 is used for revocations.
- (3) An application should be denied, or registration revoked, if an applicant or registrant:
- Does not meet the applicable registration tests. Refer to IRM 4.24.23.9, Procedures Relating to Denials or Revocations of Registrations, for registration tests not met.
 - Meets the exceptions to the requirement for registration under *Treas. Reg. 48.4222(b)-1*, refer to paragraph (4) below.

Note: Only applies to manufacturer’s excise taxes.

- Has requested, in writing, to withdraw the Form 637 application or registration.
 - Applied for the wrong activity letter(s).
 - Fails to respond to the initial contact letter after 14 calendar days and it was not returned as “undeliverable” or an initial contact letter is returned “undeliverable,” and the address matches that on IDRS.
 - Has not provided additional information within 30 days of the request.
- (4) Exceptions to the requirement for registration under Treas. Reg. 48.4222(b)-1, which apply only to manufacturer’s retailer’s excise taxes, are the following:
- State and local governments
 - Foreign purchasers for export
 - United States
 - Supplies for vessels and aircraft

4.24.24.4.5.2
(10-18-2023)

**Status 65 - Required
Actions to Deny
Applications or Revoke
Registrations for Form
637 Registration Group
Cases**

- (1) If the registration group manager concurs with the denial or revocation of registration, then the manager will:
- a. Detail concurrence and the basis for the denial or revocation on the Case Level Activity Record in IMS.
 - b. Update the IMS case file to Status 80 or 85.
- (2) The LT or the TE will:
- a. Prepare and issue Letter 3685 or Letter 3691 to the applicant or registrant with reasons for the denial or revocation.
 - b. Upload a copy of the signed letter into the IMS case file.
 - c. Update the IMS case file to Status 90.
- (3) The applicant or registrant will have 10 days from the post mark date on the letter to submit a written appeal regarding the denial or revocation.
- (4) If an applicant or registrant does not respond within 10 days, then the applicant will be required to reapply for registration.
- (5) If an applicant appeals the denial or revocation in writing within 10 days, then the appeal will be uploaded into the IMS case file. At that time, the LT will review and address the appeal within 14 days.
- (6) If the LT determines the Form 637 Registration process should continue, then the LT will take the appropriate actions to continue the registration process and document their actions on the Case Level Activity Record in IMS.
- (7) If the LT determines that the registration process should not continue, then the LT will forward the IMS case file to the registration group manager who will follow the contested denials and revocations procedures found in IRM 4.24.23.9, Procedures Relating to Denials or Revocations of Registrations.
- (8) If an applicant is denied a registration due to deficiencies (e.g., unfiled tax returns or balances due) and such deficiencies are satisfied within 30 days from the date of Letter 3685, then the LT will approve the registration if it is a registration group case or send to the field for review if it is a excise group case. At that time, the LT will document actions taken on the Case Level Activity Record in IMS and upload any correspondence submitted by the applicant in the IMS case file and update to Status 85 to have registration letter issued.

- (9) If an application is denied or a registration revoked due to missing information and such information is provided within 30 days from the date of Letter 3685, then the LT will update the IMS case file to Status 20 and assign a TE to complete the Form 637 review.
- (10) If the registration group manager does not concur with the denial or revocation of a registration, then the Case Level Activity Record in IMS will be documented, and the case sent back to the TE for follow-up actions. The IMS case file will be updated to Status 20.

4.24.24.4.5.3 (10-18-2023)

Status 65 - Procedures for Applications Denied for an Existing Form 637 Registrant

- (1) If an existing Form 637 registrant submits an application designated as a registration group case or excise group case and compliance issues are found or a related person has compliance issues, then the application will be denied by the TE. At that time, the LT or TE will:
 - a. Prepare and issue Letter 3685 for the activity letters denied. Refer to IRM 4.24.24.4.5.1, Denial of Applications or Revocation of Registrations for Form 637 Registration Group Cases.
 - b. Prepare and issue Letter 3696 and Publication 5039 for existing activity letters, notating the compliance issues.
 - c. Upload signed copies of Letter 3685 and Letter 3696 into the IMS case file.
- (2) The IMS case file will not be closed to Status 90. It will remain in Status 80 or 85 for follow-up action by the TE or LT on the compliance problems identified in Letter 3696.
- (3) The registrant will be given 30 days to resolve compliance issues. If the Form 637 registrant becomes compliant within 30 days of the issuance of Letter 3696, then the additional activity will be approved if a registration group case or sent to the field if an excise group case. Letter 3689 will be issued for the approved activity along with Publication 5039. At that time, the LT or TE will update the IMS case file to Status 90.
- (4) For existing registrations that are delegated to the excise group (e.g., activity letter K, M and S) and the registrant has not resolved the compliance issues or has not responded after 30 days, then the LT will send the IMS case file to the excise group for review.
- (5) For existing registrations that are delegated to the registration group and the registrant has not resolved the compliance issues or has not responded after 30 days, then the LT will recommend revocation of the existing registration. The LT will document the basis for the revocation on the Case Level Activity Record in IMS and update the case to Status 65. If registration group manager concurs with the revocation, then the manager will:
 - a. Document concurrence and basis for the revocation on the Case Level Activity Record in IMS.
 - b. Revoke the existing registration in IMS.
 - c. Assign the IMS case file back to the LT in Status 80 or the TE in Status 85 to issue Letter 3691. Refer to IRM 4.24.23.9, Procedures Relating to Denials or Revocations of Registrations, for additional information.

4.24.24.4.6
(10-18-2023)

**Status 70 LT Review
from Field - Procedures
Relating to Changes in
Ownership or Denial of
Appeal**

- (1) Status 70 cases are IMS case files with a change in ownership closed by an excise group to the LT or a recommended denial of an appeal.
- (2) If it is a change in ownership case, then the LT will:
 - a. Process the change in ownership in the IMS case file.
 - b. Prepare and issue Letter 3689 and Letter 3691.
 - c. Update the Form 637 IMS case to Status 90.
- (3) If it is a recommend denial of an appeal case, then the LT will:
 - a. Review the IMS case file for the response from the examiner.
 - b. Document the Case Level Activity Record in IMS with the findings.
 - c. Update the IMS case to Status 65.

4.24.24.4.7
(10-18-2023)

**Status 80 Final
Determination by LT -
Procedures**

- (1) The IMS case files assigned to an LT in Status 80 include, but are not limited to, ownership changes, name changes, or those ready for final disposition.
- (2) The LT will document all actions taken and contacts made on the Case Level Activity Record in IMS.
- (3) When an IMS case file is assigned to Status 80 for a final disposition, the LT (or delegate) will:
 - a. Prepare the applicable Form 637 Registration letter(s) or other correspondence to the applicant or registrant and sign the registration group manager's name or stamp the registration group manager's name using a signature stamp, if available.
 - b. Scan and upload signed letter(s) into the IMS case file under "Administrative Issue" section and mail original letter to the applicant or registrant.
 - c. Input or remove the Form 637 indicator from the BMF account in IDRS. Refer to IRM 4.24.24.5.1, for additional information.
- (4) Once all actions are completed, the LT will change the IMS case file status to "Complete Review" and update the IMS case file to Status 90. The IMS case file is now finalized in IMS.

4.24.24.4.8
(10-18-2023)

**Status 85 Final
Disposition by TE -
Procedures**

- (1) Once the final determination has been made by the LT to approve a registration or the registration group manager to deny or revoke a registration, applicable Form 637 Registration correspondence will need to be prepared and sent to the applicant or registrant. The TE assigned to an IMS case file in IMS Status 85 will:
 - a. Prepare the applicable Form 637 Registration letter(s) or other correspondence to the applicant or registrant and sign the registration group manager's name or stamp the registration group manager's name using a signature stamp, if available.
 - b. Scan and upload signed letter(s) into the IMS case file under "Administrative Issue" section and mail original letter to the applicant or registrant.
 - c. Forward the Form 2363 request to have the Form 637 indicator added to or removed from the BMF account. Refer to IRM 4.24.24.5.1 for additional information.
 - d. Document all actions taken on the Case Level Activity Record in IMS.
- (2) Once the above actions are completed, the TE will update the IMS case file to Status 90. The IMS case file is now finalized in IMS.

4.24.24.5
(10-18-2023)
**Monitoring Registrants
Using Form 637
Indicator on Business
Master File (BMF)**

- (1) A Form 637 indicator can be placed on the BMF account in IDRS.
- (2) The Form 637 indicator is designed to aid in monitoring Form 637 registrants for compliance. Eleven conditions have been defined that monitor registrants. When any of these conditions are met, CP 241, Notice - 637 Registrant, is generated indicating the registrant may no longer meet the registration requirements and follow-up actions may be required. Refer to IRM 4.24.24.5.2(3) for a description of these condition codes.
- (3) The CP 241 notice monitoring system does not override the requirement to conduct periodic Form 637 compliance reviews.

4.24.24.5.1
(10-18-2023)
**Procedures to Post or
Delete Form 637
Indicator on BMF**

- (1) The Form 637 indicator on the BMF account in IDRS should be updated when:
 - A new applicant is registered.
 - A registration is revoked.

Note: The IMS case file will be documented on either the Examining Officer's Activity Record or the Case Level Activity Record in IMS that this procedure was completed.

- (2) Form 2363 must be completed and faxed to Centralized Case Processing (CCP) that will update the indicator on the BMF account in IDRS.

Note: If the registration group manager or delegate has the necessary IDRS Command Codes, BNCHG and ENREQ in their IDRS profile, then this can be accomplished without preparing Form 2363.

- (3) The E-fax number for CCP may be found on Excise Tax Knowledge Base Homepage at the Form 637 Registrations shelf, Registration Information book, Current Issues chapter at "Update: Where to Send Form 2363" page.
- (4) The registration group manager or delegate will:
 - a. Verify the accuracy of the EIN, name of the applicant or registrant and name control.
 - b. Ensure that the Form 637 indicator is added or removed from the registrant's BMF account using "1" to turn on the indicator or "9" to turn off the indicator.
- (5) The registration group manager or delegate will use command codes ENMOD or BMFOLE to verify the BMF account has been updated with the Form 2363 information.

4.24.24.5.2
(10-18-2023)
**CP 241, Notice - 637
Registrant, Procedures**

- (1) Form 637 registrants whose indicators are active will be monitored for compliance. A CP 241 notice is generated when one or more of the eleven conditions listed below is met. The condition printed on the notice identifies the reason it was generated.
- (2) On a monthly basis, the registration group manager or delegate will download the CP 241 notice from the Control D WebAccess Server.

- (3) The CP 241 notice will be reviewed by the registration group manager or delegate and appropriate action as described in IRM 4.24.24.5.2(4) below are taken.

Note: Refer to IRM 4.24.6.2.14, Excise Examinations of Indian Tribal Government (ITG) Cases, for procedures to follow if the entity is an ITG.

- (4) The 11 conditions listed below indicate that excise involvement may be required for the registrant's account:

No.	Condition	Description
1	FTD PENALTY ASSESSED	The deposit penalty can be for any type of tax including income, excise, or employment tax. The return for which a deposit was not made is listed in the information section of the notice.
2	RETURN NOT FILED	Failure to file a return of any type. This indicator is designed to protect unpaid taxes in a delinquency situation. The type of return not filed is indicated in the information section of the notice.
3	FORM 720 FILED-TAX OWING	Form 720 is filed reflecting a tax liability, but no payments or deposits have been made.
4	FORM 720 NO DEPOSITS	Form 720 was filed with full payment of tax liability with return, but the applicant or registrant is required to make deposits.
5	FINAL RETURN	Form 720 was filed noting "final return."
6	DELINQUENCY-THIRD NOTICE	The registrant is in collection status code 56, which indicates a third notice for payment has been issued. The delinquent taxes can be for any type of return. The form number and tax period are shown in the information section of the notice.
7	DUPLICATE REGISTRATION	The registrant has either attempted to obtain, or has obtained, a second registration using the same EIN.
8	DEPOSITS NOT RECEIVED	Two months after the date the Form 637 indicator was input to BMF, the registrant did not make a deposit of excise tax.
9	FORM 720 NOT FILED	Eight months after the date the Form 637 indicator was input on BMF, a Form 720 was not filed by the registrant.
10	BANKRUPTCY	The registrant filed for bankruptcy.
11	CID FREEZE	A CID freeze code has posted.

- (5) When a CP 241 notice is generated, the registration group manager or delegate will review, prioritize, and determine the next action required for each notice.

- (6) If condition code 1 is indicated, then a representative sample will be selected, and the following actions will be completed:
- a. Review the IMS case file for prior activity addressing the condition.
 - b. Secure appropriate IDRS research necessary to ensure all tax modules requiring attention are known.
 - c. Contact the registrant using Letter 3696 notating the items to be addressed if after reviewing the IDRS research and the condition has not been resolved.

Note: Allow 14 days from the date of the letter for a response and document all actions on the Case Level Activity Record in IMS.

- d. Document all actions on the Case Level Activity Record in IMS if after reviewing IDRS research it is determined that the condition has been resolved or is not applicable and no further action is required.
- (7) If conditions 2, 3, 4, 6, 8 and/or 9 are indicated, then the following actions will be completed:
- a. Review the IMS case file for prior activity addressing the condition.
 - b. Secure appropriate IDRS research necessary to ensure all tax modules requiring attention are known.
 - c. Contact the registrant using Letter 3696 notating the items to be addressed if after reviewing the IDRS research and the condition has not been resolved.

Note: Allow 14 days from the date of the letter for a response and document all actions on the Case Level Activity Record in IMS.

- d. Document all actions on the Case Level Activity Record in IMS if after reviewing IDRS research it is determined that the condition has been resolved or is not applicable and no further action is required.
- (8) If conditions 1, 2, 3, 4, 6, 8 and/or 9 are not addressed in a satisfactory manner within 30 days of contact, then action must be initiated to revoke the registration until the condition is corrected.
- (9) If condition 5 is indicated, then review IDRS to ascertain it is a final return. If so, then send Letter 3687, Verification of Excise Tax Registration, to the registrant to confirm whether the registration is still needed. If it is determined (after reviewing IDRS) this is not the final return, then document the Case Level Activity Record in IMS and no further action is needed.
- (10) If condition 7 is indicated, then this case will be worked as a sample review by the registration group or forwarded to the excise group.
- (11) If condition 10 is indicated, then the registration group manager or designee will review IDRS information, document the Case Level Activity Record in IMS and take appropriate actions.
- (12) If condition 11 is indicated, then the registration group manager or designee will contact CID to determine the reason for its involvement. At that time, obtain required CID approval before any actions are taken and document accordingly the Case Level Activity Record in IMS.

- (13) All decisions, actions and contacts with the registrant will be documented on the Case Level Activity Record in IMS. If the registrant has been contacted, then written notification of the final determination will be provided using Letter 3696.

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Exhibit 4.24.24-1 (10-18-2023)

IMS Workflow Status Codes

IMS Status Code	Use by Form 637 Group	Use by Excise Group	Description
10 - Pending	Yes	No	Initial status after input by CSTO. Cases are sent to Form 637 Registration "Queue Manager Q1"
15 - Territory Assigned	Yes	No	Assignment to an excise territory LT. Cases are sent to the territory "LT Assignment Q1" or "LT Process Q2"
20 - Compliance Check	Yes	No	Assign to TE for compliance check
30 - LT Review	Yes	No	TE has completed the compliance review and sent to LT. LT will send cases to excise groups
40 - GM Compliance Review	Yes	Yes	LT has assigned the case to the excise group manager's queue
50 - RA Compliance Review	No	Yes	Group manager has assigned case to examiner
60 - GM Final Review	No	Yes	Examiner has closed case back to group manager
65 - Deny/Revoke	Yes	Yes	Manager Deny/Revoke Form 637 Registration
70 - LT Review from Field	Yes	Yes	Used for change in ownership or recommended denial of an appeal by excise groups
80 - Final Determination by LT	Yes	No	LT final review of case
85 - Final Disposition by TE	Yes	No	Final actions assigned by LT or registration group manager
90 - Complete	Yes	Yes	IMS case file closed

