



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

4.30.4

OCTOBER 18, 2023

## EFFECTIVE DATE

(10-18-2023)

## PURPOSE

(1) This transmits new IRM 4.30.4, LB&I General Procedures, LB&I Industry Program.

## MATERIAL CHANGES

(1) This is a new IRM section describing how to designate and monitor industries.

## EFFECT ON OTHER DOCUMENTS

None

## AUDIENCE

LB&I practice area personnel responsible for oversight of LB&I industries.

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Large Business and International Division



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4.30.4  
LB&I Industry Program

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4.30.4.1  
(10-18-2023)  
**Program Scope and Objectives**

- (1) **Purpose:** This IRM covers the industries that are under the purview of the LB&I Geographic Practice Areas (GPAs) and the Enterprise Activities Practice Area (EAPA). It describes how to designate and monitor a designated industry and how to monitor those industries that are not designated.
- (2) **Audience:** LB&I Practice Area personnel responsible for oversight of LB&I industries.
- (3) **Policy owner:** LB&I Policy under the Strategy, Policy and Governance office in the Assistant Deputy Commissioner Compliance Integration organization.
- (4) **Program owner:** Eastern Compliance Practice Area (ECPA), Northeastern Compliance Practice Area (NECPA), Western Compliance Practice Area (WCPA) and the Enterprise Activities Practice Area (EAPA) are responsible for the administration, procedures, and updates related to the LB&I Industry Program.
- (5) **Primary stakeholders:** LB&I examination personnel who encounter industry issues.

4.30.4.1.1  
(10-18-2023)  
**Background**

- (1) LB&I has developed an industry program with designated and non-designated industries. See Exhibit 4.30.4-1 for a list of designated and non-designated industries.
- (2) The LB&I Industry Program is designed to support compliance employees to ensure uniform and consistent treatment of industry issues by assisting with issue identification and development.

4.30.4.1.2  
(10-18-2023)  
**Authority**

- (1) The authority for the LB&I Industry Program comes from the office of the LB&I commissioner.

4.30.4.1.3  
(10-18-2023)  
**Roles and Responsibilities**

- (1) The director in each LB&I GPA and EAPA is responsible for providing oversight of the designated and non-designated Industries under their purview.

4.30.4.1.4  
(10-18-2023)  
**Program Management and Review**

- (1) **Program Goals:** Ensure uniform and consistent treatment of industry issues by the examination teams nationwide through better identification and development of such issues. The LB&I Industry Program provides a vehicle for continued industry coordination and maintains in-house expertise in the commercial and technical practices related to industries to make examinations more efficient. Through monitoring and coordination, the assigned industry subject matter experts (SMEs) in collaboration with other stakeholders will attempt to determine the impact of the changes in the marketplace and prevailing laws to forecast the impact on future examinations.
- (2) **Program Reports:** Within each GPA and EAPA, internal systems are used to house documents related to the industries under their supervision. Access to these systems is provided on an as needed basis.
- (3) **Program Effectiveness:** Each GPA and EAPA maintain an annual plan for the industries under their purview to ensure their goals are met.

4.30.4.1.5  
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#### Program Controls

- (1) Industries are monitored regularly. See IRM 4.30.4.4, Industry Monitoring for additional information.

4.30.4.1.6  
(10-18-2023)

#### Terms and Acronyms

- (1) Below is a list of terms and acronyms that are used throughout this IRM.

##### *Terms*

Term	Definition
Collateral Subject Matter Expert	A subject matter expert (SME) that supports either an industry or a practice network (PN) on a part-time basis who charges up to 25% of their direct exam time (DET) to industry or PN activities.
Designated Industry	An industry identified as warranting coordination and to which a full-time industry SME has been assigned.
Non-Designated Industries	Industries that do not meet the criteria outlined in IRM 4.30.4.2, Designated Industry Definition and Criteria. Non-designated industries do not require a full-time industry SME.
Industry	A group of companies that are related based on their primary business.
Industry Analyst	Aids the industry SME with special emphasis on forward planning and monitoring Industry trends. The industry analyst supports the industry SME in their identification of unique industry accounting practices and audit techniques, the identification of common and emerging industry issues and promotes uniform and consistent treatment of such issues nationwide in collaboration with peers within LB&I.
Industry Champion	A GPA territory manager assigned to a non-designated industry to promote collaboration and coordination with appropriate SMEs, other industry champions, counsel and Appeals as appropriate.

Term	Definition
Industry Inquiry	A request for industry SME support. Examiners use the LB&I Request Tracker system to input an industry inquiry.
Industry Issue	Major issues of compliance risk and/or of particular importance in either a designated or non-designated industry.
Practice Networks	Technical issue experts with nationwide oversight for specific code sections. PN's are designed to increase collaboration, expand technical expertise, transfer skills within LB&I, and build content to assist LB&I personnel in developing the correct technical position based on the facts presented.
Program Manager	The primary point of contact for a practice area for the LB&I industry program.
Request Tracker	An internal system within LB&I where inquiries can be submitted to ask a subject matter expert for assistance with a technical issue.
Subject Matter Expert	A nationwide specialist for a technical issue or a designated industry on a full-time basis. A SME's role and responsibilities are defined in IRM 4.54.1, Roles and Responsibilities of SMEs.

### ***Acronyms***

Acronym	Definition
ADCCI	Assistant Deputy Commissioner Compliance Integration
DET	Direct Examination Time
EAPA	Enterprise Activities Practice Area
ECPA	Eastern Compliance Practice Area
GPA	Geographic Practice Area
IBMIS	Issue Based Management Information System
LB&I	Large Business & International

Acronym	Definition
NECPA	Northeastern Compliance Practice Area
PA	Practice Area
PN	Practice Network
SME	Subject Matter Expert
WCPA	Western Compliance Practice Area

4.30.4.1.7  
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#### Related Resources

- (1) See the industry knowledge base home page at, <https://irs.gov.sharepoint.com/sites/ETD-KMT-KB025/>.
- (2) See the industry SME contact list at, <https://irs.gov.sharepoint.com/sites/ETD-KMT-KB025/Lists/SME/>.
- (3) The LB&I Request Tracker can be found at, <https://organization.ds.irsnet.gov/sites/LbiEaPaRequestTracker/>.
- (4) The roles and responsibilities of LB&I SMEs are detailed in IRM 4.54.1, LB&I Subject Matter Experts (SMEs), Roles and Responsibilities of SMEs.

4.30.4.2  
(10-18-2023)

#### Designated Industry Definition and Criteria

- (1) Designated industries are industries identified as warranting coordination with a full-time industry SME assigned. SMEs assist examiners in identifying, developing, and resolving industry specific and cross-industry technical issues; ensure uniform and consistent treatment of industry issues; provide educational opportunities to internal and external customers as appropriate; maintain and develop industry expertise and collaborate with the technical issue PNs. The designated or non-designated industry status may change based on the criteria outlined in this IRM. A designated industry may be a grouping of one or more related industries.
- (2) The following factors should be considered in designating an industry:
  - Taxpayer population
  - Whether the industry is high-profile
  - Geographic distribution of taxpayers
  - Whether the industry issues are new, emerging, complex, high-risk, or widespread
  - The number of inquiries received historically
  - The estimated number of future inquiries
  - Marketplace changes (new technologies, business models or trends)
  - Tax law changes

4.30.4.2.1  
(10-18-2023)

#### How to Designate an Industry

- (1) The PA conducts a detailed study based on the criteria outlined in IRM 4.30.4.2, Designated Industry Definition and Criteria, to determine if an industry SME is required. The study includes taxpayers representative of the industry, is done in writing, and is approved by the LB&I senior director of the relevant PA. The study should address the following:

- The definition of business activity and the parameters of the industry
- An evaluation of the data supporting the criteria outlined in IRM 4.30.4.2, Designated Industry Definition and Criteria, to determine if a full-time SME is needed
- The analysis of business or economic factors particular to the industry and its impact on tax compliance
- Unique industry accounting practices and issues and their impact on tax compliance
- Tax compliance risks and inconsistencies within the industry
- A recommendation to the senior director of the PA as to whether a designation is warranted

- (2) The senior director should seek the approval of the LB&I commissioner to designate a new industry and to change a designated industry to a non-designated industry.

4.30.4.2.2  
(10-18-2023)  
**Designated Industry  
Team Members**

- (1) The designated industry team may include a combination of the following:
- GPA or EAPA program manager
  - Full-time SME
  - Collateral SME
  - Industry analyst
  - Counsel

4.30.4.3  
(10-18-2023)  
**Non-Designated Industry  
Definition**

- (1) Non-designated industries are those industries which do not meet the criteria outlined in IRM 4.30.4.2, Designated Industry Definition and Criteria, and are under the purview of a practice area. Selected non-designated industries can be assigned an industry champion and do not require a full-time SME to coordinate industry activities, but rather one or more part-time collateral SMEs.

4.30.4.3.1  
(10-18-2023)  
**Non-Designated Industry  
Team**

- (1) The non-designated industry team may include a combination of the following:
- GPA or EAPA program manager
  - Industry champion
  - One or more collateral SME(s)
  - Full-time SME for a designated industry assigned to oversee a non-designated industry
  - Industry analyst
  - Counsel

4.30.4.4  
(10-18-2023)  
**Industry Monitoring**

- (1) The industry team will continually monitor the industry to determine if:
- An existing designated industry should remain a designated industry
  - A designated industry should become a non-designated industry
  - A non-designated industry should become a designated industry
  - A new industry should be added to the LB&I industry program
- (2) When monitoring an industry, the industry team may need to conduct a detailed analysis based on the criteria outlined in IRM 4.30.4.2, Designated Industry Definition and Criteria, and use the format outlined in IRM 4.30.4.2.1, How to Designate an Industry. Monitoring of each industry can identify new compliance risks, trends, economic developments, and potential issues. The analysis should be conducted using internal and external sources. Through this

analysis, the industry team can gain considerable insight into what is needed to address taxpayer compliance concerns within the industry.

- (3) The following is a list and brief description of internal sources of information that can be used to monitor industries:
- Field examinations are the industry team's primary internal source for identifying and monitoring complex, emerging, or high-risk industry issues, industry trends, and current economic developments. The industry team should gather feedback from communication networks with case managers, issue managers, specialist managers, and revenue agents which should be used in forward planning.
  - Industry community and network calls are an internal source of communication, collaboration, and knowledge sharing with a larger audience consisting of multiple field examination teams. These calls provide information on industry issues, trends, and economic developments on a larger, more collaborative scale.
  - IBMIS reports provide the industry team with detailed information to identify current industry examinations and issues. The industry team can monitor this information to identify trends and field examination team contacts for outreach purposes.
  - Request Tracker can be used by the industry team to monitor new, emerging, and high-risk issues.
  - Virtual Library statistics provide the industry team with analytics of frequently visited content aiding the team in identifying prevalent compliance risks.
  - Technical Issue Practice Networks consist of a team of SMEs who provide a national perspective across all industries to ensure the issues are consistently identified and worked.
- (4) The following external sources of information can be used to monitor industries:
- News media, national business-oriented publications, trade journals, market reports, corporate prospectus brochures, stockholders' reports, law firm publications, IBIS World, CFRA (MarketScope), and Standard and Poor's.
  - Conferences, seminars, and webcasts with industry trade associations and other professional organizations.

**Exhibit 4.30.4-1 (10-18-2023)****Designated and Non-Designated Industries**

The following is a list of designated and non-designated industries as of the publication date of this IRM:

**Designated Industries**

- Aerospace & Defense
- Chemical
- Entertainment
- Gaming
- Healthcare
- High Technology
- Hotel
- Media
- Motor Vehicle
- Petroleum
- Pharmaceutical & Biotech
- Retail
- Sports
- Telecom
- Transportation

**Non-Designated Industries**

- Agriculture & Biofuels
- Alternative Energy
- Construction
- Environmental Issues
- Food & Beverage
- Forest Products
- Mining
- Utilities

