



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.46.5

DECEMBER 3, 2025

EFFECTIVE DATE

(12-03-2025)

PURPOSE

- (1) This transmits revised IRM 4.46.5, LB&I Examination Process, Resolving the Examination.

MATERIAL CHANGES

- (1) IRM 4.46.5.1 - Added paragraph (7) for contact information IRM updates.
- (2) IRM 4.46.5.1.5 - Added this subsection and program controls information to comply with IRM 1.11.2.2.4.
- (3) IRM 4.46.5.1.6 - Added reference to acronyms table.
- (4) IRM 4.46.5.2.1 - Incorporated LBI-04-0725-0008, Interim Guidance on Reinforcing the Customer Focused, High Efficiency LB&I Examination Process, removing references to acknowledgement of facts.
- (5) IRM 4.46.5.4.1.2 - Removed last sentence
- (6) IRM 4.46.5.4.2 - Add information to paragraph (1) about IMS tracking of certain post-filing issue resolution tools.
- (7) IRM 4.46.5.4.2.2 - Added paragraph (3) providing instructions about completing questions in technical issue level screen in IMS.
- (8) IRM 4.46.5.4.2.4 - Incorporated LBI-04-0725-0008, Interim Guidance on Reinforcing the Customer Focused, High Efficiency LB&I Examination Process, removing references to acknowledgement of facts into paragraphs (1) through (5). Added paragraph (6) providing instructions about completing questions in technical issue level screen in IMS.
- (9) IRM 4.46.5.4.2.5 - Added paragraph (3) providing instructions about completing questions in technical issue level screen in IMS.
- (10) IRM 4.46.5.5 - Removed paragraphs (4) and (5) per LBI-04-0725-0008, Interim Guidance on Reinforcing the Customer Focused, High Efficiency LB&I Examination Process, removing references to acknowledgement of facts.
- (11) IRM 4.46.5.6 - Clarified approval requirements for closing agreements under Rev. Proc 99-32.
- (12) IRM 4.46.5.6.1 - Clarified procedures in paragraph (1). Updated procedures in paragraph (2).
- (13) IRM 4.46.5.7.2 - Incorporated LBI-04-0725-0008, Interim Guidance on Reinforcing the Customer Focused, High Efficiency LB&I Examination Process, removing references to acknowledgement of facts.
- (14) IRM 4.46.5.7.3 - Incorporated LBI-04-0725-0008, Interim Guidance on Reinforcing the Customer Focused, High Efficiency LB&I Examination Process, removing references to acknowledgement of facts.

- (15) IRM 4.46.5.9.1 - Updated procedures in paragraph (3). Added paragraph (4).
- (16) IRM 4.46.5.10.1 - Added guidance for digital signatures to paragraph (1). Clarified procedures in paragraph (2) apply to handwritten signatures.
- (17) IRM 4.46.5.11 - Incorporated LBI-04-1224-0013, Interim Guidance for Issue Management System (IMS) 2024, into paragraph (4). Renumbered subsequent sections.
- (18) IRM 4.46.5.11.2.1(1) - Added BBA cases to list of cases that can close to CCP
- (19) IRM 4.46.5.11.2.2 - Updated digital signatures in paragraph (1). Incorporated LBI-04-1123-0009, Interim Guidance for Download All Feature in Issue Management Systems (IMS) into paragraph (7). Incorporated LBI-04-1224-0013, Interim Guidance for Issue Management System (IMS) 2024 into paragraph (8).
- (20) IRM 4.46.5.11.2.3 - Removed exception for Global High Wealth in paragraph (2) and removed paragraph (2)(a). Incorporated LBI-04-1224-0013, Interim Guidance for Issue Management System (IMS) 2024 into paragraph (3).
- (21) IRM 4.46.5.11.2.4 - Clarified exception to paperless case closures to CCP in paragraph (1).
- (22) IRM 4.46.5.11.2.5 - Incorporated LBI-04-0224-0002, Revised Interim Guidance on LB&I Issue Management System (IMS) Paperless Closing Procedures for Agreed and No-Change Cases Subject to the Tax Equity Fiscal and Responsibility Act of 1982 (TEFRA) and Investor Level Statute Control (ILSC) Audit Regimes into paragraphs (1) and (5). Incorporated LBI-04-1224-0013, Interim Guidance for Issue Management System (IMS) 2024 into paragraph (5).
- (23) IRM 4.46.5.11.2.6 - Incorporated LBI-04-1224-0013, Interim Guidance for Issue Management System (IMS) 2024 into paragraphs (3) and (8).
- (24) IRM 4.46.5.13.2 - Incorporated LBI-04-0725-0008, Interim Guidance on Reinforcing the Customer Focused, High Efficiency LB&I Examination Process, removing references to acknowledgement of facts.
- (25) IRM 4.46.5.15 - Added clarifying sentence to paragraph (2).
- (26) Exhibit 4.46.5-2, Table 1 - added BBA no change cases to table. Table 2 - Incorporated LBI-04-1224-0013, Interim Guidance for Issue Management System (IMS) 2024. Incorporated LBI-04-0224-0002, Revised Interim Guidance on LB&I Issue Management System (IMS) Paperless Closing Procedures for Agreed and No-Change Cases Subject to the Tax Equity Fiscal and Responsibility Act of 1982 (TEFRA) and Investor Level Statute Control (ILSC) Audit Regimes.
- (27) Editorial corrections made throughout.
- (28) Updated hyperlinks and citations.

EFFECT ON OTHER DOCUMENTS

Incorporated the following Interim Guidance Memoranda:

LBI-04-1123-0009, Interim Guidance for Download All Feature in Issue Management Systems (IMS), issued 11/17/2023

LBI-04-0224-0002, Revised Interim Guidance on LB&I Issue Management System (IMS) Paperless Closing Procedures for Agreed and No-Change Cases Subject to the Tax Equity Fiscal and Responsibility Act of 1982 (TEFRA) and Investor Level Statute Control (ILSC) Audit Regimes, issued 2/27/24

LBI-04-1224-0013, Interim Guidance for Issue Management System (IMS) 2024, issued 12/17/24
LBI-04-0725-0008, Interim Guidance on Reinforcing the Customer Focused, High Efficiency LB&I Examination Process, issued 8/1/25

IRM 4.46.5 dated November 28, 2023 is superseded.

AUDIENCE

All LB&I personnel

Ronald H. Hodge II
Assistant Deputy Commissioner Compliance Integration
Large Business and International Division

4.46.5

Resolving the Examination

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4.46.5.1
(12-03-2025)
Program Scope and Objectives

- (1) The overall goal of the resolution phase of the examination process is to resolve all tax issues at the earliest appropriate point in the examination and at the lowest management level.
- (2) **Purpose:** This IRM section defines the resolution phase within the LB&I Examination Process (LEP), including roles and responsibilities, collaboration and communication.
- (3) **Audience:** All LB&I personnel
- (4) **Policy Owner:** Assistant Deputy Commissioner Compliance Integration (ADCCI)
- (5) **Program Owner:** The LB&I Policy Office within ADCCI.
- (6) **Primary Stakeholders:** LB&I executives, senior managers, front-line managers, examiners, program analysts and paraprofessional staff.
- (7) **Contact Information:** To recommend changes or to make any other suggestions to this IRM section, contact the IRM author or see SPDER's IMD Contacts list by referencing guidelines provided in IRM 1.11.6.5 , Providing Feedback About an IRM Section - Outside of Clearance. A request or inquiry can also be made at *LB&I Policy Gateway*.

4.46.5.1.1
(12-13-2018)
Background

- (1) The implementation of the LB&I Examination Process as described in Pub 5125, LB&I Examination Process, changed the way LB&I conducts examinations. Examinations are divided into three phases: planning, execution and resolution. The resolution phase is discussed in this IRM.
- (2) This IRM revision is based on internal and external feedback.

4.46.5.1.2
(12-13-2018)
Authority

- (1) See IRM 4.46.1.1.2, Authority.
- (2) In addition to the authorities cited in IRM 4.46.1.1.2, the following IRC sections relate to dispute resolution:
 - IRC 7121, Closing agreements
 - IRC 7123, Appeals dispute resolution procedures
- (3) Rev. Proc. 2003-40 formally established the Fast Track Settlement program.

4.46.5.1.3
(12-13-2018)
Roles and Responsibilities

- (1) See IRM 4.46.1.1.3, Roles and Responsibilities.

4.46.5.1.4
(12-13-2018)
Program Management and Review

- (1) See IRM 4.46.1.1.4, Program Management and Review.

4.46.5.1.5
(12-03-2025)
Program Controls

- (1) See IRM 4.46.1.1.5, Program Controls.

- 4.46.5.1.6
(12-03-2025)
**Terms/Definitions/
Acronyms**
- (1) Refer to IRM Exhibit 4.46.1-1, Glossary of LB&I Terms, and IRM Exhibit 4.46.1-3, Table of Acronyms in IRM 4.46.1, General Information and Definitions.
- 4.46.5.1.7
(09-16-2021)
Related Resources
- (1) The LB&I intranet sites *LB&I Source Page* and *Exam Procedures Knowledge Base (KB)* are resources for learning more about the concepts and procedures in this section. You can review information by selecting topics in the LB&I Exam Procedures KB or type in key words in the “Search the Virtual Library” search box at the top of the page.
- (2) Also see:
- a. IRM 4.10 series, Examination of Returns
 - b. IRM 4.51.4, LB&I Case Management, LB&I/Appeals Fast Track Settlement (FTS) Program
 - c. IRM 1.2.1, Servicewide Policies and Authorities, Servicewide Policy Statements
- 4.46.5.2
(12-13-2018)
Issue Resolution
- (1) The goal of the resolution phase is for the IRS and the taxpayer to reach an agreement on the tax treatment of each issue examined at the earliest appropriate point in the examination in a quality manner. The taxpayer and LB&I benefit in terms of resource utilization and tax certainty when the parties have open and meaningful discussions of issues throughout the examination process. Early and frequent issue team discussions and presentation of all relevant facts are crucial for a complete understanding of the taxpayer’s and the government’s tax positions and their relative strengths and weaknesses.
- (2) The issue manager, in collaboration with the case manager, leads the issue team in resolving issues using appropriate issue resolution tools. Expeditious issue resolution necessitates open communication, cooperation and collaboration among the issue team members and with the taxpayer. Issue exit strategies are considered for recurring and carryover issues to provide certainty for the government and the taxpayer.
- (3) As each issue is developed, the taxpayer should be given an opportunity to agree or disagree with the findings. For an issue to be resolved, there must be an open discussion between the issue team and the taxpayer in these three areas: factual development, applicable tax law(s) and interpretation of the tax law(s).
- 4.46.5.2.1
(12-03-2025)
Factual Development
- (1) During the examination, the issue team will:
- a. Identify all relevant facts relating to the issue.
 - b. Present the facts in a clear and effective manner.
 - c. Distinguish between facts and opinions. The facts do not include opinion, personal preferences, inferences, biases or prejudices.
 - d. Document the evidence relied upon to reach the factual conclusion of a given transaction in a clear and understandable manner.
- (2) It is the taxpayer’s responsibility to ensure all relevant facts are identified and presented to support the tax position taken on the return. It is imperative that the issue team discuss the facts gathered with the taxpayer to understand the taxpayer’s position.

- (3) IRS Independent Office of Appeals (Appeals) usually must return the case to exam if new information is presented during the Appeals process. See IRM 8.7.11.6.3, Returning a Case to LB&I.
- (4) The issue team should work collaboratively with the taxpayer to develop and reach a common understanding of the relevant facts. To ensure the effective application of the law, the facts and circumstances should be clear. .

4.46.5.2.2
(12-13-2018)
Application of the Law

- (1) The issue team will:
 - a. Apply the law to the facts and circumstances in a fair and impartial manner.
 - b. Conduct open and transparent discussions with the taxpayer to reach an understanding of each other's position when identifying the appropriate laws.
 - c. Consider the various legal authorities and other guidance to determine the merits of the issue.
 - d. Refer to IRM 4.10.7.2, Researching Tax Law, which provides common research resources.
 - e. Consider collaboration with subject matter experts or Division Counsel, Litigation and Advisory (L&A) for assistance.

4.46.5.2.3
(12-13-2018)
Interpretation of the Law

- (1) The issue team must:
 - a. Apply judgment and experience in weighing the merits of the taxpayer's and the government's tax position, based on the applicable laws, when resolving issues.
 - b. Discuss the interpretation of the law, based on the facts and circumstances presented, to reach an understanding of the taxpayer's and government's position.
- (2) Refer to IRM 4.10.7, Examination of Returns, Issue Resolution.

4.46.5.3
(09-16-2021)
Resolution vs. Settlement

- (1) **Resolution:** LB&I managers have the broad authority to resolve issues based upon the application of the tax law to the facts and circumstances. Other issue resolution tools, as outlined in IRM 4.46.5.4, Issue Resolution Tools, can be used to resolve issues when appropriate.
- (2) **Settlement:** Appeals has the authority to settle cases based upon hazards of litigation. For example, in the event of litigation, there may be uncertainty as to how a court would interpret and apply the law or weigh the facts. Appeals uses techniques such as "mutual concession" and "split issue" settlements. Exam is not authorized to use these settlement techniques.

Note: In limited circumstances, Appeals settlement techniques may be applied at the examination level. See IRM 1.2.2.5.20 Delegation Order 4-24 (Rev. 1), Settlement Offers and Closing Agreements in LB&I Cases Where Appeals Has Effectuated a Settlement and IRM 1.2.2.5.21, Delegation Order 4-25 (Rev. 2), Settlement Offers, Closing Agreements, and Settlement Agreements under Section 6224(c) in Cases with Technical Advisor (TA) Program Issues and Appeals Technical Guidance Program (Compliance Coordinated and Appeals Coordinated) Issues.

- (3) **Federal Rule of Evidence 408 (Rule 408):** Rule 408 is a rule of evidence that might be invoked during litigation. In litigation, under Rule 408, a court might

exclude information and documents regarding settlement discussions from evidence. During an examination, the cases are not in litigation. Rule 408 is not applicable during an examination. The policies behind the Rule 408 are “the evidence [of compromise] is irrelevant, since the offer may be motivated by a desire for peace rather than from any concession of weakness of position[;]” and the “promotion of the public policy favoring the compromise and settlement of disputes.” Fed. Rule of Evid. 408, Advisory Committee Notes to the 1972 Proposed Rules.

- a. LB&I Examination is not a settlement function and it does not settle cases. The exam team makes its determination on the basis of all available facts. See IRM 4.10.7.3, Evaluating Evidence. At all stages of the examination, the exam team seeks to understand the taxpayer’s tax position through, for example, issue discussions and consideration of taxpayer arguments. See IRM 4.46.4.11.1, Hold Issue Discussions; IRM 4.46.4.13.2, Issue the NOPA; and IRM 4.46.4.13.3, Taxpayer’s Written Response to Unagreed Issues.
- b. Statements provided during an examination are considered part of the IRS’s administrative record regardless of whether the document is marked “Rule 408”/“For Settlement Purposes Only” or variations thereof. Any statements provided during an audit are included in the administrative file, may be considered in making the exam team’s determination and in preparing the examiner’s Form 886-A, Explanation of Items, and are potential evidence.
- c. If a taxpayer provides advance notice that it plans to provide materials marked “Rule 408”/“For Settlement Purposes Only” or variations thereof, the IRS should inform the taxpayer (preferably in writing) that the IRS’s examination division is not a settlement function. The markings are inappropriate.
- d. If a taxpayer places Rule 408-type markings on responses to Information Document Requests (IDRs), the exam team may treat such documents as failing to comply with the IDRs.
- e. LB&I Examination has not been delegated authority to resolve matters in the context of a Rule 408 settlement negotiation. LB&I Examination may not enter into an agreement or memorandum of understanding (or any other form of agreement) that states information, documents, or other information is “protected” by Rule 408.

4.46.5.4
(12-13-2018)
Issue Resolution Tools

- (1) Consideration and utilization of issue resolution tools can start at the earliest appropriate point and continue until the case is closed from examination’s jurisdiction. Using appropriate issue resolution tools can potentially reduce examination time, save resources and lessen the burden on both parties. LB&I encourages the use of issue resolution strategies. See *Issue Resolution Tools*.

4.46.5.4.1
(03-09-2016)
**Taxpayer-Specific
Pre-Filing Resolution
Tools**

- (1) Taxpayer-specific pre-filing resolution tools include: Pre-Filing Agreements (PFA), Advance Pricing Agreements (APA), Compliance Assurance Process (CAP) and Private Letter Rulings.

4.46.5.4.1.1
(12-13-2018)
Pre-Filing Agreements

- (1) Pre-Filing Agreements (PFAs) permit a taxpayer to request the examination of specific issues relating to a tax return before the return is timely filed. The purpose is to resolve issues involving factual questions applying well-settled principles of law. A PFA can often resolve such issues more effectively and efficiently. A PFA also provides the taxpayer with a greater level of certainty regarding the examined issue at an earlier point in time than a post-filing examination. The PFA request is subject to a user fee. For more information see IRM 4.30.1, Pre-Filing Agreement Program, *Pre-Filing Agreements* and Rev. Proc. 2016-30 or its successor.

4.46.5.4.1.2
(12-03-2025)
Advance Pricing Agreements (APA)

- (1) Advance Pricing Agreements (APAs) provide a process for determining the proper treatment of transfer pricing issues prior to the filing of returns. In some circumstances, the transfer pricing methodology agreed to in the APA process may also be used to resolve issues present on filed returns currently under examination. For more information see Rev. Proc. 2015-41 or its successor, *Advance Pricing Agreements* and IRM 4.60.3, Tax Treaty Related Matters.

4.46.5.4.1.3
(12-13-2018)
Compliance Assurance Process (CAP)

- (1) Compliance Assurance Process (CAP) is a method of identifying and resolving tax issues through open, cooperative and transparent interaction between the IRS and LB&I taxpayers prior to the filing of a return. Through the CAP program, the taxpayer achieves tax certainty sooner and with less administrative burden than through conventional examinations. CAP is a voluntary program for taxpayers. Taxpayers must apply and be accepted into CAP. For more information see IRM 4.51.8, Compliance Assurance Process (CAP) Examinations and *Compliance Assurance Process (CAP) Overview and Contacts*.

4.46.5.4.1.4
(09-16-2021)
Private Letter Rulings and Determination Letters

- (1) A private letter ruling is a written determination issued to a taxpayer by an Associate Chief Counsel office in response to a taxpayer's written inquiry submitted prior to the filing of returns or reports that are required by the tax laws, about its status for tax purposes or the tax effects of its acts or transactions. A written ruling is subject to a user fee. The identical issue cannot be on an earlier return that is under examination, in Appeals or in litigation.
- (2) A determination letter is a written determination issued by a Director that applies the principles and precedents previously announced by the IRS to a specific set of facts. It is issued only when a determination can be made based on clearly established rules in a statute, a tax treaty, the regulations, a conclusion in a revenue ruling, or an opinion or court decision that represents the position of the IRS. A determination letter cannot be used to address any unclear issue or facts and LB&I has rejected determination letter requests for that reason.
- (3) For more information see IRM 4.2.3.2, Taxpayer's Request for Determination Letters, *Private Letter Ruling* or Rev. Proc. 2025-1 or the first revenue procedure of the current year for up-to-date guidance.

4.46.5.4.2
(12-03-2025)
Taxpayer-Specific Post-Filing Issue Resolution Tools

- (1) Taxpayer-specific issue resolution tools include: Technical Advice Memorandums, Delegation Orders, Accelerated Issue Resolution, Early Referral to Appeals and Fast Track Settlement. Once a case is under Appeals' jurisdiction the Rapid Appeals Process is available. The examination team will participate when invited. The IMS issue resolution tools screen at the technical issue level

has a series of questions and input fields to monitor LB&I's use of certain post-filing issue resolution tools. Refer to specific resolution tool for guidance on completing questions in IMS.

4.46.5.4.2.1

(12-13-2018)

Technical Advice Memorandums

- (1) Technical Advice Memorandums (TAMs) are written statements issued by National Office Chief Counsel on technical or procedural questions on the proper application of tax law, treaties, regulations, etc. on a specific set of facts. TAMs are requested by and issued to IRS field offices. Taxpayers under examination may request that the examiner refer an issue to Chief Counsel for technical advice, but the examiner is not obligated to make the referral. See *Technical Advice Memorandum*, Rev. Proc. 2025-2 or the second revenue procedure of the current year.
- (2) Taxpayers are afforded an opportunity to participate in the technical advice process. Taxpayer participation is preferred but not required in order to process a TAM.

4.46.5.4.2.2

(12-03-2025)

Delegation Orders

- (1) Case managers will look to applicable delegation orders for potential issue resolution tools. See Delegation Order 4-24 (Rev. 1) in IRM 1.2.2.5.20, Delegation Order 4-25 (Rev. 2) in IRM 1.2.2.5.21 and *Delegation Orders*.
- (2) Division Counsel, L&A is included in all aspects of resolution discussions that involve the use of delegation orders.
- (3) At the technical issue screen in IMS, complete the responses to the questions as follows:
 - Was Delegation Order 4-24 used? – Mark “Yes” in this field if this delegation order was used and “No” if it was not. Use “N/A” if this does not apply.
 - Was Delegation Order 4-25 used? – Mark “Yes” in this field if this delegation order was used and “No” if it was not. Use “N/A” if this does not apply.

4.46.5.4.2.3

(09-16-2021)

Settlement Offers and Closing Agreements Where Appeals has Effected a Settlement

- (1) LB&I managers have the authority to accept settlement offers on any issue in an LB&I case under their jurisdiction where a settlement (including a hazards settlement) has been effected by Appeals in a previous, subsequent or the same tax period (the settled period) with respect to the same issue of the same taxpayer, or of another taxpayer who was directly involved in the transaction or taxable event.
- (2) No settlement is made unless all the following factors are present in the tax year currently under examination jurisdiction:
 - a. The facts surrounding a transaction or taxable event in the tax period under examination are substantially the same as the facts in the settled period;
 - b. The legal authority relating to such issue remained unchanged;
 - c. The underlying issue was settled by Appeals independently of other issues (e.g. no trading of issues) in the settled tax period; and
 - d. The issue was settled in Appeals with respect to the same taxpayer (including consolidated and unconsolidated subsidiaries) or another taxpayer who was directly involved in the transaction or taxable event in the settled period.

- (3) The above criteria apply to taxpayers "directly involved" in the transaction. Illustrations of a taxpayer "directly involved" in the transaction are as follows:
 - a. Taxpayers A and B are directly involved in the same transaction or taxable event in tax period 20xx where A and B would logically receive similar tax treatment. Taxpayer A's treatment of the transaction is adjusted by examination and settled in Appeals. The adjustment involves the same legal issue with respect to Taxpayer B. Examination may resolve Taxpayer B's case in a manner consistent with the Appeals settlement of Taxpayer A.
 - b. Taxpayers A and B are directly involved in the same transaction or taxable event in tax period 20xx where A and B would logically receive similar tax treatment. Taxpayer A's treatment of the transaction is adjusted by examination and settled by Appeals. In addition, Taxpayer A or B (or both) is directly involved in a separate but similar transaction or taxable event in the same, prior, or subsequent tax period involving the same legal issue as above. Such issue for Taxpayers A or B only may also be settled in a consistent manner provided it involves substantially the same facts.
- (4) Refer to IRM 1.2.2.5.20, Delegation Order 4-24 (Rev. 1), Settlement Offers and Closing Agreements in LB&I Cases Where Appeals Has Effected a Settlement.

4.46.5.4.2.4
(12-03-2025)
**Accelerated Issue
Resolution (AIR)**

- (1) Accelerated issue resolution (AIR) allows Large Corporate Compliance (LCC) examination teams to apply the resolution of the same or similar issues from one tax period to another filed tax period.
- (2) The authority for using AIR is set forth in Rev. Proc. 94-67, and although it uses a legacy term, Coordinated Examination Program (CEP), it is applicable to LCC examinations. Examination teams can also refer to Rev. Proc. 68-16 when considering AIR.
- (3) AIR can be a very effective approach for getting current on issues. Teams should thoroughly evaluate prior tax period resolutions to identify those that can, with the taxpayer's agreement, be applied to other filed returns.
- (4) The following factors should be considered:
 - a. AIR does not include settlement authority for managers.
 - b. AIR does not alter in any way the authority case managers have to resolve issues.
 - c. Counsel assistance is mandatory when using AIR.
 - d. An AIR agreement is generally limited in scope to issues on filed returns arising from an audit of specific taxpayers under the jurisdiction of the Director of Field Operations. Certain issues are excluded or require additional approvals. See Rev. Proc. 94-67, SECTION 3, SCOPE OF AN AIR AGREEMENT.
- (5) The AIR process does not constitute an examination of books and records. The taxpayer can request AIR, but LB&I examination teams can also evaluate cases that may benefit from an AIR agreement and offer it to the taxpayer.
- (6) At the technical issue screen in IMS, complete the responses to the questions as follows:

- Was Accelerated Issue Resolution (AIR) used?" – Mark "Yes" in this field if AIR was used and "No" if it was not. Use "N/A" if this does not apply.

Note: For non-filed years, a taxpayer must request a Pre-Filing Agreement (PFA).

4.46.5.4.2.4.1
(12-13-2018)

Executing an Agreement

- (1) The AIR process uses either Form 906, Closing Agreement, or standard partial and/or full agreed deficiency procedures. See IRM 8.13.1, Closing Agreements, or *Closing Agreements*.
- (2) Delegation Order 8-3 (formerly DO-97, Rev. 34), Closing Agreements Concerning Internal Revenue Tax Liability, delegates authority for closing agreements concerning internal revenue tax liability in cases under examination jurisdiction (but excludes cases docketed before the United States Tax Court). See IRM 1.2.2.9.3, Closing Agreements Concerning Internal Revenue Tax Liability.
- (3) A closing agreement can cover the entire tax liability for a year(s), or be limited to a specific tax item.

4.46.5.4.2.4.2
(12-13-2018)

Case Control

- (1) Although the AIR process does not constitute a formal examination of the taxpayer's books and records, examiners follow normal procedures for the control of tax periods on the Audit Information Management System (AIMS).
- (2) The AIR process is limited in examinations where it is not practical to include subsequently filed tax return years as part of the current examination cycle.
- (3) If the AIR process includes subsequently-filed years, the case manager will:
 - a. Establish sufficient controls to ensure that needed follow-up actions are taken with respect to all the terms of closing agreements affecting or relating to tax liability for later unexamined (or future) periods or related entities.
 - b. Consider using Information Report procedures.
 - c. Take whatever action is needed to facilitate follow-up.
- (4) AIR does not affect Policy Statement 4-5 for subsequent years included in the AIR agreement but not examined. (See Policy Statement 4-5 at IRM 1.2.1.5.3, Restrictions on Examiners' and Specialists' Consecutive Survey or Examination Responsibilities.)

4.46.5.4.2.4.3
(12-13-2018)

Payments

- (1) When closing agreements are executed the examiner will attempt to secure and process payments for both examined and non-examined years.
- (2) Submit payments and Form 3244-A, Payment Posting Voucher, with Form 3210, Document Transmittal, to the designated Submission Processing Center. See *Remittance Processing for LBI Cases* for instructions for remittance processing for LB&I cases.
- (3) Record the amount under TC 640, Advance Payment on Deficiency. The TC 640 will freeze the refund.
- (4) The examiner is responsible for monitoring the posting of the TC 640 payment to verify the full amount was paid.

4.46.5.4.2.4.4
(11-28-2023)
Returns and Files

- (1) An executed original of the closing agreement is mailed to the taxpayer (or to the representative) with Letter 1595-E, Exam Executed Closing Agreement Transmittal Letter.
- (2) Examiners are to place a copy of the following documents in the administrative case file, or upload electronically in IMS for paperless cases:
 - a. Letter 1595-E, inside the case folder on the top right side
 - b. Form 3244-A and a copy of the check on front of the return or BRTVUE
 - c. Form 906, back of return or BRTVUE (face in)
 - d. Transcripts with the TC 640 posting (if applicable), back of return or BRTVUE (face out)

4.46.5.4.2.5
(12-03-2025)
Early Referral to Appeals

- (1) Early Referral to Appeals is a process to resolve cases more expeditiously through LB&I and Appeals working simultaneously. Appeals can consider a fully developed unagreed issue while exam is developing other issues. This process is optional and may be requested by the taxpayer. An early referral may be requested on one or more unagreed issues.
- (2) Rev. Proc. 99-28, 1999-2 C.B. 109, sets forth the procedures to request early referral. More information can be found at IRM 8.26.4, Early Referral Procedures, or *ADR - Early Referral*.
- (3) At the technical issue screen in IMS, complete the responses to the questions as follows:
 - Was Early Referral to Appeals used? – Mark “Yes” in this field if Early Referral was used and “No” if it was not. Use “N/A” if this does not apply.

4.46.5.4.2.6
(12-13-2018)
Fast Track Settlement (FTS)

- (1) **FTS must be considered for all unagreed issues.** The program is not right for every situation, but when properly applied, it can save significant time and administrative burden for the IRS and the taxpayer. Issues must be fully developed prior to consideration of FTS. IRM 4.51.4.3(2) states “fully developed” is generally indicated by:
 - a. The issuance of a Notice of Proposed Adjustment (Form 5701) to the taxpayer, clearly setting out the government’s determination and the legal and factual basis upon which it is made, and
 - b. A written response from the taxpayer clearly stating its position and the basis for disagreement.
- (2) FTS is a collaborative effort where the taxpayer, the LB&I issue team and Appeals agree to participate and work toward a mutual resolution based upon an agreed set of facts.

Note: All examiners must provide Pub 4539, Fast Track Settlement brochure to the taxpayer at the opening interview and discuss the program with the taxpayer.

- (3) FTS is designed to use the mediation skills and designated settlement authority of Appeals to resolve issues while the case is still within examination’s jurisdiction.
- (4) Appeals acts as a facilitator to arrive at and execute a resolution/settlement that is mutually agreed upon by both the taxpayer and the LB&I issue team.

When a resolution cannot be reached through mediation, Appeals may propose a resolution, but such proposal cannot be imposed on either party.

- (5) The rules regarding ex parte communications do not apply to communications arising in the FTS process, because Appeals personnel are not acting in their traditional settlement role. Information disclosed by the taxpayer to LB&I during the FTS session can be used by LB&I to complete the examination report.
- (6) Documentation that fast track settlement was considered is recorded in the case file.
- (7) Rev. Proc. 2003-40, 2003-1 C.B. 1044, sets forth the procedures for requesting FTS. More information can be found in IRM 8.26.1, Fast Track Settlement for Large Business and International (LB&I) Taxpayers, IRM 4.51.4, LB&I/ Appeals Fast Track Settlement Program (FTS), and *Fast Track Settlement*.

4.46.5.4.2.7
(12-13-2018)
Rapid Appeals Process

- (1) For information about the rapid appeals process refer to IRM 8.26.11, Alternative Dispute Resolution (ADR) Program, Rapid Appeals Process (RAP) and *Rapid Appeals Process*.

4.46.5.4.3
(03-09-2016)
Generic Issue Resolution Tools

- (1) Generic issue resolution tools include: Industry Issue Resolution (IIR), LB&I Administrative Guidance and LB&I Published Guidance Recommendations.

4.46.5.4.3.1
(12-13-2018)
Industry Issue Resolution (IIR)

- (1) Industry Issue Resolution (IIR) is a process that involves frequently disputed/ burdensome business tax issues common to a significant number of taxpayers. The focus is on resolving issues arising in future years. The process will likely result in the issuance of published guidance in the form of a revenue procedure or revenue ruling. A request for guidance can be submitted at any time. For more information see IRM 7.40.1, Industry Issue Resolution (IIR) Program and *Industry Issue Resolution (IIR)*.

4.46.5.4.3.2
(12-13-2018)
LB&I Administrative Guidance

- (1) LB&I administrative guidance provides operational instructions for planning and conducting examinations in areas of unsettled law. See IRM 4.51.2, LB&I Administrative Guidance, and *LB&I Administrative Guidance* for more information.

4.46.5.4.3.3
(12-13-2018)
LB&I Published Guidance Recommendations

- (1) LB&I Published Guidance Recommendations focus on both resolving issues arising in future years and under current examination. Issue recommendations are submitted through LB&I Counsel for inclusion in the Priority Guidance Plan (PGP). The PGP sets forth guidance that the IRS intends to issue from July 1 through June 30 of the following year. See *Priority guidance plan* for more information.

4.46.5.5
(12-03-2025)
Management Involvement in the Issue Resolution Process

- (1) The issue manager is responsible for resolving the issue at the earliest point using an appropriate resolution tool.
- (2) The issue manager will collaborate with the case manager when resolving the issue with the taxpayer and keep the issue team apprised of the status of the issue resolution.

- (3) Any differences among managers regarding the resolution of the issue is elevated to their respective managers.
- (4) The issue manager must review, approve and sign the NOPA before issuance to the taxpayer. The case file must document all meaningful efforts by both the issue manager and the case manager to resolve issues.
- (5) The NOPA is shared and discussed with the taxpayer upon issuance. A management conference is held as needed.
- (6) The issue manager engages in a collaborative discussion with the taxpayer when a timely response to the NOPAs has not been received.
- (7) The taxpayer has the option to agree or disagree with the NOPA presented. If agreement is reached, request the taxpayer to approve and sign the Form 5701.

Note: The status and taxpayer's position must be updated in IMS.

- (8) If taxpayer does not agree with the NOPA as presented, the issue manager will:
 - a. Determine which aspects of the issue are agreed and which aspects are unagreed.
 - b. Determine the strengths and weaknesses of each side's tax positions.
 - c. Use issue resolution tools to assist in the resolution of the unagreed issue.
 - d. Consider Fast Track as an issue resolution tool.
 - e. Begin unagreed procedures, if an agreement cannot be reached.
 - f. Support the Appeals pre-conference process where appropriate.
- (9) The issue manager is responsible for timely review and approval of the LB&I issue team's rebuttal to the taxpayer's protest to ensure that all arguments raised in the protest are fully addressed.

4.46.5.6
(12-03-2025)
Closing Agreements

- (1) Treas. Reg. 301.7121-1(a) provides that a closing agreement may be entered into in any case in which there appears to be an advantage in having the case permanently and conclusively closed, or if good and sufficient reasons are shown by the taxpayer for desiring a closing agreement and it is determined by the Commissioner that the United States will sustain no disadvantage through consummation of an agreement.
- (2) IRM 8.13.1, Closing Agreements, provides instructions and prescribes procedures for IRS personnel handling closing agreements entered under IRC 7121.
- (3) IRM 8.13.1 contains a number of examples of closing agreements. The LB&I issue team should be able to effectively prepare a customized closing agreement based on the particular fact pattern unique to the issue(s) being resolved. Division Counsel, L&A will review the closing agreement and ensure its legal sufficiency prior to entering into the closing agreement.
- (4) The Director, Treaty and Transfer Pricing Operations must provide concurrence on cases where U.S. competent authority assistance has been requested, or is intended to be requested, under Rev. Proc. 2015-40 or its successor. The Director, Field Operations, Transfer Pricing Practice must provide concurrence on closing agreements that provide relief under Rev. Proc. 99-32 or its successor for issues involving allocations of income under IRC 482.

- (5) The IDRS indicator code should be input for cases with closing agreements. Prepare Form 3177, Notice of Action for Entry on Master File. Input TC 971 to the left "Other" on form (under TRC column) and input AC 256, agreement date and issue covered by closing agreement to the right of "Other" on form for each tax period covered by the closing agreement. When closing the case, check the Form 3177 box on Form 3198, Special Handling Notice for Examination Case Processing, and email Forms 3177 and 3198 to **CCP Ogden* for paper closures. For electronic closures, refer to Exhibit 4.46.5-2 for type of closure and include Form 3198 and Form 3177 in documents uploaded to Form 15292 and email to **SBSE Ogden CCP Paperless Examine Cases Only*

4.46.5.6.1
(12-03-2025)

**Closing Agreement -
Joint Committee
Aspects**

- (1) The examination issue team, with L&A's assistance, is responsible for preparing the closing agreement. However, closing agreements involving any Joint Committee (JC) jurisdictional years cannot be signed by or on behalf of the IRS prior to the issuance of a release letter by JCT. Closing agreements must be duly executed by taxpayers or their authorized representatives. After receiving the release letter from JCT, closing agreements are returned to the exam team for proper signatures.. IRM 4.36.3.6.4.1, Closing Agreements, provides guidance for requesting Joint Committee review of closing agreements. These procedures should also be referred to where issues are resolved early in the examination process, such as through Fast Track Settlement or Early Referral to Appeals.
- (2) Closing agreements on Joint Committee cases based on Competent Authority determinations, can be executed on behalf of the Government. The closing agreement must be included in the JC report submitted to JCT.. See IRM 4.36.3.6.4.2, Competent Authority.
- (3) If a resolution is reached on an issue near the completion of the LB&I examination, the closing agreement must be submitted with the revenue agent's report (RAR) to Joint Committee Review for preparation of the Joint Committee Report.
- (4) If a resolution is reached on an issue near the beginning of the LB&I examination, there could be substantial delay in executing the closing agreement if the closing agreement is not reviewed by JCT until the examination is completed. In this situation:
- The examination team may request an advanced review of the closing agreement by the JCT prior to case closing.
 - Assuming JCT raises no objection, the closing agreement may then be executed by or on behalf of the IRS. See IRM 4.36.3.6.4.1(2) for further guidance in situations where an issue is resolved early in the examination; such as, through Fast Track Settlement or Early Referral to Appeals.

4.46.5.6.2
(11-28-2023)

**Closing Agreements -
TEFRA/Bipartisan
Budget Act (BBA)
Partnership
Considerations**

- (1) Due to the complexities in attempting to resolve TEFRA/BBA partnership issues and the technical administrative procedural requirements involved, closing agreements for partnership issues subject to TEFRA/BBA audit rules must be thoroughly vetted through senior management and Division Counsel, L&A.

Note: Prior to closing all BBA cases, refer to IRM 4.31.9.10, Report Writing, and complete Form 15262 Bipartisan Budget Act (BBA) Partnership Procedures Check Sheet, Parts 2 and 3.

4.46.5.7
(09-16-2021)
**Completing the
Examination**

- (1) In the issue-based approach teams and/or members within a team may complete their role at different points in the issue/case timeline. Upon the completion of any examiner's assignment, that team member will:
 - a. Discuss the issue with the issue manager and case manager to obtain concurrence of issue completion.
 - b. Discuss any pending proposed issues with the issue team depending upon the communications agreement and instructions to issue team members established during planning.
 - c. Complete their portion of the examination report and upload all documents and workpapers in IMS for paperless case closures.

4.46.5.7.1
(11-28-2023)
**Types of Examination
Reports Based on
Agreement**

- (1) Refer to IRM 4.10.8, Report Writing, and *Issuing Revenue Agent Reports (RAR)* for guidelines for the preparation of audit reports. See IRM 4.46.6, Workpapers and Reports Resources, and *Workpapers and Lead Sheets* for LB&I workpaper and report guidelines. . The following are the different types of reports that are issued to close a case from Examination:
 - a. **No-change report** - See IRM 4.46.6.7.1, No-Change Examination (Disposal Code 02) Procedures.
 - b. **No-change Report with Adjustments Impacting Other Tax Year(s) Filed** - Report is issued if the adjustment results in no-change to the current year's tax, yet they affect other tax years that are not under examination. See IRM 4.10.8.3.3, No-Change with Adjustments Impacting Other Tax Year(s) Filed, Delinquent or Not Due to be Filed.
 - c. **Agreed Report** - This report is issued when the taxpayer agrees with all the issues. Letter 4121-L , LB&I Expected Agreed Examination Report Transmittal, is issued with the agreed report for 1120 and 1040 examinations. Letter 921, Report Transmittal for ILSC Partnership, Fiduciary and S Corporation, is used for agreed reports for ILSC partnership and S Corporation examinations. See IRM 4.10.8.4, Regular Agreed Cases. Refer to f) for links for ILSC, TEFRA and BBA examination procedures.
 - d. **Unagreed Report** - The report contains unagreed issues the taxpayer has taken exception to in the issue team's findings. Prepare unagreed report and if sufficient time remains on the statute issue Letter 950-Z ,30-day letter - Straight Deficiency. When fewer than 240 days remain on the statute of limitations, the examiner issues an agreed examination report and prepare Letter 5153, Examination Report Transmittal, to transmit the report and notify the taxpayer additional time is needed on the statute of limitations for Appeals to consider their case if it is unagreed. Allow taxpayer 10 days to respond to Letter 5153. Examiners sign Letter 5153, which is not a 30-day letter. If a consent is solicited and not received to enable the issuance of a 30-day letter, a statutory notice of deficiency may need to be issued. See IRM 4.10.8.12 , Unagreed Case Procedures.
 - e. **Partially-Agreed Report** - This report is issued when the taxpayer agrees to some, but not all issues. In this instance, the exam team will prepare two reports, one for the agreed portion and the other will reflect the unagreed issues. The partial agreement must be processed prior to the issuance of the 30-day letter. See IRM 4.10.8.6, Partially Agreed Cases.
 - f. Refer to IRM 4.31.2, TEFRA Examinations - Field Office Procedures, and IRM 4.31.5, Investor Level Statute Control (ILSC) Examinations - Field Office Procedures, for procedures in working a TEFRA or an ILSC

key case and related investors. See IRM 4.31.9, Centralized Partnership Audit Regime (BBA) Field Examination Procedures, for procedures when working BBA cases.

4.46.5.7.2
(12-03-2025)

Key Points to Consider and Verify in Preparing an Unagreed Issue Report

(1) Report Clarity and Logic - review to ensure the following:

- a. The report is clear, concise and presented in a logical order.
- b. The issue statement is straightforward and easy to read.
- c. All relevant factual information is clearly documented in the examiner's report.
- d. The facts and law sections contain no analysis.
- e. The analysis section provides arguments which are thorough and understandable and assert a logical conclusion based upon the facts and law.
- f. Attach schedules, exhibits, specialist or outside expert reports, and other supplemental information that are essential for Appeals' determination.
- g. See *Federal plain language guidelines* for more information about using plain language.

(2) Report Elements - review to ensure the following:

- a. The unagreed report provides the issue statement, adjustment table, facts, law, taxpayer's position, government's argument and conclusion.
- b. The report clearly presents the issue(s), the proposed adjustment amount(s) and the reasons for the adjustment(s).
- c. The IRS's position is adequately substantiated based on the tax law.
- d. The pertinent legal arguments and current legal citations are included.
- e. For issues containing alternative positions see IRM 4.10.8.12.5.1, Reports for Cases with Alternative Positions.
- f. The report addresses the taxpayer's position objectively.
- g. Rebuttal of the taxpayer's position should be included in the IRS's position section of the report. The report rebuts the taxpayer's position(s) within the IRS's position section.

Caution: Appeals may return the case to LB&I if new information is presented to Appeals. See IRM 8.7.11.6.3.

- (3) Statute of Limitations:** Before a 30-day letter is issued there must be sufficient time remaining on the statute to allow the taxpayer to respond, the protest to be addressed and sufficient processing time to ensure that the statute will have at least 365 days remaining when the case is received in Appeals. See IRM 25.6.23.7.1, Minimum Time Remaining on ASER.

Caution: Because of the extra processing time needed for TEFRA procedures, Technical Services requires at least 600 days on the assessment statute for unagreed TEFRA key entity cases going to Appeals. The 600 days includes the 365-day Appeals requirement. See Form 13813, TEFRA Partnership Procedures Check Sheet and IRM 4.31.2.3.13, Unagreed Key Case.

Caution: Technical Services requires at least 18 months on the assessment statute for unagreed BBA cases going to Appeals. The 18 month time frame includes the 365-day Appeals requirement. See IRM 4.31.9.8.4, Statute of Limitations (SOL) on Making Adjustments and Form 15271, Bipartisan Budget Act (BBA) Partnership Adjustment Statute Extension Check Sheet, for more information.

- (4) The case manager is responsible for the preparation and delivery of the 30-day letter to the taxpayer. See IRM 4.10.8.12.1, 30-Day Letters, for guidance on the required form letters. The 30-day letter is expeditiously prepared and mailed in accordance with existing procedures. The case is included in the 30-day letter suspense files at the group level and updated timely to status 13 on ERCS after the mailing of the 30-day letter to the taxpayer.
- (5) The case manager monitors cases in status 13 to ensure timely closure of cases to Appeals. LCC cases often have complex issues with a lengthy protest that must be fully addressed. LCC cases must close to Appeals within 240 days of the issuance of the 30-day letter. For all other work streams, the case must close to Appeals within 120 days from the issuance of the 30-day letter.
- (6) The taxpayer may request an extension of time in which to file a protest. Before an extension is granted, the examination team must determine if a statute extension should be solicited to ensure adequate time to address the protest and still meet the remaining time on the statute requirements set by Appeals. The case manager, in collaboration with the issue manager(s), may approve the request based on the facts and circumstances in each case. Letter 686 may be used for this purpose.
- (7) **Taxpayer's Protest:** See IRM 4.10.8.12.9, Response to 30-Day Letter, for the procedures to follow in reviewing a taxpayer's response to the 30-day letter.
- (8) **Rebuttal to the Taxpayer's Protest** – review to ensure the following:
 - a. The issue team prepares a timely rebuttal on the unagreed issue.
 - b. The rebuttal addresses/resolves factual differences between the protest and audit report.
 - c. The rebuttal addresses any new arguments or legal positions presented by the taxpayer.
 - d. The rebuttal contains the same clarity and logic as stated in paragraph (1) above.
- (9) **TEFRA/BBA:**
 - a. If the unagreed case is TEFRA, see IRM 25.6.23.7.1, Minimum Time Remaining on ASER.
 - b. If the case is a key TEFRA/BBA case, ensure the PCS linkage requirements for investors is completed. See IRM 4.31.2.3.9.2, Linking the Key Case on the PCS for TEFRA cases and IRM 4.31.9.6.4, BBA Linkage Procedures.
- (10) **Other Issues:**
 - a. Ensure claims and other affirmative issues are addressed. See IRM 4.10.8.8, Claims for Abatement, Audit Reconsiderations, and Supplemental Reports.
 - b. If the case falls under the jurisdiction of the Joint Committee, ensure the requirements for "minimum refund" are properly considered. See IRM 4.36.3.7.1, Cases with Unagreed Issues - Minimum Refund.

4.46.5.7.3
(12-03-2025)
30-Day Letter Follow-up

- (1) If resolution of the issue(s) is reached and the case is now agreed, payment is solicited and the case is processed as agreed.

- (2) If the issue(s) on the case remain unagreed, the taxpayer will submit a timely protest letter. The following actions are completed timely by the examination team when a protest is received from the taxpayer:
 - a. Thoroughly review the taxpayer's protest and address each of the arguments presented in the protest. Also, address all new facts and legal references the taxpayer puts forth.
 - b. The adequacy of the protest and its compatibility with the examiner's report must be considered. All discrepancies and factual differences should be reconciled and resolved before the case is transmitted to Appeals. Appeals may return the case or consult LB&I Examination on an issue. See IRM 8.7.11.6.3, Returning a Case to LB&I, for explanation of those situations.
 - c. Additional facts may arise during the protest process and/or new information, issues or legal arguments may be presented. If the information received after issuance of the 30-day letter changes the proposed tax, new Forms 5701 and 886-A should be issued and the team coordinator will issue a revised report with assistance from the TCS.
 - d. Where new information received in the protest delays the case closing, the issue manager and the case manager will discuss the ECD and statute considerations with the taxpayer.
 - (3) The LB&I issue team(s) will prepare a timely rebuttal to the protest. The rebuttal is not intended to restate positions taken in the RAR. The protest may include new information not previously introduced. The new information is appropriately considered to ensure complete development prior to Appeals consideration. Division Counsel, L&A and subject matter experts are available to assist in analyzing and responding to new information or issues raised in the protest. The rebuttal must fully address all the taxpayer's arguments and positions.
 - (4) The LB&I issue team(s) will share the rebuttal with the taxpayer prior to forwarding the case to Technical Services. Such information could help in resolving the case. A copy of the rebuttal will also be included in the administrative file with the protest.
 - (5) In closing the case to Appeals, the examination team must note in the Form 4665, Report Transmittal, that the Form 886-A and the rebuttal fully address the taxpayer's arguments and includes the examination team's response to each argument.
- Reminder:** A copy of the Transmittal Letter must be shared with the taxpayer if it includes statements or comments intended to influence Appeals' decision-making process. See Rev. Proc. 2012-18 Section 2.03(4).
- (6) If a protest is not received, a Statutory Notice of Deficiency (90-day letter) is timely issued. Refer to IRM 4.10.8.12.10, No Response to 30-Day Letter. See IRM 4.46.5.11.2.5, General Procedures for Paperless Case Closing to Technical Services, for procedures to close cases to Technical Services electronically.

4.46.5.7.4
(05-02-2022)
**Forwarding for Appeals
Action**

- (1) The case manager will simultaneously forward the entire group of related entities in the case to Appeals. Also see paragraph (4) of IRM 4.31.5.12.2.4, When to Link the ILSC Key Case on PCS.

- (2) The Appeals office serving the taxpayer is responsible for consolidating all cases in the group. Appeals may request the following from the examination team:
 - a. Background information
 - b. The part of the examination plan which contains a brief history of the taxpayer
 - c. Information on how workpapers are organized
 - d. A concise synopsis of the overall case
 - (3) Refer to IRM 4.46.5.11.2.5 and IRM 4.46.5.11.2.6 for electronic closing procedures to Appeals through Technical Services.
- 4.46.5.7.5
(12-13-2018)
Appeals Acceptance Procedures

 - (1) The team coordinator and case manager must be aware of circumstances in which Appeals will not accept a case from LB&I. Refer to IRM 8.2.1.5, Returning a Case to Examination - ATE, for list of possible circumstances.
- 4.46.5.8
(09-16-2021)
Special Procedures for Cases with 965 Transition Tax

 - (1) IRC 965 requires certain U.S. persons to pay a transition tax on the untaxed foreign earnings of specified foreign corporations. The IRC 965 transition tax generally impacts tax years 2017 and 2018. To ensure the proper processing of cases with 965 transition tax features, examiners must follow the procedures below when closing a case with 965 features.
- 4.46.5.8.1
(09-16-2021)
IRC 965 Cases - Form 4549 and Form 4549-A

 - (1) Examiner must request a current transcript, BMFOLT, BMFOLM (for 965(h) elections), IMFOLT, IMFOLM, INTSTD, TXMODA to reconcile return.
 - (2) Exam adjustments that deny/conclude that a taxpayer's elections, such as 965(h) or 965(i), are invalid will cause those tax balances to become currently due and must be addressed in a NOPA and noted on the RAR in order to ensure CCP can identify the change.
 - (3) Application of Payments for Exam Deficiencies - Special Treatment of IRC 965(h) Balances - When closing an exam, the examiner must review how payments/balances in the module were applied to the portion of income tax related to IRC 965 and to the portion unrelated to IRC 965. The status of the payments on the module will determine how a deficiency payment is solicited, how the payment is applied and the updated transaction codes to be included with case closing.
 - (4) Refer to *IRC Section 965 Transition Tax Case Closing Procedures and Information Guide* for further details and examples.
- 4.46.5.8.2
(09-16-2021)
Payments Made During an Exam with IRC 965 Features

 - (1) If an exam results in a change to the deferral amount under IRC 965(h), the examiner must prepare a separate NOPA to show the total adjustment to the IRC 965(h) net tax liability and the impact on future installments (sometimes referred to as the deferral amount). Examiner must manually compute them and attach to the NOPA.
 - (2) Audit adjustments changing the deferral amount under IRC 965(h) require a re-computation of the IRC 965(h) installment amounts. The revised deferral amount under IRC 965(h) will generally be spread over the 8-year installment period and underpayments of past due installments are due currently, along with any changes to the non-IRC 965 tax at the time of the RAR. If a defi-

ciency or additional liability is due to negligence, intentional disregard of rules and regulations, or fraud with intent to evade tax, the proration rule described above will not apply, and payment of the deficiency or additional liability (as well as any applicable interest and penalties) is required upon notice and demand by the IRS or, in the case of an additional liability reported on a return increasing the amount of the deferral amount under IRC 965(h) after payment of the first installment or on an amended return, with the filing of the return. See Treas Regs 1.965-7(b)(1)(ii)(C).

- (3) Use the *965 Deferral Adjustment Calculator* Job Aid to compute the revised 965(h) installments and future installments (deferral amounts).

4.46.5.8.3
(09-16-2021)
**Deficiency Payment
Procedures for Cases
with IRC 965
Adjustments**

- (1) Instruct taxpayers to make two separate payments:

- a. one for the IRC 965 tax (which is identified as a TC 670 with a Designated Payment Code (DPC) "64"), and
- b. one for the remaining non-IRC 965 tax.

Note: All payments are posted to the tax year of the IRC 965(a) inclusion (2017 or 2018) until the entire income tax liability for the year is satisfied. IRM 21.5.13, IRC 965 Transition Tax Procedures - Accounts Management.

- (2) When closing an agreed examination to CCP, audit adjustments must be posted to the module prior to application of payments to ensure that the taxpayer's audit payments for non-IRC 965 tax are applied to the audit balance and not treated as an excess payment used to pay future installments of the deferral amounts under IRC 965(h).

- (3) On Form 4549, Report of Income Tax Examination Changes, Page 2 Other Information should include:

- a. Statement of exam findings of IRC 965 elections, including changes to IRC 965(h) installment amounts, IRC 965(i) net tax liability, and whether the taxpayer has entered into a transfer and/or consent agreement
- b. Reference to any Notice of Proposed Adjustment issued regarding IRC 965 net tax liability, and elections provided for in IRC 965(h) and IRC 965(i) as both elections impact current year exam deficiency billings and tax module transaction codes.

- (4) The Form 4549 will report the changes to total tax, which include:

- a. The total IRC 965 net tax amount is included in the Total Tax as corrected on Form 4549/4549-A, Line 11.

Note: Remember: IRC 965(i) net tax liability is not assessed until a triggering event, not the tax year it is reported.

- b. Exam adjustments with respect to the IRC 965 tax liability subject to a 965(h) election will require a change to the transaction codes on the tax module to adjust the deferral balance (Master file transaction code TC 766 [\$future installment amounts] CRN 263) is shown on Form 4549 Line 15, Adjustments to Prepayment Credits – Increase (Decrease).

4.46.5.8.4
(09-16-2021)
**IRC 965 Cases - Case
Closing Forms
Procedures**

- (1) **Form 3198** - Special Handling Notice for Examination Case Processing Procedures:
 - a. Page 1, Special Features, Other Instructions – examiner must write in “Section 965(x) Handling”. Be specific which 965 election such as 965(h), 965(i) or no election.
 - b. Attach the Deferral Calculator to Form 3870, Request for Adjustment, to document the Transaction Code updates, specifically:
 - TC 971 \$ 0 AC 114, memo 00965tax00 = As Corrected 965 Tax (Adj is for corrected tax)
 - TC 766 CRN 263 Amount = the dollar value to correct the change in deferred amount (If IRC 965(h) election in place only)
 - (2) **Form 3870** – Request for Adjustment:
 - a. In order; to have CCP process corrections to the informational entries on the module and the calculation of interest on the exam changes to IRC 965 amounts, the examiner must attach Form 3870 to the closing forms.
 - b. Form 3870 must be signed by the group manager to be processed by CCP.
 - c. Form 3870 must reflect:
 - The corrected total IRC 965 tax (if changed on audit) and the correct transaction code. TC 971 AC 114 \$(total corrected IRC 965 tax).
 - If the taxpayer has a valid IRC 965 (h) election in place, please note the corrected future IRC 965(h) installments and update TC 766 CRN 263 (the amount will reflect the changed IRC 965(h) net tax liability to be paid over remaining installments).
 - The examiner must attach the Deferral Calculator worksheet to calculate adjusted IRC 965(h) installments and the TC 766 CRN 263 “faux credit” representing the future installments as corrected by exam.
 - (3) **Form 5344** - Examination Closing Records Procedures, include the following:
 - Trans. Code: 300 Amount: Increase to total tax
 - Trans. Code: 301 Amount: Decrease to total tax
- Note:** Because the IRC 965(i) net tax liability is assessed in the year of a future triggering event, no exam TC 300/301 is required; instead, the examiner will update the informational transaction code TC 971 \$0 AC 165.
- (4) Case closing documents needed by CCP to close cases with IRC 965 transition tax include:
 - a. TXMODA, dated within 30 days
 - b. Form 3198
 - c. Form 5344
 - d. Form 3870
 - e. Form 4549-A, RAR
 - (5) To close the case to Ogden CCP, send an encrypted email with a subject line of “**Section 965 Tax - Agreed**” or “**Section 965 Tax - No Change**” or “**Section 965 Tax - No Change with Adjustments**”. Include the TIN, MFT, and tax years. Follow the procedures below based on closing method:

- For paperless case closures to Ogden CCP, send Form 15292, Case Closing Cover Sheet, with appropriate closing documents attached to Form 15292, via an encrypted email to: **SBSE Ogden CCP Paperless Examine Cases Only*. Refer to IRM 4.46.5.11.2.1 , Paperless Case Closures.
- For cases meeting the exception to paperless case closures per IRM 4.46.5.11.2.4, Exception to Paperless Case Closing to CCP, email appropriate case closing documents to **CCP Ogden* .

4.46.5.9
(03-09-2016)
Review of Case

- (1) The case manager is responsible for timely reviewing the primary case and all effectively controlled entities that are included in the examination.
- (2) Issue managers are required to perform a timely review of the technical/mathematical accuracy and issue development/documentation for their assigned issues.
- (3) Managers of specialty groups such as Employment Tax, Excise Tax or TEGE are responsible for the technical/mathematical accuracy and issue development/documentation of any separate specialty reports issued.
- (4) Joint Committee refund cases must be processed as outlined in the Joint Committee Procedures (See IRM 4.36).

4.46.5.9.1
(12-03-2025)
LB&I Quality Case Reviews

- (1) LB&I Quality Measurement System (LQMS) case reviews are completed by LB&I Quality Review and Analysis (QRA) reviewers. Large business return (LBR) and international individual compliance (IIC) cases are randomly selected for review according to a statistically valid sample that is determined on an annual basis.
- (2) The integrity, independence and objectivity of the reviewer must be preserved. Reviewers must not vary from regular procedures by orally confirming a quality standard.
- (3) The primary team coordinator and case manager receives an automated feedback email identifying the case name and case ID for each completed quality review. Questions concerning the content of the feedback may submitted electronically to the email address listed on the automated feedback email.. The examiner or exam team may also elevate any disagreed issues to the QRA program manager.
- (4) Case quality review scores are not included for individual case quality reviews. QRA publishes the combined quality scores of all reviews completed each quarter. The quarterly report outlines LB&I's greatest opportunities for improvement on both LBR and IIC examinations.
- (5) LQMS results are not used to evaluate the performance of an individual employee or team. Upon receipt of the advisory memorandum, the manager will discuss, as appropriate, its contents with the employee. Unless employees provide their manager with a written or email request that a copy of the memorandum be retained in his/her Employee Performance File, all copies of the memorandum are disposed of by the manager no later than (45) days after the issuance date.
- (6) The case manager is responsible for reviewing the case for compliance with LB&I auditing standards prior to closing the case.

- (7) See *LB&I's Quality Review and Analysis Knowledge Base* for more information and job aids.

4.46.5.10
(03-09-2016)
Exit Strategies

- (1) During the resolution phase, examiners are encouraged to engage in discussions with the taxpayer to resolve tax controversy, so that LB&I and the taxpayer have tax certainty. Recommendations should address the future tax treatment of issues. This can result in significant resource savings as it relates to carryover and recurring issues. The following subsections describe factors to consider in developing ways to resolve tax controversy.

4.46.5.10.1
(12-03-2025)
Closing Agreements - Process

- (1) A Form 906, Closing Agreement on Final Determination Covering Specific Matters, can be signed electronically. Per IRM 4.10.1.4.4, Digital Signatures, digital signatures must display the signer's name and date signed, at a minimum, and satisfy the requirements in IRM 10.10.1.3.1, Requirements for Legally Binding Electronic Signature. For forms, letters and other documents issued to the taxpayer, the signature should preferably reflect an image of the handwritten signature of the signer.
- (2) If Form 906 cannot be electronically, Form 906 must be signed and filed in triplicate. All copies must have the original signatures. DFO approval signature is required for a closing agreement.
- (3) Upon approval of the closing agreement, the original copies are processed in the following manner:
- One original copy is sent to the taxpayer. This action must be recorded (e.g. keep a copy of the Form 4665, Report Transmittal in the files, notate the activity record, etc.).
 - Attach one original copy to the last examined return in the file covering a year to which the agreement pertains (with the top of the form affixed such that one can see the printed "Form 906" notation). Write in red on the top margin on all of the other returns "SUBJECT TO FORM 906 CLOSING AGREEMENT ATTACHED TO 20XX RETURN".
 - One original copy is sent to the DFO having jurisdiction over the taxpayer. The DFO will maintain a folder for closing agreements.

4.46.5.10.2
(12-13-2018)
Recurring Issues

- (1) A recurring issue is an issue that is raised in the current cycle and continues into subsequent filed returns or returns that have not yet been filed. For optimizing resource utilization, the issue team should plan on how that issue could be addressed in any filed returns and when possible reach agreement that the taxpayer will report the issue properly going forward.
- (2) To minimize burden to the taxpayer and LB&I, discussions to resolve recurring issues are encouraged. The following are addressed for all recurring issues:
- Identify and discuss all agreed recurring issues.
 - Develop a strategy that could result in agreement with the taxpayer to eliminate the recurring issue(s).
 - If the recurring issue is due to inadequate records, the taxpayer is advised in writing relative to the areas where the accounting procedures or practices are inadequate or need to be changed. The inadequate records notice is issued by the case manager and is directed to the principal corporate officer responsible for taxes. See IRM 4.10.3.19, Inadequate Records Notices: Overview.

- d. Consider appropriate penalties when the examination of returns filed after the receipt of the inadequate records notice indicate the taxpayer failed to correct the procedures or practices.
- (3) For complex tax computations that are recurring in nature, a reasonable estimate of the future period amounts may be used for the RAR with the understanding that exact amounts are computed and used in all subsequently filed tax returns when possible.

Example: The IRS and taxpayer should agree to a methodology to approach the examination of an issue so that significant resources are saved in achieving voluntary compliance for filed and unfiled tax periods.

- (4) Accounting method issues may be delayed until a subsequent examination cycle, when time does not permit the completion of the issue in the current examination cycle. In addition, accounting method issues that require an extensive amount of factual development may be developed over two examination cycles. The taxpayer should be provided written notification that the issue is under consideration, but is being delayed until a subsequent examination cycle. The taxpayer and the examination team will discuss which facts would be necessary to determine a proper amount. The taxpayer should start to gather these facts and have them available when the IDR is issued in the subsequent examination cycle.
- (5) The IRS and the taxpayer should review reports from prior cycles noting areas of agreement. If the facts and circumstances haven't changed significantly, similar agreements may be reached in the current cycle. If this is done, the IRS and the taxpayer could substantially reduce the amount of examination time required to resolve these issues. They should also look at areas of prior disagreement (including previous Appeals decisions) to see if they can jointly arrive at a solution that will satisfy both parties.

4.46.5.10.2.1
(12-13-2018)
**Carryover Adjustments
Schedule**

- (1) Form 6095, Carryover and Recurring Adjustments Schedule, or other suitable schedule, that fit the needs of the case is prepared by the team coordinator at the conclusion of the examination. A copy of the schedule is placed in the planning file for follow-up by the succeeding team.
- (2) The team coordinator will provide a copy of Form 6095 to the taxpayer along with the schedule of required adjustments and corresponding workpapers. The taxpayer can compute carryover adjustments for subsequent years by using Form 6095. These adjustments might involve depreciation computations on items capitalized in prior years or certain accruals.
- (3) The examination team will reach an agreement with the taxpayer as to how to process carryover adjustments for filed and unfiled returns and document the agreement in the case file.
- (4) The subsequent team will review the completed schedule along with the RAR. This will provide the subsequent team members with the confidence that all carryover/rollover adjustments are identified.

4.46.5.11
(12-03-2025)
Closing a Case

- (1) While a single taxpayer and tax year is designated as the key case, LB&I examinations often contain multiple entities and years. Grouping those related components as one case is done whenever possible, to preserve the one-case concept.

- (2) Issue teams complete their assignments at various stages of the examination cycle. Several tasks must be performed including the preparation of their portion of the NOPA before their assignments are completed.
- (3) All cases related to the key case must be closed through the primary examination group. An exception applies for employment tax, excise tax and withholding tax cases, which generally close out of their respective specialty groups. The case manager or primary team coordinator enters all closing data on the IMS Team Website (TWS).
- (4) Some cases may be closed using the IMS short closure method. The method allows the user to close the case in IMS without completing administrative steps that are usually mandatory such as identifying a claim issue, adding return documents (Form 5344), or completing the case closing data on the case attributes screen in IMS TWS. Only the case manager identifies eligible IMS short closure cases and checks the box for short closure at the case attributes screen on the IMS TWS. Short closures in IMS are only available in the following situations:
 - LB&I Specialist does not own the case and the specialist uses IMS to track case activity
 - Case is controlled outside of LB&I (SB/SE for example)

Example: Engineer A is assisting with research credit valuation for an SB/SE case controlled by an SB/SE examiner. Engineer A's manager can check the box to identify the case for short closure.

Example: Tax computation specialist (TCS) B is assisting with a Joint Committee case for an SB/SE case controlled by an SB/SE examiner. TCS B's manager can check the box to identify the case for short closure.

Example: CBA examiner C created an APA case not under exam, to monitor the statute. CBA examiner C's manager can check the box to identify the case for short closure.

- (5) The HII Feedback Form must be completed for all High Income Initiative (HII) cases (project code 0795). The HII Feedback Form link is located on the IMS case tree and must be completed prior to closing the case off IMS.
- (6) The taxpayer must submit a timely protest to the 30-day letter to address unagreed issues in order to exercise their appeal rights. After the protest is received and a timely rebuttal is written, the case is transferred to Appeals through Technical Services for paper case files. See IRM 4.46.5.11.2.5 , General Procedures for Paperless Case Closing to Technical Services and IRM 4.46.5.11.2.6 , General Procedures for Paperless Case Closing to Appeals, for guidance on paperless closures to Appeals. The ex parte rules must be observed during all conferences with Appeals. See Rev. Proc. 2012-18.

4.46.5.11.1
(12-13-2018)
Partial Closing

- (1) The return of a related entity may be closed out in advance of the primary case. This is generally done at the request of the taxpayer or when agreement forms are received and must be processed.

- (2) Care should be exercised to provide reasonable assurance that the partial closing is in the best interest of the IRS. The examination report must indicate that the entity is part of a LB&I case and must document the reason(s) for the separate closing.
- (3) Time spent must be closed out using Form 5344, Examination Closing Record, in IMS. The case manager must keep copies of all closing documents to capture the results subsequent to closing.

4.46.5.11.2
(12-13-2018)
Closing Actions

- (1) All returns associated with the LB&I examination should be closed in coordination with the primary examination team. This could include both examined and surveyed returns. When the taxpayer's copy of a return is inspected but not examined, appropriate comments are made in the examination plan, planning file and in the transmittal letter to the examination report.
- (2) Employment tax returns are generally controlled by the employment tax specialist and closed by the employment tax team member assigned to the case.
- (3) Excise tax returns are generally controlled by the excise tax specialist and closed by the excise tax issue team member assigned to the case, except for excise tax on Form 5330, Return of Excise Taxes Related to Employee Benefit Plans, controlled by Tax Exempt and Government Entities (TE/GE).
- (4) Tax exempt and pension returns are generally controlled and closed by the TE/GE issue team assigned to the case.
- (5) Other types of returns may be controlled by other specialists and closed separately from the income tax files.

4.46.5.11.2.1
(12-03-2025)
Paperless Case Closures

- (1) LB&I examinations closing to Centralized Case Processing (CCP) Ogden and Foreign Payments Practice (FPP) examinations closing to CCP Cincinnati must close electronically. Managers and examiners need to pay careful attention to the procedures to ensure compliance and proper data retention of electronic administrative and issue documents. LB&I examinations closing to Ogden CCP include LB&I exam areas with primary business code (PBC) 320 through 328. LB&I examinations closing to Cincinnati CCP include Foreign Payments Practice team cases in WEIIC that have a PBC of 330. Cases closing to CCP include:
 - a. No change and no change with adjustments cases
 - b. BBA no change cases - non-linked (disposal code 02)
 - c. Agreed cases
 - d. Partially agreed assessment
 - e. Joint Committee cases
 - f. Agreed claim for refund and surveyed claims
 - g. Tax shelter promoter penalty cases
 - h. Return preparer penalty cases
 - i. Paperless surveys
 - j. Paper surveys

4.46.5.11.2.2

(12-03-2025)

**General Information for
all Paperless Case
Closures**

- (1) Digital signatures: IRS employees can use digital signatures to sign closing documents sent to taxpayers. IRM 4.10.1.4.4, Digital Signatures, allows IRS employees to use digital signatures to sign documents sent to taxpayers, including Form 872, Consent to Extend the Time to Assess Tax and closing documents. Using digital signatures for closing and administrative documents allows examiners to retain documents in electronic format necessary for electronic case closing.

Reminder: All digital signatures must display the signer's name and date signed, at a minimum, and satisfy the requirements in IRM 10.10.1.3.1, Requirements for Legally Binding Electronic Signature. For forms, letters and other documents issued to the taxpayer, the signature should preferably reflect an image of the handwritten signature. Refer to IRM 4.10.1.4.4, Digital Signatures.

- (2) Closing letters: CCP will not mail case closing letters to taxpayers. Examiners must send the case closing letters to the taxpayer when the case is closed to CCP by the exam team. Examiners can provide case closing letters to taxpayers by mail, Efax or other approved digital methods. A copy of the dated closing letter containing the manager's signature must be uploaded in IMS.
- (3) Electronic data retention: IMS is considered an official record keeping system with the same confidence as a paper case file. It is important that **all** required case file documents are uploaded and verified in IMS. **Each examiner and case/issue manager assigned to the case must review their (or their employee's) documents and workpapers uploaded in IMS for accuracy and completeness** in the same manner a paper case file is reviewed and assembled. Each case/issue manager must review and verify their employee's electronic workpapers comply with the mandatory standard naming convention (MSNC). Refer to IRM 4.46.6, Workpapers and Reports Resources, for guidance on lead sheets, naming convention and required workpapers. See IRM Exhibit 4.46.6-1 for guidance on uploading documents in IMS.
- (4) IMS: Closing the case completely off IMS is generally done when the case is closed to CCP or Technical Services.
- (5) Exam group responsibilities: The exam group remains responsible for returns while they are in transit (status codes 21, 41 and 51) per IRM 4.7.5.7.3(14), Transfers and Closings. The exam group must follow up on any unacknowledged return after 21 calendar days for status codes 21 and 41, and 30 days for status code 51. When Form 3210 is acknowledged or when AIMS and ERCS are updated to another status code within these functions, the responsibility shifts to the receiving functions. CCP and Technical Services acknowledge receipt of documents via ERCS.
- (6) Electronic indicator in ERCS: Electronic cases have an indicator "E" in the electronic_case_ind field in ERCS. When updating the case status 21 or 51 in ERCS, the ERCS user is asked: "Is this an electronic case file?" **The ERCS user must answer "Y" to this question for electronic closings to CCP and Technical Services.**

Note: Cases that are not 100% paperless must enter "N" to this question. It is important that **ONLY** the cases closing completely electronically to CCP or Technical Services will close with a "Y" response in ERCS.

- (7) **Download all feature in IMS:** The download all feature in IMS is available to use in certain paperless case closures or reviews while the case is open. The download all feature allows examiners to download the entire IMS case file to an electronic zip file which is downloaded to the employee's hard drive. The examiner can transfer the zip file in situations where the entire electronic case file is needed, such as cases requiring Counsel or Technical Services review (litigation cases, BBA cases, unagreed PCS-linked ILSC cases). Refer to IRM 4.46.6.16, Download All Feature in IMS, for guidance on using the download all feature.

Caution: Examiners may generally only use the download all feature for a completed case file. Manager approval is required to use the download all feature and must be documented in the examiner's activity record (Form 9984) in IMS. If the case is in closed status, the PTC or a manager on the case may enter a case level activity in IMS, which then populates to the examiner's activity record. Refer to the *Case Level Activities (TWS)* for instructions on how to enter an activity.

- (8) **IMS check box feature for SAIN 021 and SAIN 090:** The SAIN 021/090 check box feature allows examiners to check a box for documents required to be included in SAIN 021 or SAIN 090 for electronic closures. This alleviates the need for examiners to upload documents under more than one SAIN in IMS. Examiners can use this check box feature or upload required documents not already existing to SAIN 021/090 .

- SAIN 021 box is checked on the document header to identify relevant documents needed for Appeals paperless case closures. Refer to IRM 4.46.5.11.2.6, General Procedures for Paperless Case Closures to Appeals through Technical Services.
- SAIN 090 box is checked on the document header to identify case closing documents. Refer to IRM 4.46.5.11.2.3 and IRM 4.46.5.11.2.5 for case closing documents required to be included in SAIN 090.

4.46.5.11.2.3
(12-03-2025)
**General Procedures for
Paperless Case Closing
to CCP (LB&I Exam
Areas 320-328, 330 (FPP
only))**

- (1) **Cases involving potential fraud:** After uploading to IMS, the exam team must keep the following paper records for any matter involving potential criminal fraud until the examiner determines that the case has no criminal fraud potential:

- a. Records which contain color (such as blue ink, color letterhead).
- b. Records in which the taxpayer used white-out or any other alterations or markings that would render the scanned document not identical to the original document.

Keep these paper records with the case file until either:

- a. Criminal Investigation accepts the referral and exam transfers the record for inclusion in their investigative file; or,
- b. Exam Team/Manager/FTA/CI determine that the case has no criminal fraud potential.

- (2) **Step 1: Upload documents to IMS:** Do NOT print, assemble or send the paper case file to CCP. All required forms and documents that are required in a paper case file per IRM 4.10.9.8, Workpapers , and IRM 4.46.6 , Workpapers and Reports Resources, must be uploaded to IMS. See IRM Exhibit 4.46.6-1 for instructions on uploading documents in IMS. Managers must review and

verify their employee's required IMS case workpapers and documents for completeness and ensure the required documents are uploaded into IMS prior to case closing. Each case/issue manager must review and verify their employee's electronic workpapers comply with the MSNC. Verify all documents in IMS can open and are readable after upload. Documentation of this review is required in the examiner's activity record or by completing Form 15292. See exception noted in a) below for Pathway hire RGS program cases.

- a. **Exception for Pathways Program Hires:** Most Pathways Program hires use stand-alone RGS (not on CEAS) for the first two years of the four-year training program. For the Pathways Program cases using stand-alone RGS, examiners will upload the NForwardX1.zip file to SAIN 007, Report Preparation, in IMS. The NForwardX1.zip file must contain all forms and documents that are required in a paper case file (as noted in Step 1). The manager must review the NForwardX1.zip file to ensure all documents load properly in RGS. The *Memo to File* must be completed with the taxpayer information and uploaded to SAIN 090 along with all other required closing documents (see Step 2).

Note: Step 1 applies to all managers and examiners working on the case. The case and/or issue manager of each employee on a case with workpapers or other documents to upload must review and ensure the documents are uploaded timely and accurately so the case can close.

- (3) **Step 2: Close case electronically to CCP:** Case closing documents are inserted in Form 15292, Case Closing Form. Send only Form 15292 via encrypted email to CCP, except for partial assessments, which do not require Form 15292. **Follow the instructions in Exhibit 4.46.5-2 Table 1**, based on case closure type listing forms to attach to Form 15292. Click on "Add File(s)" on Form 15292 to add required case closing documents. Check the SAIN 090 box on the document header to identify required case closing documents included in IMS in SAIN 090, Case Closing Documents. Each case/issue manager and each examiner must verify all necessary documents were uploaded in IMS. The team coordinator and case manager will check the Examiner/Manager certification box on Form 15292, to certify all documents were uploaded.

Note: IRM 4.10.9.12, Case File Assembly for Closing Physical Administrative Case Files, provides guidance for forms and documents needed for case file assembly and closing. The forms and documents listed are not required for every case, however there may be additional forms and documents other than those emailed to CCP that need to be uploaded in IMS. Review IRM 4.10.9.12 and ensure all applicable case closing forms and documents are properly uploaded in IMS.

Once all required documents are uploaded in IMS and Form 15292 is complete, the case can close electronically to CCP. Completed Form 15292 (with required closing documents attached to Form 15292) must be emailed to **SBSE Ogden CCP Paperless Examine Cases Only* or **SBSE CCP Cincinnati* (FPP cases only). Update the ERCS status to 51, except for partial assessments and Joint Committee cases. When updating ERCS status to 51, the ERCS user is prompted if the file is an electronic case file. For electronic case files, **Answer "Y"** to the question "Is this an electronic case file (Y/N)?" Ensure AIMS reflects status 51 before proceeding. AIMS status generally updates the day after the ERCS updates. The examiner can now issue the appropriate closing letter signed by the case manager.

- (4) **Step 3: Upload Form 15292 and close case in IMS:** Upload Form 15292 and any revised forms from CCP (i.e. 5344) into IMS SAIN 090. After the case is closed to CCP, the examiner can close the case in IMS and any remaining paper files can be shredded.

Note: Form 15292 and other revised forms can be uploaded to IMS for closed cases from the IMS TWS. Time spent on post-closing activities (uploading revised forms from CCP to IMS SAIN 090) can be charged to activity code 610, General - Indirect.

Reminder: All pertinent files must be uploaded and retained in IMS. There is no need to retain paper files, per Document 12990, Records Control Schedule 26, Item 47A, because they are duplicative of the IMS files (note exceptions for cases involving potential fraud in (1) and Pathways cases in Step 1 a)).

4.46.5.11.2.4
(12-03-2025)
**Exception to Paperless
Case Closing to CCP**

- (1) Effective January 1, 2023, all cases closing to CCP must follow the paperless procedures per IRM 4.46.5.11.2.3 except for:

- Cases started prior to May 1, 2020, where examiners are unable to scan and upload all workpapers and documents in IMS for paperless case closing, and
- Cases with a return requested indicator on the AMDISA. Refer to *Completing Form 5345-D* for more information on locating the indicator on the AMDISA.

Examiners meeting the above exceptions must follow these procedures to close a paper case file to CCP.

- (2) **Step 1: Assemble the paper case file.** Examiners closing paper case files must assemble a full paper file including all required documentation. Cases with part of the documents in IMS and part in paper must print the digital documents when assembling the paper case file. See case file assembly procedures in IRM 4.10.9.12, Case File Assembly for Closing Physical Administrative Case Files.

Note: Certain LCC case workpapers may be retained locally. Workpapers must be retired to the Federal Records Center (FRC) no earlier than 4 years after the date of closing (AIMS Status 90). See Schedule 23 of Document 12990, Records Control Schedules, for additional guidance.

- (3) **Step 2: Email case closing documents to CCP.** Update the case status in ERCS to status 51, except for partial assessment and Joint Committee cases. On ERCS, answer “N” to the question “Is this an electronic closure?”. Follow the instructions in the table below, based on case closure type listing the documents to email to CCP. Send appropriate closing documents via an encrypted email to *CCP Ogden or *SBSE CCP Cincinnati for FPP cases in PBC 330 indicating the case type in the subject line (agreed, no change, partial assessment etc.). The examiner can now issue the appropriate closing letter.

Note: IRM 4.10.9.12, Case File Assembly for Closing Physical Administrative Case Files, provides guidance for forms and documents needed for case file assembly and closing. The forms and documents listed are not required for every case, however there may be additional forms and documents other than those emailed to CCP that need to be closed with the paper case file. Re-

view IRM 4.10.9.12 and ensure all applicable case closing forms and documents are included in the paper case file.

- (4) **Step 3: Ship the case file to Files.** The examiner monitors the case to verify the TC 421 has posted and the case reached status 90 on AIMS. When the case reaches status 90 on AIMS, the paper case file must be shipped to Files. The examiner completes Form 9856, Attachment Alert, using the Document Location Number (DLN) from the TC 421. Form 9856 must be included in the paper case file (for each tax year examined), near the top of the file (just under Form 3210). Any other correspondence or documents from CCP must also be included in the paper case file (updated Form 5344, for example). The examiner must bundle each year of a multiple-year examination separately. Use rubber bands or staples to bundle the case file and remove any unnecessary paper clips, staples or other fasteners. A copy of the first 2 pages of the agreed examination report reflecting the taxpayer's signature and/or proof of payment must be included in each year of a multiple-year examination. Examiners must mail the completed paper case file, bundled by year, to one of the following locations:

For LB&I Exam Areas 320-328 ship to Ogden Files:	For LB&I Exam Area 330 (FPP cases only) ship to Kansas City Files:
Internal Revenue Service Ogden Submission Processing Center M/S 6722, Files Central Control Team 1973 N Rulon White Blvd Ogden, UT 84404	Internal Revenue Service Kansas City Processing Center 333 West Pershing Road M/S 6700; Attn: CCU Kansas City, MO 64108-4302

Note: Time spent on post-closing activities (mailing the paper case file) can be charged to activity code 610, General - Indirect.

Case Type	Procedures for Exception to Paperless Closing to CCP
Agreed/No Change/No Change with Adjustments Cases	<p>On ERCS, answer “N” to Electronic Closure. Documentation to attach to email to CCP:</p> <ol style="list-style-type: none"> TXMODA - dated within 30 days Form 3198 - Check box on “Agreed and unpaid over \$100,000” under Expedite Processing page 1 of form 3198 Form 5344 RAR, Form 4549-A - signed RAR for Agreed and No Change with Adjustments Form 2285 - if applicable - also note in subject line “Restricted Interest Case” For returns with a 97x indicator on AIMS, include a copy of the first 4 pages of the amended return, along with any pertinent schedules <p>Once AIMS reflects status 51, manager emails the documents listed above to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) via an encrypted email</p> <ol style="list-style-type: none"> Email subject line: “Agreed Case”, “No Change”, “No Change with adjustments” or “Agreed Case - unpaid and over \$100,000” (agreed and unpaid over \$100,000 are priority cases) <p>Note: CCP electronically acknowledges receipt of documents via Form 3210 in ERCS.</p> <p>After emailing documents, go to Step 3 above.</p>

Case Type	Procedures for Exception to Paperless Closing to CCP
Agreed/No Change/No Change with Adjustments Cases with 965 Transition Tax	<p>On ERCS, answer “N” to Electronic Closure. Refer to IRM 4.46.5.8.4 for instructions on closing cases with 965 transition tax. Documentation to email to CCP:</p> <ul style="list-style-type: none"> a. TXMODA - dated within 30 days b. Form 3198 - note “Agreed and unpaid over \$100,000” if applicable on page 2 of form 3198 c. Form 5344 d. Form 3870 e. RAR, Form 4549-A - signed RAR for Agreed and No Change with Adjustments f. Form 2285 - if applicable - also note in subject line “Restricted Interest Case” g. For returns with a 97x indicator on AIMS, include a copy of the first 4 pages of the amended return, along with any pertinent schedules <p>Once AIMS reflects status 51, manager emails the documents listed above to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) via an encrypted email</p> <ul style="list-style-type: none"> a. Email subject line: “Section 965 Tax - Agreed”, “Section 965 Tax - No Change”, “Section 965 Tax - No Change with adjustments” or “Agreed Case - unpaid and over \$100,000” (agreed and unpaid over \$100,000 are priority cases) <p>Note: CCP electronically acknowledges receipt of documents via Form 3210 in ERCS.</p> <p>After emailing documents, go to Step 3 above.</p>

Case Type	Procedures for Exception to Paperless Closing to CCP
Partial Assessments	<p>On ERCS, answer “N” to Electronic Closure. CCP can make a partial assessment for partially agreed cases. Status code remains in status 12 (do not update to status 51). For agreed partial assessments, LB&I manager sends an encrypted email and the following to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only):</p> <ol style="list-style-type: none"> Email subject line: “Partial Assessment Request”(keep sensitive information out of the subject line of the email). TXMODA - dated within 30 days Form 3198 - Check the box under Special Features, Partial Assessment Requested. Form 5344 RAR, Form 4549-A Form 2285 -if applicable -also note in subject line of email “Restricted Interest Case”. <p>Note: CCP will email a copy of Form 5344 to the examiner after the partial assessment was input, which will reflect the date of input.</p>

Case Type	Procedures for Exception to Paperless Closing to CCP
Joint Committee Cases	<p>a. Prior to emailing documents, check AIMS freeze codes and resolve prior to closure to Ogden CCP.</p> <p>b. The examiner will follow the electronic Joint Committee referral outlined in IRM 4.36.3.8, Submission of Case to JCR Program (except for IIC), Joint Committee Electronic Referral Material must be retained in IMS.</p> <p>c. Upon receipt of JCT release letter and Letter 1574, update ERCS to status 51, answering “N” to Electronic Closure and remove ARC 27.</p> <p>d. Upload all JCT closing documents into IMS.</p> <p>e. Documents to email to CCP:</p> <ol style="list-style-type: none"> 1. TXMODA - dated within 30 days 2. Form 3198 -note in Other Instructions under Special Features, “JC Case Cleared” 3. Form 5344 4. RAR, Form 4549-A 5. Copy of JCT release letter and Letter 1574 6. Joint Committee Report - the taxpayer does not get a copy of the report 7. Form 2285 (if applicable) and note in subject line of email “Restricted Interest Case” 8. If you have a paper original return, note that in the email <p>Once AIMS reflects status 51, the documents listed above are forwarded via an encrypted email to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with an email subject line of “JC Case”.</p> <p>Note: CCP electronically acknowledges receipt of documents via Form 3210 in ERCS.</p> <p>After emailing CCP, go to Step 3 above.</p>

Case Type	Procedures for Exception to Paperless Closing to CCP
Agreed Claim for Refund/Surveyed Claim (DC34)	<p>On ERCS, answer “N” to Electronic Closure. Documents attached to an encrypted email to CCP:</p> <ol style="list-style-type: none"> TXMODA - dated within 30 days Form 3198 Form 5344 RAR, Form 4549-A (not required for surveys) Form 2285 (if applicable) and note in subject line of email “Restricted Interest Case” For surveyed claims (DC 34), include a copy of the first 4 pages of the amended return, along with any pertinent schedules If you have an original paper return, note that in the email <p>Once AIMS reflects status 51, manager forwards the documents listed above with an email subject line of “Claim for Refund” via an encrypted email to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only)</p> <p>Note: CCP electronically acknowledges receipt of documents via Form 3210 in ERCS.</p> <p>After emailing CCP, go to Step 3 above.</p>

Case Type	Procedures for Exception to Paperless Closing to CCP
Civil Penalty Cases	<p>On ERCS, answer “N” to Electronic Closure. Documentation emailed to CCP:</p> <ol style="list-style-type: none"> Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b. In the remarks section indicate the originating alpha MFT (for example PR, PQ) Form 3198 - Under Special Features: <ul style="list-style-type: none"> Check the box “Civil Penalties (Form 8278)” Indicate type of closure in Other Instructions <ol style="list-style-type: none"> Full Closure (update ERCS to status 51) - no other penalties to be assessed or Partial Closure (ERCS remains in status 12) - additional penalties such as continuation penalty or multiple type of penalty forthcoming <ul style="list-style-type: none"> Use DC 02 for No Change Use DC 12 for Agreed Partial closures must remain in ERCS status 12. Full closures must be updated to ERCS status 51. Manager emails the documents listed above to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) via an en-encrypted email with an email subject line of “Agreed Civil Penalty”. <p>Note: CCP electronically acknowledges receipt of documents via Form 3210 in ERCS.</p> <ul style="list-style-type: none"> After emailing CCP, go to Step 3 above.

Case Type	Procedures for Exception to Paperless Closing to CCP
Tax Shelter Promoter Penalty Cases	<p>Agreed Cases: On ERCS, answer “N” to Electronic Closures. Prepare Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b. Documents emailed to CCP:</p> <ol style="list-style-type: none"> Form 906, Closing Agreement, properly executed by DFO Form 3198 - check the box Civil Penalties under Special Features section <p>Once ERCS reflects status 51, manager emails the documents listed above via encrypted email to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with an email subject line of “Agreed Tax Shelter Promoter penalty case”.</p> <p>Unagreed Cases: On ERCS, answer “N” to Electronic Closures. Documents emailed to CCP:</p> <ol style="list-style-type: none"> Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b Form 3198 - check the box Civil Penalties under Special Features section <p>Once ERCS reflects status 51, manager emails the documents listed above via encrypted email to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with an email subject line of “Unagreed Tax Shelter Promoter penalty case”.</p> <p>Note: CCP electronically acknowledges receipt of documents via 3210 in ERCS</p> <p>After emailing CCP, go to Step 3 above.</p> <p>Note: Examiners must coordinate closures with the LB&I Tax Shelter Promoter Program Specialist Team. If the respective promoter case closing letter cannot be issued via regular mail, the examiner may transmit documents via other approved digital methods.</p>

Case Type	Procedures for Exception to Paperless Closing to CCP
Return Preparer Penalty Cases	<p>Agreed Cases: On ERCS, answer “N” to Electronic Closure. Documents emailed to CCP:</p> <ul style="list-style-type: none"> a. Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b b. Form 5816, Report of Tax Return Preparer Penalty c. Form 3198 - check the box Civil Penalties under Special Features section d. Once AIMS reflects status 51, manager emails the documents listed above to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with the email subject line of “Agreed Return Preparer Penalty Case”. <p>Unagreed Cases: On ERCS, answer “N” to Electronic Closure. Documents emailed to CCP:</p> <ul style="list-style-type: none"> a. Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b b. Form 5816, Report of Tax Return Preparer Penalty c. Form 3198 - check the box Civil Penalties under Special Features section d. Once AIMS reflects status 51, manager emails the documents listed above to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with the email subject line of “Unagreed Return Preparer Penalty Case”. <p>Note: CCP electronically acknowledges receipt of documents via Form 3210 in ERCS.</p> <p>After emailing CCP, go to Step 3 above.</p>
Paperless Surveys	<p>Follow the procedures outlined in IRM 4.46.3.2.2.1 , Paperless Survey - Non-Examined Closures Using a Paperless Process.</p> <p>Note: Documents for paperless surveys for FPP cases are emailed to <i>*SBSE CCP Exam Cincinnati</i>.</p>

Case Type	Procedures for Exception to Paperless Closing to CCP
Paper Surveys	<p>Paper survey procedures apply to survey of returns with documentation and non-examined disposal codes (DC) of 31, 32, 42 and 45. Examiners must prepare the required documents (outlined below) and the team manager must verify for accuracy. AIMS must reflect status 51. Team manager sends encrypted email to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with the following documents and email subject line:</p> <ol style="list-style-type: none"> Email subject line: "Paper Survey" Form 4251, Return Charge Out. This form is used for LB&I Imagining Network (LIN) non-examined closings. Note disposal code on the form. Form 5351, Examination Non-Examined Closings, completed as directed in IRM 4.38.1.7.4, Non-Examined Closures. Note the disposal code in the lower left of each block. Form 3198 - Note type of survey under Other Instructions in Special Features section If DC 31 or 32 are used, the survey reason code (SRC) must also be noted after the DC (see IRM 4.46.3.2.2(4) for SRC values and definition). If SRC "E" (Other) is used then Form 14235, LB&I Survey Form, or Form 1900, Income Tax Survey After Assignment, is also required. <p>Note: CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Once the case closure is in AIMS status 90 and the TC 421 is posted to the TXMODA, CCP emails the examiner a Form 9856, Attachment Alert. The examiner ships Form 9856 and the remaining paper case closing file to: Ogden Submission Processing Center; M/S 6722, Files Processing Center; 1917 Rulon White Blvd; Ogden, UT 84404</p>

4.46.5.11.2.5
(12-03-2025)

**General Procedures for
Paperless Case Closing
to Technical Services**

- (1) Certain cases requiring mandatory review by Technical Services can close electronically to Technical Services including the following:
- a. Unagreed cases routed to Appeals
 - b. Unagreed cases for issuance of statutory notice of deficiency (SNOD)
 - c. Most unagreed penalty cases
 - d. Disallowed claims (Letter 905, Final Partial Claim Disallowance, and Letter 906, Final Full Claim Disallowance)
 - e. Unagreed LB&I Pathways Program cases
 - f. Agreed and no change ILSC PCS linked cases and field controlled investors
 - g. Agreed and no change TEFRA cases and field controlled investors

Note: Most unagreed penalty cases can close electronically to CCP or Technical Services. Refer to specific penalty program for guidance on electronic closing procedures.

- (2) The following types of closures **cannot** close electronically to Technical Services:

- a. FBAR cases

Note: Refer to IRM 4.26.17.4, Closing the FBAR Case, for FBAR case processing procedures.

- b. Case designated for litigation

Note: If the taxpayer indicates they will file a petition to Tax Court while the case is in exam, the examiner must not close the case paperless to Technical Services unless there is a current paperless pilot for petitioned (or docketed) cases (i.e. virtual shared server) in place.

- c. Unagreed TEFRA cases
- d. Unagreed Investor Level Statute Control (ILSC) PCS linked cases
- e. All BBA cases
- f. Fraud cases where the fraud indicators are only evident on hard copy documents (for example: altered documents)

- (3) Refer to IRM 4.46.5.11.2.2 for general information for all paperless case closures.

- (4) **Step 1: Upload documents to IMS:** Do not print, assemble or send the paper case file to Technical Services. All required forms and documents that would otherwise be required in a paper case file per IRM 4.10.9.8 and IRM 4.46.6 must be uploaded to IMS. Refer to IRM Exhibit 4.46.6-1 for guidance on uploading documents to IMS for virtual case closing.

Each Manager must review and verify their employees' required IMS case workpapers and documents for accuracy and completeness and ensure all required documents are uploaded to IMS prior to case closing. Each case/issue manager must review and verify their employee's electronic workpapers comply with the MSNC. Documentation of this review is required in the examiner's activity record.

For unagreed cases routed to Appeals, refer to IRM 4.46.5.11.2.6 for a list (not all inclusive) of documents that must be saved in SAIN 021.

- (5) **Step 2: Close case electronically to Technical Services and off IMS:** Case closing documents are required under SAIN 090. Check the SAIN 090 box on the document header to identify case closing documents that were already created and uploaded in IMS under a different SAIN. Refer to Exhibit 4.46.5-2, **Table 2**, for forms required under SAIN 090 based on closure type. Documents required under SAIN 090 include:

- Form 3198
- Form 5344
- Appeals Electronic Case Receipt Check Sheet (if applicable)

Case closing documents are required under IMS SAIN 090, Case Closing Documents. Managers and examiners must verify all necessary documents were uploaded in IMS.

Note: IRM 4.10.9.12, Case File Assembly for Closing Physical Administrative Case Files, provides guidance for forms and documents needed for case file assembly and closing. The forms and documents listed are not required for every case, however, there may be additional forms and documents that need to be uploaded in IMS. Review IRM 4.10.9.12 to ensure all applicable case closing forms and documents are properly uploaded in IMS. Verify all documents can be opened and are readable after upload.

Once all required documents are uploaded in IMS, the case can close electronically to Technical Services and closed off IMS. Ensure that any partial assessments are emailed to *CCP Ogden and were posted. Update the ERCS status to 21. When updating ERCS to status 21, the ERCS user is prompted if the file is an electronic case file. Answer "Y" to the question, "Is this an electronic case file (Y/N)?" Ensure AIMS reflects status 21 before proceeding. AIMS status generally updates the day after the ERCS status updates. Form 3210 is generated via ERCS when the case is updated to status 21. Technical Services acknowledges receipt of the electronic case file via ERCS. Examiners can now issue the appropriate closing letters for agreed and no change PCS linked ILSC and TEFRA cases and linked investors cases, except for TEFRA key case closing letters. The Technical Services Pass-through Coordinators (TSPC) is responsible for sending the TEFRA key case closing letter.

Note: Once the case reaches status 21, the examiner must close the case off IMS. Once the case reaches status 90, any remaining paper files can be shredded.

- (6) **Step 3: Prepare Revised Tax Computation if Needed (Completed by Tax Computation Specialist):** Tax computations for Form 1120 are prepared using BNA Corporate Tax Analyzer and the tax computation PDF file is uploaded into IMS case documents. If the tax computation for a Form 1120 needs to be re-computed, Technical Services will contact the team coordinator. The team coordinator contacts the assigned tax computation specialist (TCS) to prepare a revised tax computation. Case controls remain with Technical Services. The assigned TCS prepares the revised tax computation and saves the revised tax computation to IMS case documents via the IMS TWS. Once the TCS prepares the revised tax computation, the TCS informs the revenue agent assigned to the case. The assigned revenue agent prepares a revised Form 5344 and saves the revised Form 5344 into case documents (via IMS TWS) to associate with the revised tax computation. The revenue agent or team manager notifies Technical Services that the revised tax computation and Form 5344 were uploaded to IMS case documents.

If a case closed paperless to Technical Services is subsequently petitioned for Tax Court, the case is returned to exam to submit a full paper case file to Technical Services unless there is a current paperless pilot (i.e. using a virtual server) for petitioned (or docketed) cases. Refer to current interim guidance.

- (7) **Step 4: Upload Completed Form 15292 (Completed by Technical Services for Cases Closing to CCP Only):** When Technical Services completes the electronic case closing, Technical Services completes Form 15292 and uploads into SAIN 090 on IMS TWS, indicating the case is closed.

Reminder: All pertinent files must already be uploaded and retained in IMS.

There is no need to retain paper files because they are duplicative of the IMS files.

4.46.5.11.2.6
(12-03-2025)

**General Procedures for
Paperless Case Closing
to Appeals through
Technical Services**

- (1) Certain unagreed cases in IMS can close electronically from LB&I exam to Appeals through Technical Services. The following cases **cannot** follow these procedures to close to Appeals:

- TEFRA cases
- BBA cases
- Investor Level Statute Control (ILSC) Cases

Note: There may be temporary or pilot procedures to close these cases to paperless to Technical Services. Refer to current interim guidance.

- (2) IMS cases meeting the following criteria are electronically transmitted from LB&I to Technical Services for closure to Appeals:
- Cases with at least one unagreed issue for all years under examination. Agreed issues should be closed using a partially agreed report to the extent possible (see IRM 4.10.8.6, Partially Agreed Cases).
 - Statute has at least 395 days remaining on the statute.
 - Verification from LB&I managers that all related cases are transmitted at the same time.
 - All issue-related documents are uploaded in SAIN 021 (Prior Appeals Report) in IMS (see list of documents in paragraph (3) below). Documents saved to SAIN 021 must follow the MSNC (see IRM 4.46.6.3(8), Workpaper Organization and Considerations).
 - Forms 3198 and 5344, along with the Appeals Electronic Case Receipt Check Sheet, are uploaded to SAIN 090, Case Closing Documents.
- (3) Check the SAIN 021 box on the document header to identify existing IMS case documents relevant to Appeals closures. **Documents added to SAIN 021 include:**

List of Documents
<p>Form 4665, Report Transmittal, must include the following:</p> <ol style="list-style-type: none"> Any other years, related cases, or related taxpayers being worked by Exam by Name, Year, MFT, and EIN ECD date for each such case noted An affirmative statement that a JC report has or has not been submitted. If so, the JC approval letter must be included If the case has international issues, note on the top of Form 4665, "Case should be referred to International Appeals, Area 11"
PDFs of Form 1120 (first 6 pages) as filed, Form 1120X if filed (full documents); Form 1139 if filed (full documents)
Original filed tax returns or LIN link (Form 4251), and if applicable, amended tax returns.
The 30-day RAR, Form 4549-A or 4605-A which was issued to the taxpayer via 30-day (or similar) letter
The 30-day (or similar) letter for each RAR issued to the taxpayer
Current AMDISA (dated within 30 days)
All related cases
Form 5701s for unagreed issues
Form 886-As for unagreed issues, including all attachments and exhibits
Workpapers for unagreed issues
Valid protest (as outlined in Publication 5) including all exhibits referenced in the protest
Rebuttal
All correspondence between parties related to unagreed issue(s)
IDR responses for unagreed issues
Form 872 (if applicable) – current and all prior Forms 872
Form 895 or Form 15042 (if applicable)
Form 2848 (if applicable)
Appraisals
Economists reports
Joint Committee reports.
Engineer reports
International Specialist reports
MITRE Reports (research credit)
Secure email messaging systems (SEMS) Agreement
Penalties with manager approval (if applicable)

List of Documents
Executed closing agreement or partial agreement or assessment (if applicable)

Note: Only relevant documents noted above are uploaded into **SAIN 021** in IMS. Follow the MSNC per IRM 4.46.6.3(8) for documents uploaded in SAIN 021. Do not include documents and workpapers for agreed issues in SAIN 021. See IRM Exhibit 4.46.6-1 for instructions on uploading documents into IMS.

(4) Include the following documents in SAIN 090 by checking the SAIN 090 box on the document header in IMS:

- Form 3198
- Form 5344
- *Appeals Electronic Case Receipt Check Sheet* (use most current version)

Note: If the case has international issues, note in the field on the Appeals Electronic Case Receipt Check Sheet, most significant issue and dollar amount: "Case should be referred to International Appeals, Area 11".

(5) Refer to IRM 4.46.5.11.2.2, General Procedures for all Paperless Case Closures.

(6) **LB&I Manager Verification of Unagreed Case:** For cases meeting the criteria noted in paragraph (1), LB&I managers must verify the following information **prior** to closing the case to Technical Services:

- Verify statute of limitations is identified correctly and at least 395 days remain on statute.
- Review Form 5344 and verify form is correctly completed (See IRM 4.4.12, Examined Closings, Surveyed Claims, and Partial Assessments). Note: Item 03 and Item 04 of Form 5344 should be reviewed for accuracy when the tax deficiency is related to a C corporation and exceeds \$100,000 to ensure the interest computations for large corporate underpayments (LCU) can be completed. See *Form 5344 Paperless Closure Job Aid* for Form 5344 common errors.
- Verify taxpayer or representative provided a valid protest. Pub 5 provides these specific items taxpayers need to include for a valid protest:

List of Items in Protest
1. Your name and address, and a daytime telephone number.
2. A statement that you want to appeal the IRS findings to the Appeals Office.
3. List of all disputed issues, tax periods or years involved, proposed changes and reasons you disagree with each issue.
4. Facts supporting your position on each disputed issue.
5. Law or authority, if any, supporting your position on each disputed issue.

List of Items in Protest
<p>6. You must sign the written protest, stating that it is true, under the penalties of perjury as follows: “Under penalties of perjury, I declare to the best of my knowledge and belief, the information contained in this protest and accompanying documents is true, correct and complete.”</p>

- Each case/issue manager must review and verify their employee's electronic workpapers comply with the MSNC. Verify all relevant documents are included in **SAIN 021** in IMS (see list of documents in (3) above). Failure to do so and to verify the documents can be opened may result in your case being rejected by Appeals. .

(7) LB&I Manager Actions After Verification of Unagreed Case

- The case manager or revenue agent completes the *Appeals electronic case receipt check sheet* for each case and related case submitted. For example, one for the primary case and one for each related case to be transferred and upload to SAIN 090.
- Update unagreed cases to Appeals on ERCS to status 21 when closing to Technical Services. The exam group must select the correct Technical Services code for routing to the correct Technical Services group. Answer “Y” to the question “Is this an electronic case file” in ERCS.
- The case manager or team coordinator must close the case off IMS. If the case is not closed off IMS, Technical Services cannot transfer the case to Appeals. Failure to do this step properly may result in your case being returned from Technical Services.
- **All examination work must stop once the case is transferred to Technical Services.**
- Technical Services updates the case to status 81.
- Once AIMS is updated to status 81, Technical Services opens a new request and uploads Form 3198 and the Appeals electronic case receipt check sheet for each case and related case submitted to the Appeals SharePoint site.
- If any relevant documents are not in IMS, the case is at risk of being returned to the exam team.

Note: The exam group remains responsible for return(s) and statutes while the return(s) are in transit status (i.e. status 21). The exam team must follow-up on any unacknowledged returns after 21 calendar days in status code 21. Technical Services is responsible for the return(s) and statutes while the return(s) are in transit to Appeals (status 81) until Appeals has acknowledged receipt of the return(s).

- Refer to IRM 1.15.3, Records and Information Management, Disposing of Records, and IRM 10.5.1.6.10, Disposition and Destruction for guidance on proper disposal of records/documents that contain SBU data (including PII or tax information).

Reminder: ALL pertinent files must be uploaded and retained in IMS. There is no need to retain paper files because they are duplicative of the IMS files.

- Any agreed issues should be closed using a partially agreed report prior to closing the unagreed issues to Appeals per IRM 4.10.8.6, Partially Agreed Cases.

- (8) For cases subject to litigation hold or management hold, see IRM 4.46.6.5, FOIA, Litigation and Management Holds.

4.46.5.11.2.7
(05-02-2022)

**Disposition of Files and
Workpapers**

- (1) If a case is going to Appeals, workpaper files are forwarded to Appeals for their use in resolving the unagreed issue(s). LB&I case examination workpapers are forwarded with the closed case file. Team managers ensure appropriate reports, schedules, workpapers and other administrative data that may be needed for future examinations are uploaded to IMS so they are available to subsequent examination teams.
- (2) In certain cases, LB&I maintains workpapers locally; however, workpapers must be retired to the Federal Records Center (FRC) no earlier than 4 years after the date of closing (AIMS Status 90). See Schedule 23 of Document 12990, Records Control Schedules, for additional guidance. Copies of original workpapers related to carryover/recurring issues may be retained as needed to promote effective tax administration.

Note: IMS is an approved electronic recordkeeping system equivalent to paper case files stored at the Federal Records Center. If the paperless closing method was followed, no paper file is required to be shipped to records.

- (3) IRM 1.15.4, Retiring and Requesting Records, provides detailed procedures for the retirement of IRS records, including packing records, making cartons, shipping records and instructions for the completion of various forms. IRM 1.15.4.9 contains instructions on how to retrieve records from the FRC.
- (4) If files need to be shipped to another location, the case manager will control the documents by using Form 3210, Document Transmittal. Form 3210 must always accompany taxpayer sensitive records shipped to other offices (for example, Appeals, Counsel, LB&I Quality Review and Analysis, etc.).
- (5) Mandatory IMS workpapers, any electronic data received in response to IDRs, and Form 5701s are required to be uploaded and maintained in IMS for all issue(s).

4.46.5.12
(11-28-2023)

**Conference with
Appeals**

- (1) LB&I employees may meet with Appeals before the Appeals process begins and after it is concluded.
- (2) Requests can be made for a pre-conference with Appeals in the rebuttal to the taxpayer's protest. If a rebuttal is not prepared, an Appeals pre-conference request can be made in a separate document that is shared with the taxpayer.
- (3) Changes brought about by RRA 98 Sec. 1001 give the taxpayer the opportunity to participate in most taxpayer-related communications between LB&I and Appeals. See Rev. Proc. 2012-18, Sections 2.01(3), 2.02(4) and IRM 8.1.10, Ex Parte Communications.

4.46.5.12.1
(12-13-2018)
**Procedures for
Pre-Conference with
Appeals Regarding LB&I
Cases**

- (1) RRA 98 Sec. 1001(a)(4) established that ex parte communications between Appeals Officers (AO) and other IRS employees are prohibited to the extent that such communications appear to compromise the independence of Appeals. See IRM 8.1.10.4.1, Permissible Communications. The following pertains to the ex parte rules:
 - a. Ex parte communications are communications that take place in the absence of the taxpayer or the taxpayer's representative. This prohibition is not limited to oral communications but applies to any form of communication, oral or written (manually or computer generated).
 - b. The taxpayer may waive the ex parte restrictions.
 - c. The issue manager, in collaboration with the case manager, may request a pre-conference meeting with Appeals. Appeals will notify the taxpayer/representative and give them the opportunity to attend.
 - d. The purpose of the pre-conference is to discuss the issues, protest and the LB&I issue team's rebuttal to the protest.
 - e. It is expected that the meeting will serve to establish lines of communication that are maintained throughout consideration of the case between Appeals and LB&I.
 - f. LB&I participants prepare and present their positions on disputed issues.

4.46.5.12.2
(12-13-2018)
**Participation in
Pre-Conference**

- (1) LB&I will determine the appropriate pre-conference participants.
- (2) The Appeals team usually consists of the appeals team case leader (ATCL) or team leader and the AO assigned to the case. Appeals specialists or other personnel may also attend where appropriate.

4.46.5.12.3
(11-28-2023)
**Requesting Participation
in Appeals Conferences
for Appeals Team Leader
Cases**

- (1) LB&I believes that participation in certain Appeals conference discussions aid the ATCL in understanding the dispute and the merits of both parties' positions, thereby fostering effective tax administration. In addition, LB&I recognizes the importance to tax administration of an independent administrative forum by which taxpayers may resolve issues with the IRS and Appeals' role as that forum. Having a complete understanding of the law and application of the particular facts to the law, which in complex cases can be aided by a joint discussion, assists Appeals' mission to resolve controversies on a basis which is fair and impartial to both the Government and the taxpayer.
- (2) Although our participation in these conferences is not guaranteed, LB&I employees should continue to request to be invited where LB&I participation would help improve understanding of factual and legal differences in the case. Appeals will continue to operate under long-standing Appeals' policy that permits, but does not require, the ATCL to invite LB&I to the non-settlement portion of the Appeals conference. ATCLs use their discretion whether to invite LB&I and will solicit the views of the taxpayer to help inform that discretion. If LB&I participation is denied, and upon LB&I's request, Appeals will explain why they concluded compliance participation is not necessary. Also, as in the past, settlement discussions should be held only between Appeals and the taxpayer, without LB&I presence, and ex parte communication rules must be followed. Employees should consider the following factors before making a request to attend an Appeals conference:

List of Factors
The case is factually complex.
History has shown lack of meeting of the minds regarding the underlying facts or legal positions.
The taxpayer's characterization of LB&I's position in the formal written protest is not accurately stated and participation by both the taxpayer and LB&I at the Appeals conference will assist Appeals in both bridging the lack of understanding and better understanding the case.
The taxpayer has presented multiple legal arguments or authorities that it relies on to support its position.
The case involves outside experts or expert opinions.
The case involves an issue of importance to tax administration, such as a case of first impression; one involving the interpretation of a new statute or regulation when there are no reported opinions or when published guidance is pending or where precedent is otherwise absent or conflicting; one affecting large numbers of taxpayers or an industry; or one falling within an operating division's major strategic goal.
The case involves an issue in which the Government seeks to distinguish a position set forth in published guidance.
The case involves an issue coordinated under strategic compliance/coordination initiative such as LB&I campaigns.
A tax shelter case involving a "Listed Transaction" or substantially similar transaction within the meaning of Treas. Reg. 1.6001-4(b)(2), or a "Transaction of Interest" under Treas. Reg. 1.6011-4(b)(6).

Note: There may be factors not appearing on the list that may render a case suitable for requesting participation in an Appeals conference. In these instances, examiners should exercise their professional judgment in reaching that conclusion.

- (3) LB&I examiners should ensure that such requests are clearly indicated in rebuttals to the taxpayer's formal written protest or in a separate document shared with the taxpayer if a rebuttal is not prepared.

4.46.5.12.4
(03-09-2016)

Other Communications with Appeals

- (1) It is important that LB&I and Appeals maintain an open dialogue. The ex parte rules under Rev. Proc. 2012-18 must be followed. The restrictions on raising a new issue or reopening a closed case do not apply to new issues raised by the taxpayer. See Policy Statements 8-2 and 8-3 in IRM 1.2.1, Servicewide Policy Statements. However, Appeals will release jurisdiction and return the case to LB&I when a taxpayer presents new information that was not previously reviewed by the examination team. See IRM 8.7.11.6.3, Returning a Case to LB&I. New taxpayer arguments (excluding new information) or information provided by the taxpayer in response to an inquiry from Appeals to clarify or corroborate information contained or referenced in the RAR, protest or rebuttal are referred to LB&I for review and comment within a specific time frame that is at least 45 days. Every effort should be made to handle these requests expeditiously and on a priority basis.

- (2) The LB&I issue team may have to make additional contacts with the taxpayer to perform a complete review of any new information provided by the taxpayer. The taxpayer is notified when Appeals sends the new information to the examination team for consideration. Remember that all communications, oral and written, must be shared with the taxpayer, unless the communications fall within one of the exceptions to the ex parte rules; for example, comments involving ministerial, administrative, or procedural matters. See Rev. Proc. 2012-18 Section 2.03(2). The issue team's evaluation of the information will also be shared with the taxpayer.

4.46.5.12.5
(03-09-2016)
**Applications to
Docketed Cases**

- (1) The examination team is not expected to review and comment on the taxpayer's petition before receipt of the case by Appeals. However, Appeals will provide the examination team with a copy of the petition for review and comment in docketed cases.
- (2) LB&I will provide a review of the petition to the extent it has knowledge of the facts and issues in dispute.
- (3) A key part of the meeting is planning the timetables and resources needed to respond to new information that may be presented by the taxpayer. Recognition is given to time frames established by the rules of the Tax Court in establishing priorities for the examination of new information and response to the taxpayer's positions.

4.46.5.13
(12-13-2018)
**Appeals Case Return
Procedures**

- (1) Under IRM 8.7.11.6.3, Returning a Case to LB&I, Appeals will return the case to LB&I jurisdiction if:
 - a. The taxpayer provides Appeals with information that LB&I previously requested during the examination, or
 - b. If the taxpayer, on its own initiative, provides Appeals with information that was not previously shared with LB&I during the examination.
- (2) Statute requirements:
 - a. A minimum of 365 days must remain on the statute of limitations when the unagreed case is received in Appeals.
 - b. When Appeals releases jurisdiction of cases to LB&I for consideration of new information or a new issue, there must be at least 210 days remaining on the statute when LB&I receives the case.
 - c. LB&I must ensure there are at least 180 days remaining on the statute when Appeals receives the case from LB&I after consideration of new information or a new issue.

4.46.5.13.1
(11-28-2023)
**LB&I Process on Cases
Returned From Appeals**

- (1) When Appeals releases jurisdiction of cases to LB&I, Appeals updates the case in IMS. The update generates an e-mail to the case manager and team coordinator informing them that the case is being returned to the group. The AO completes Form 5402, Appeals Transmittal and Case Memo, and states that the taxpayer has provided Appeals with new information and the case is being returned to LB&I. The actual hardcopy case is returned through Technical Services.
- (2) Appeals notifies the taxpayer that the case is returned to LB&I.

- (3) As a reminder, Appeals may have secured a partial agreement for some issues prior to releasing jurisdiction to LB&I via Technical Services. Examiners will secure transcripts to see whether changes are made to “tax as previously adjusted.”
- (4) Electronically closed cases: If the taxpayer provides paper records to the AO that were not uploaded to the Appeals Centralized Database System (ACDS), the Appeals record-keeping system, the AO will include a note in the remarks section of Form 5402 instructing the LB&I examiner to contact the AO by encrypted email with the shipping address so that the paper records can be forwarded directly to the LB&I examiner. Upon receipt of these paper records, the LB&I examiner will review and digitize the relevant documents, and upload the documents to the IMS TWS. For more information on digitization of records, refer to IRM 1.15.6.17.1, Digitizing Temporary Records and *Digitizing Federal Records*.

4.46.5.13.2
(12-03-2025)

**LB&I Case Resolution
and Closing Procedures
Following Appeals Case
Return**

- (1) If there are changes to the proposed tax and the taxpayer still does not agree, the examination team will take the following actions:
 - a. Attempt to come to an agreement on the facts and document facts that remain in dispute.
 - b. Follow IRM 4.10.8.13, Corrected Reports.
 - c. Prepare a revised 4549-A.
 - d. Prepare an update to the NOPA. Both the government’s and taxpayer’s positions with respect to the new information should be addressed.
 - e. A new 30-Day Letter is issued if there is an increase to tax, subject to the provisions of IRM 4.10.8.12, Unagreed Case Procedures.
 - f. A new 30-Day Letter will not be issued if there is a decrease to tax.
 - g. Review the protest for adequacy and prepare an update to the rebuttal as necessary.
 - h. The examination team highlights any pertinent changes to the RAR and the efforts made to reach an agreement in its report transmittal to Appeals.
 - i. Close the case through Technical Services to Appeals as usual. Refer to IRM 4.46.5.11.2.5 and IRM 4.46.5.11.2.6 for electronic closures to Appeals.
- (2) If there is **no change** to the previous determination and the taxpayer still does not agree:
 - a. Attempt to come to an agreement on the facts and document facts that remain in dispute.
 - b. Prepare an update to the NOPA. Both the government’s and taxpayer’s positions with respect to the new information should be addressed.
 - c. A new RAR or 30-day Letter is not issued.
 - d. Timely review the protest for adequacy and timely prepare an update to rebuttal as necessary.
 - e. The examination team will highlight efforts to reach an agreement in its report transmittal to Appeals.
 - f. Close the case through Technical Services to Appeals. Refer to IRM 4.46.5.11.2.5 and IRM 4.46.5.11.2.6 for electronic closures to Appeals.
- (3) If the taxpayer now agrees, obtain the taxpayer’s signature on the RAR (revised for changes to government’s position, if necessary) and close the case to CCP as usual.

4.46.5.14
(12-13-2018)
**Appeals Request for
LB&I Review and
Comment**

- (1) Under IRM 8.7.11.6.3, Returning a Case to LB&I, Appeals will retain the jurisdiction of the case and provide LB&I with an opportunity to review and comment on the new information if:
 - a. The taxpayer provides information in response to a question or request from Appeals to clarify or corroborate information contained or referenced in the RAR, protest or rebuttal, or
 - b. The taxpayer makes a new argument and this new argument does not include new information.
- (2) The Appeals Team Manager will send the information package along with all supporting information to LB&I. At least 45 days is allowed for LB&I to comment and prepare a written review (subject to ex parte requirements). Appeals may grant an extension of time if mutually agreed.

4.46.5.15
(12-03-2025)
**Post-Settlement
Conference**

- (1) The purpose of the post-closing conference with Appeals is to discuss the settlement reached and its subsequent impact on the taxpayer. The conference is intended to supply the examination team with information that may be helpful in subsequent examinations of the taxpayer and to assist in identifying those issues that may be resolved by the application of issue resolution tools.

Note: The discussion between Appeals and LB&I is limited to closed years only. Matters pertaining to open years should not be discussed.

- (2) Post settlement conferences are only available for LB&I cases worked by a team leader in Appeals. A post-closing conference is held on all cases after the final disposition by Appeals unless an exception is agreed by LB&I and Appeals. Division Counsel, L&A is invited to attend this conference for all docketed cases. Division Counsel, L&A may attend these meetings in non-docketed cases at the request of either LB&I or Appeals. However, the conference can be waived if both Appeals and LB&I agree it is not necessary.
- (3) This conference is neither intended to be a critique of the settlement nor is it intended to replace LB&I's dissent procedures. It is solely intended to communicate the resolution of the case to the examination team. For more detailed information, see IRM 8.7.11.13, Post Settlement Conference.

4.46.5.15.1
(12-13-2018)
**Direct Examination Time
for Conference
Procedures**

- (1) The team members will use Activity Code 598, Pre/Post- Appeals Conferences, to charge time for these meetings.

4.46.5.16
(12-13-2018)
**Dissent Procedures for
Disagreements with
Appeals Determinations**

- (1) This section provides formal procedures for LB&I to voice their concerns about an Appeals settled case. These procedures are not intended to replace any informal procedures currently in use at the local level. Local management in LB&I and Appeals should continue to address and resolve disagreements over case resolutions at the lowest possible level. These formal procedures are to be used when the informal process results in LB&I still having unresolved significant concerns about the Appeals disposition of an issue(s). See IRM 4.2.1.8.3, Disagreements With Appeals Determinations, and IRM 8.6.4, Conference and Settlement Practices, Reaching Settlement and Securing an Appeals Agreement Form.

4.46.5.17
(03-09-2016)
**Assessment of Issue
Team Member's
Performance**

- (1) At the conclusion of each LB&I case, the case manager or the issue manager will consider whether written feedback regarding the issue team members' work should be submitted to the employee's manager.

4.46.5.17.1
(12-13-2018)
**Performance
Assessment**

- (1) A case or issue manager provides feedback on any team member that is part of their issue team, even if the team member is not their employee. The issue manager or the case manager's assessment is not intended to substitute for the overall performance assessment. It is one of the factors that can be considered in the total evaluation prepared by the employee's manager.
- (2) Written feedback reflects not only how well the team member performed, but what he or she contributed to the examination.
- (3) Case and/or issue managers may ask for feedback from team coordinators about the work performed by issue team members.

4.46.5.18
(12-13-2018)
**Post-Examination
Management Critique**

- (1) A critique of the completed cycle is performed to gather recommendations or suggestions for improving case efficiency, communication and collaboration.
- (2) The case manager may perform a critique of the completed cycle through a collaborative meeting or through multiple meetings. The critique is held during the final stages of the examination or within thirty days after the case is closed from the field. Critiques are held even when there are overlapping examinations.

4.46.5.18.1
(12-13-2018)
**Post-Examination
Critique Objectives**

- (1) In a post-examination critique, LB&I will seek opportunities to improve the quality and efficiency of the examination process. This can be accomplished by:
 - a. Discussing issue exit strategies
 - b. Assessing the effectiveness of the examination
 - c. Developing recommendations for improving subsequent examinations
 - d. Evaluating how the issue-based process and collaboration worked, and what opportunities exist for improving tax administration with this taxpayer
 - e. Evaluating opportunities to improve the effectiveness of the issue-based process and the contribution of each participant
 - f. Evaluating the effectiveness of the computer programs used during the examination

4.46.5.18.2
(12-13-2018)
**Critique with the
Examination Team**

- (1) Depending on the type of examination plan used, the critique details are addressed in the communication section.
- (2) The transfer of knowledge can be facilitated if each issue team member maintains summaries of topics and related background material to be used in preparation for the post-examination critique. Contemporaneous updating of this information throughout the examination is helpful in improving the efficiency and effectiveness such as:

- a. Recommendations for issue development

Example: Certain probes, accounts or audit procedures can be eliminated or expanded

- b. Identification of special computer programs that are employed and any additional records that are needed
 - c. Recommendations regarding time requirements
 - d. Identification of potential issues based on information obtained during the current examination
 - e. Suggestions of adjustments to the scope or depth of the examination
 - f. Identification of resources such as specialists, subject matter experts, Counsel, and outside experts that may be needed in the development of issues in subsequent cycles
- (3) If a new cycle is to be opened on the same taxpayer, combining the post-examination critique meeting with the next cycle's opening conference may be a useful technique. The similarities in the objectives of the two meetings make the critique an important source of information for the next cycle's issue team members. Where applicable, consideration is given to combining the two meetings or portions of the meetings, whether or not the same case manager is assigned to the subsequent examination.

4.46.5.18.3
(12-13-2018)
Scope of Critique

- (1) The case manager, issue manager(s) and issue team members should keep in mind that the primary objective for conducting the critique is to evaluate opportunities to improve future examinations. The recent examination must be thoroughly evaluated with emphasis on how subsequent examinations, if warranted, can be improved. Some of the more important topics to be discussed during the critique are listed below:
- a. Assessment as to whether the examination results were commensurate with the time spent.
 - b. Determination as to whether the examination procedures were effective and efficient. This appraisal should be sufficiently detailed to provide the case manager and/or issue manager(s) of the subsequent examination a basis for adopting new examination techniques and planning new specialized computer programs.
 - c. Assessment as to whether the examination plan effectively monitored and controlled the examination; provided adequate guidelines to issue team members; facilitated a more orderly examination; and, adequately served as a vehicle for coordination.
 - d. Assessment of issue team member interactions. This discussion is approached from the standpoint of identifying corrective actions that the next case manager and issue manager(s) can take in solving or avoiding problem areas.
 - e. Assessment of the adequacy of the team's compliance with the IDR management process.
 - f. Assessment of the effectiveness of the assistance or support participation. If there was no assistance or support, consideration is given to whether the examination team provides for support participation. This discussion involves: 1) analysis of time vs. results; 2) the need for improved communication, cooperation or commitment; and 3) expected or resulting benefits of support group participation.
 - g. Estimation of the time needed to complete the next examination. This subject is best left until the end of the current cycle since some of the discussions and resulting recommendations will involve expenditures of more or less time than spent on the completed examination. The case manager and issue managers will need this estimate for advance planning and program planning purposes.

- h. Assessment as to whether all agreed and unagreed issues were adequately documented.
- i. Determination as to whether workpapers were adequately prepared during issue development and whether the issues in the RAR were adequately explained.
- j. Assessment as to whether the issues were timely resolved during the audit using appropriate expertise.

- (2) Potential offset issues are considered, critiqued and documented by examiners in the event that claims are subsequently filed by the taxpayer.

4.46.5.18.4
(12-13-2018)
**Post-Examination
Critique with the
Taxpayer**

- (1) A joint critique of the exam process may provide a valuable opportunity to improve future case processes, collaboration and cooperation with the taxpayer.
- (2) The post examination critique with the taxpayer can be held separately from the critique with the examination team.
- (3) A list of items to discuss during the critique with the taxpayer is contained in Exhibit 4.46.5-1, Sample Agenda for Post-Examination Critique. Items to be discussed in the critique may be given to the taxpayer at the opening conference. The taxpayer is encouraged to maintain critique notes during the examination.
- (4) The taxpayer may be advised that the case is part of an examination survey conducted by an outside contractor for LB&I. All responses are confidential and intended to assist LB&I in improving customer satisfaction.

4.46.5.18.5
(09-16-2021)
**Documentation and
Disposal of
Post-Examination
Critique**

- (1) A written electronic report is required for each case and is prepared by the case manager after the post-examination critique. The report will, at a minimum, include:
 - a. The subjects discussed
 - b. The conclusions reached
 - c. Recommendations and instructions to the next team
 - d. Identification of agreed recurring issues (these must be discussed with the taxpayer)
 - e. Taxpayer's recommendations and comments
 - f. Identification of the critique meeting participants
- (2) The case manager retains the critique report in the planning files for use by the subsequent case manager unless other specific guidance on the disposition of critiques has been issued.

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Exhibit 4.46.5-1 (12-13-2018)**Sample Agenda for Post-Examination Critique**

Item Number	Agenda Topics
1	Information Document Request (IDR) Form 4564: a. Prioritization b. Clarity c. Timeliness -- issuance and responses d. Appropriate scope
2	Notice of Proposed Adjustment -- Form 5701: a. Clarity b. Discussion and resolution of issues c. Timeliness -- issuance and responses d. Agreement on facts e. Accelerated issue resolution
3	Progress Meetings: a. Frequency b. Content - address problems and concerns
4	Issue Team: a. Scheduling b. Discussion of issues c. Subject Matter Expert
5	Assistance or support examinations: a. Timeliness b. Scope and depth c. Taxpayer support
6	Data processing: a. Effectiveness of techniques b. Access/resources
7	Accommodations: a. Space and equipment b. On-Site visitations
8	One-stop Service
9	Issue Team Assignment: a. Rotation of personnel b. Team expansion/contraction c. Diversion of personnel
10	Scheduling/responsibility: a. Peak period coordination b. Rollover computations c. Interviews of corporate officials d. Cycle size-projected

Exhibit 4.46.5-2 (12-03-2025)**Electronic Case Closing Procedures by Closure Type****Table 1: Electronic Closures to CCP**

Type of Closure and Documents to Include
<p>Agreed/No Change/No Change with Adjustments:</p> <p>On ERCS, answer “Y” to Electronic Closure. Prepare a separate Form 15292 for each entity. Documents attached to Form 15292:</p> <ol style="list-style-type: none"> TXMODA - dated within 30 days Form 3198 - note “Agreed and unpaid over \$100,000” if applicable on page 2 of form 3198 Form 5344 RAR, Form 4549-A - signed RAR for Agreed and No Change with Adjustments Form 2285 - if applicable - also note in subject line “Restricted Interest Case” For returns with a 97x indicator on AIMS, include a copy of the first 4 pages of the amended return, along with any pertinent schedules <ul style="list-style-type: none"> Once AIMS reflects status 51, manager emails only Form 15292 with the documents listed above to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) via an encrypted email. Email subject line: “Agreed Case”, “No Change”, “No Change with adjustments” or “Agreed Case - unpaid and over \$100,000” (agreed and unpaid over \$100,000 are priority cases). CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Form 3210 does not need to be uploaded to IMS. After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3
<p>Agreed/No Change/No Change with Adjustments:</p> <p>On ERCS, answer “Y” to Electronic Closure. Prepare a separate Form 15292 for each entity. Documents attached to Form 15292:</p> <ol style="list-style-type: none"> TXMODA - dated within 30 days Form 3198 - note “Agreed and unpaid over \$100,000” if applicable on page 2 of form 3198 Form 5344 RAR, Form 4549-A - signed RAR for Agreed and No Change with Adjustments Form 2285 - if applicable - also note in subject line “Restricted Interest Case” For returns with a 97x indicator on AIMS, include a copy of the first 4 pages of the amended return, along with any pertinent schedules <ul style="list-style-type: none"> Once AIMS reflects status 51, manager emails only Form 15292 with the documents listed above to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) via an encrypted email. Email subject line: “Agreed Case”, “No Change”, “No Change with adjustments” or “Agreed Case - unpaid and over \$100,000” (agreed and unpaid over \$100,000 are priority cases). CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Form 3210 does not need to be uploaded to IMS. After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3

Exhibit 4.46.5-2 (Cont. 1) (12-03-2025)

Electronic Case Closing Procedures by Closure Type

Type of Closure and Documents to Include
<p>Agreed/No Change/No Change with Adjustments:</p> <p>On ERCS, answer “Y” to Electronic Closure. Prepare a separate Form 15292 for each entity. Documents attached to Form 15292:</p> <ol style="list-style-type: none"> TXMODA - dated within 30 days Form 3198 - note “Agreed and unpaid over \$100,000” if applicable on page 2 of form 3198 Form 5344 RAR, Form 4549-A - signed RAR for Agreed and No Change with Adjustments Form 2285 - if applicable - also note in subject line “Restricted Interest Case” For returns with a 97x indicator on AIMS, include a copy of the first 4 pages of the amended return, along with any pertinent schedules <ul style="list-style-type: none"> Once AIMS reflects status 51, manager emails only Form 15292 with the documents listed above to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) via an encrypted email. Email subject line: “Agreed Case”, “No Change”, “No Change with adjustments” or “Agreed Case - unpaid and over \$100,000” (agreed and unpaid over \$100,000 are priority cases). CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Form 3210 does not need to be uploaded to IMS. After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3
<p>BBA No Change Cases Disposal Code 02 (non-PCS linked)</p> <p>On ERCS, answer “Y” to Electronic Closure. Prepare a separate Form 15292 for each entity. Documents attached to Form 15292:</p> <ol style="list-style-type: none"> TXMODA - dated within 30 days Form 3198 - note “Agreed and unpaid over \$100,000” if applicable on page 2 of form 3198 Form 5344 For returns with a 97x indicator on AIMS (subsequent return filed), check box on Form 3198 for Amended Return Considered <ul style="list-style-type: none"> Once AIMS reflects status 51, manager emails only Form 15292 with the documents listed above to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) via an encrypted email. Email subject line: “No Change” CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Form 3210 does not need to be uploaded to IMS. After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3

Exhibit 4.46.5-2 (Cont. 2) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Closure and Documents to Include
<p>Agreed/No Change/No Change with Adjustments Cases with 965 Transition Tax</p> <p>On ERCS, answer “Y” to Electronic Closure. Prepare a separate Form 15292 for each entity. Refer to IRM 4.46.5.8.4 for instructions on closing cases with 965 transition tax. Documentation to attach to Form 15292:</p> <ol style="list-style-type: none"> TXMODA- dated within 30 days Form 3198 - note “Agreed and unpaid over \$100,000” if applicable on page 2 of Form 3198 Form 5344 Form 3870 RAR, Form 4549-A - signed RAR for Agreed and No Change with Adjustments Form 2285 - if applicable - also note in subject line “Restricted Interest Case” For returns with a 97x indicator on AIMS, include a copy of the first 4 pages of the amended return, along with any pertinent schedules <ul style="list-style-type: none"> Once AIMS reflects status 51, manager emails only Form 15292 with the documents listed above to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) via an encrypted email: Email subject line: “Section 965 Tax - Agreed”, “Section 965 Tax - No Change”, “Section 965 Tax - No Change with adjustments” or “Agreed Case - unpaid and over \$100,000” (agreed and unpaid over \$100,000 are priority cases) <ul style="list-style-type: none"> CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Form 3210 does not need to be uploaded to IMS. After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3.
<p>Partial Assessments</p> <p>On ERCS, answer “N” to Electronic Closure. CCP can make a partial assessment for partially agreed cases (Form 15292 not required). Status code remains in status 12 (do not update to status 51). For agreed partial assessments, LB&I manager sends an encrypted email and the following to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only)</p> <ol style="list-style-type: none"> Email subject line: “Partial Assessment Request”(keep sensitive information out of the subject line of the email). TXMODA - dated within 30 days Form 3198 - Check the box under Special Features, Partial Assessment Requested. Form 5344 RAR, Form 4549-A Form 2285 -if applicable -also note in subject line of email “Restricted Interest Case”. <p>Note: CCP will email a copy of Form 5344 to the examiner after the partial assessment was input, which will reflect the date of input.</p>

Exhibit 4.46.5-2 (Cont. 3) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Closure and Documents to Include
<p>Joint Committee Cases</p> <ol style="list-style-type: none"> Prior to emailing documents, check AIMS freeze codes and resolve prior to closure to Ogden CCP. The examiner will follow the electronic Joint Committee referral outlined in IRM 4.36.3.8, Submission of Case to JCR Program (except for IIC), Joint Committee Electronic Referral Material must be retained in IMS. Upon receipt of JCT release letter and Letter 1574, update ERCS to remove ARC 27 and update to status 51, answering “Y” to Electronic Closure. Upload all JCT closing documents into IMS. Prepare a separate Form 15292 for each entity. Documents to attach to Form 15292: <ol style="list-style-type: none"> TXMODA - dated within 30 days Form 3198 -note in Other Instructions under Special Features, “JC Case Cleared” Form 5344 RAR, Form 4549-A Copy of JCT release letter and Letter 1574 Joint Committee Report - the taxpayer does not get a copy of the report Form 2285 (if applicable) and note in subject line of email “Restricted Interest Case” Once AIMS reflects status 51, only Form 15292 with the documents listed above inserted into Form 15292 is forwarded via encrypted email to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with an email subject line of “JC Case” CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Form 3210 does not need to be uploaded to IMS. After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3
<p>Agreed Claim for Refund/Surveyed Claim (DC34)</p> <p>On ERCS, answer “Y” to Electronic Closure. Prepare a separate Form 15292 for each entity. Documents to attach to Form 15292:</p> <ol style="list-style-type: none"> TXMODA - dated within 30 days Form 3198 Form 5344 RAR, Form 4549-A (not required for surveys) Form 2285 (if applicable) and note in subject line of email “Restricted Interest Case” For surveyed claims (DC 34), include a copy of the first 4 pages of the amended return, along with any pertinent schedules <ul style="list-style-type: none"> Once AIMS reflects status 51, manager forwards only Form 15292 with the documents listed above inserted into Form 15292 with an email subject line of “Claim for Refund” via an encrypted email to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only). CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Form 3210 does not need to be uploaded to IMS. After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3

Exhibit 4.46.5-2 (Cont. 4) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Closure and Documents to Include
<p>Civil Penalty Cases</p> <p>On ERCS, answer “Y” to Electronic Closure. Prepare a separate Form 15292 for each entity. Documentation to attach to Form 15292:</p> <ol style="list-style-type: none"> a. Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b. In the remarks section indicate the originating alpha MFT (for example PR, PQ) b. Form 3198 - Under Special Features: <ul style="list-style-type: none"> • Check the box “Civil Penalties (Form 8278)” • Indicate type of closure in Other Instructions <ol style="list-style-type: none"> a. Full Closure (update ERCS to status 51) - no other penalties to be assessed or b. Partial Closure (ERCS remains in status 12) - additional penalties such as continuation penalty or multiple type of penalty forthcoming • Use DC 02 for No Change • Use DC 12 for Agreed • Partial closures must remain in ERCS status 12. Full closures must be updated to ERCS status 51. Manager emails only Form 15292 with the documents listed above to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) via an encrypted email with an email subject line of “Agreed Civil Penalty”. • CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Form 3210 does not need to be uploaded to IMS. • After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3.

Exhibit 4.46.5-2 (Cont. 5) (12-03-2025)

Electronic Case Closing Procedures by Closure Type

Type of Closure and Documents to Include
<p>Tax Shelter Promoter Penalty Cases</p> <p>Agreed Cases:</p> <ul style="list-style-type: none"> • On ERCS, answer “Y” to Electronic Closures. Prepare Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b. Prepare a separate Form 15292 for each entity. Documents to attach to Form 15292: <ol style="list-style-type: none"> a. Form 906, Closing Agreement, properly executed by DFO b. Form 3198 - check the box Civil Penalties under Special Features section • Once ERCS reflects status 51, manager emails only Form 15292 with the documents listed above inserted into Form 15292 via encrypted email to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with an email subject line of “Agreed Tax Shelter Promoter penalty case”. <p>Unagreed Cases:</p> <ul style="list-style-type: none"> • On ERCS, answer “Y” to Electronic Closures. Prepare Form 15292. Documents to attach to Form 15292: <ol style="list-style-type: none"> a. Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b b. Form 3198 - check the box Civil Penalties under Special Features section <ul style="list-style-type: none"> • Once ERCS reflects status 51, manager emails only Form 15292 with the documents listed above inserted into Form 15292 via encrypted email to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with an email subject line of “Unagreed Tax Shelter Promoter penalty case”. <p>Note: CCP electronically acknowledges receipt of documents via 3210 in ERCS. Form 3210 does not need to be uploaded to IMS.</p> <ul style="list-style-type: none"> • After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3 <p>Note: Examiners should coordinate closures with the LB&I Tax Shelter Promoter Program Specialist Team. If the respective promoter case closing letter cannot be issued via regular mail, the examiner may transmit documents via email using SecureZip.</p>

Exhibit 4.46.5-2 (Cont. 6) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Closure and Documents to Include
<p>Return Preparer Penalty Cases</p> <p>Agreed Cases:</p> <ul style="list-style-type: none"> • On ERCS, answer “Y” to Electronic Closure. Prepare a separate Form 15292 for each entity. Documents to attach to Form 15292: <ol style="list-style-type: none"> a. Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b b. Form 5816, Report of Tax Return Preparer Penalty c. Form 3198 - check the box Civil Penalties under Special Features section d. Once AIMS reflects status 51. manager emails only Form 15292 with the documents listed above inserted into Form 15292 to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with the email subject line of “Agreed Return Preparer Penalty Case”. <p>Unagreed Cases:</p> <ul style="list-style-type: none"> • On ERCS, answer “Y” to Electronic Closure. Prepare Form 15292. Documents to attach to Form 15292: <ol style="list-style-type: none"> a. Form 8278, Penalty Assessment Form, with appropriate signatures in items 10a and 11a and dated in items 10b and 11b b. Form 5816, Report of Tax Return Preparer Penalty c. Form 3198 - check the box Civil Penalties under Special Features section d. Once AIMS reflects status 51. Manager emails only Form 15292 with the documents listed above inserted into Form 15292 to <i>*SBSE Ogden CCP Paperless Examine Cases Only</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with the email subject line of “Unagreed Return Preparer Penalty Case”. • CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Form 3210 does not need to be uploaded to IMS. • After emailing Form 15292, go to Step 3 in IRM 4.46.5.11.2.3.
<p>Paperless Surveys</p> <p>Follow the procedures outlined in IRM 4.46.3.2.2.1, Paperless Survey - Non-Examined Closures Using a Paperless Process.</p> <p>Note: Documents for paperless surveys for FPP cases are emailed to <i>*SBSE CCP Exam Cincinnati</i>.</p>

Exhibit 4.46.5-2 (Cont. 7) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Closure and Documents to Include
<p>Paper Surveys</p> <p>Paper survey procedures apply to survey of returns with documentation and non-examined disposal codes (DC) of 31, 32, 42 and 45. Examiners must prepare the required documents (outlined below) and the team manager must verify for accuracy. AIMS must reflect status 51. Team manager must send encrypted email to <i>*CCP Ogden</i> or <i>*SBSE CCP Cincinnati</i> (FPP cases only) with the following documents and email subject line:</p> <ol style="list-style-type: none"> Email subject line: "Paper Survey" Form 4251, Return Charge Out. This form is used for LB&I Imaging Network (LIN) non-examined closings. Note disposal code on the form. Form 5351, Examination Non-Examined Closings, completed as directed in IRM 4.38.1.7.4. Note the disposal code in the lower left of each block. Form 3198 - Note type of survey under Other Instructions in Special Features section If DC 31 or 32 are used, the survey reason code (SRC) must also be noted after the DC (see IRM 4.46.3.2.2 for SRC values and definition. If SRC "E" (Other) is used then Form 14235, LB&I Survey Form, or Form 1900, Income Tax Survey After Assignment, is also required. <p>Note: CCP electronically acknowledges receipt of documents via Form 3210 in ERCS. Once the case closure is in AIMS status 90 and the TC 421 is posted to the TXMODA, CCP will email the examiner a Form 9856, Attachment Alert. The examiner will mail the Form 9856 and the remaining paper case closing file to: Ogden Submission Processing Center; M/S 6729, Files Processing Center; 1917 Rulon White Blvd; Ogden, UT 84404</p>

Table 2: Electronic Closures to Technical Services (Including Appeals Cases)

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>Unagreed case to Appeals</p> <p>Refer to IRM 4.46.5.11.2.6 for Appeals paperless procedures, including documents that must be uploaded to SAIN 021.</p>	<ol style="list-style-type: none"> Form 3198 Form 5344 Appeals Electronic Case Receipt Check Sheet

Exhibit 4.46.5-2 (Cont. 8) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>Unagreed case for issuance of statutory notice of deficiency</p> <p>Cases include:</p> <ul style="list-style-type: none"> • Individuals (Form 1040) • C Corporations (Form 1120) • Non ILSC returns (S-Corporation, non-TEFRA partnerships and BBA elect-out partnerships, not PCS linked) <p>If a case is subsequently petitioned for Tax Court, the case will be returned to the examiner to prepare a full paper case file, unless there is current paperless pilot for petitioned (or docketed) cases in place (i.e. shared virtual server).</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - note "Unagreed for Statutory Notice" c. Form 5344 d. 30-day RAR, Form 4549-A or Form 4605-A e. Forms 5701 and 886-A f. Form 2285 - if applicable
<p>Unagreed penalty cases</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 (check the box for "Civil Penalties" under Special Features section) c. Form 5344 (if applicable) d. Form 895 (if applicable with all applicable statute approval documents) e. Form 8278, Penalty Assessment Form (with appropriate signatures in Items 10a and 11a and dated in Items 10b and 11b) f. Forms 5701 and 886-A
<p>Disallowed claims (Letters 905 and 906)</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - note "Statutory Notice of Claim Disallowance" c. Form 895 (if applicable and with all applicable statute approval documents) d. Form 5344 e. 30-day RAR, Form 4549A, Form 2297, Form 3363 f. Letter 905 or Letter 906 g. Forms 5701 and 886-A h. Form 2285 (if applicable)
<p>ILSC key case no change</p> <p>Letters or notices issued to the taxpayer like Letter 2205-L, are saved to IMS SAIN 016, Correspondence.</p> <p>ILSC-related documents like Forms 15261 and 14093 are saved to IMS SAIN 724, TEFRA/BBA</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Key Case" box c. Form 895 (if applicable) d. Form 5344 (must show block number 40x) e. Form 4605-A f. Current Form 2848 (if applicable) g. Current statute extension form (if applicable)

Exhibit 4.46.5-2 (Cont. 9) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>ILSC field controlled investors - no change</p> <p>If you control one or more of the investors on AIMS, the entity and investor cases are related and must close together to Technical Services. Letters or notices issued to the taxpayer like Letter 3457, are saved to IMS SAIN 016, Correspondence.</p>	<ol style="list-style-type: none"> TXMODA and TSUMY (dated within 30 days) Form 3198 - On page 1, check the "TEFRA or ILSC Investor" box Form 895 (if applicable) Form 8339 - to address investor linkage and update PICF indicator Form 5344 (must show block number 40x) Form 4549-A Current Form 2848 (if applicable) Current statute extension form (if applicable)
<p>ILSC key case – no change with adjustments</p> <p>A no change with adjustment is proposed in instances where no changes are made to the entity's reported items of income, loss, deduction, credit or distribution as reflected on the return, and</p> <ol style="list-style-type: none"> a delinquent return is secured by examination and accepted as filed , there is an adjustment made to a balance sheet item, a related return is adjusted as a result of the entity examination, including changes such as: <ul style="list-style-type: none"> Adjustments to basis, at risk, or passive activity rules Taxable distributions or taxable loan repayments Adjustments made to include the amount(s) reported on the investor's Schedule K-1 <p>Letters or notices issued to the taxpayer like Letter 2205-L, are saved to IMS SAIN 016, Correspondence.</p> <p>ILSC-related documents like Forms 15261 and 14093 are saved to IMS SAIN 724, TEFRA/BBA.</p>	<ol style="list-style-type: none"> TXMODA (dated within 30 days) Form 3198 - On page 1, check the "TEFRA or ILSC Key Case" box Form 895 (if applicable) Form 5344 (must show block number 40x) Form 4605, Form 886-X (S corporations), Form 886-S (ILSC partnerships) Form(s) 886-A Current Form 2848 (if applicable) Current statute extension form (if applicable)

Exhibit 4.46.5-2 (Cont. 10) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>ILSC field controlled investors – no change with adjustments</p> <p>If you control one or more of the investors on AIMS, the entity and investor cases are related and must close together to Technical Services. Letters or notices issued to the taxpayer like Letter 3457, are saved to IMS SAIN 016, Correspondence.</p>	<ul style="list-style-type: none"> a. TXMODA and TSUMY (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Investor" box c. Form 895 (if applicable) d. Form 8339 - to address investor linkage and update PICF indicator e. Form 5344 (must show block number 40x) f. Form 4549 (agreed and no change with adjustments) g. Form(s) 886-A h. Current Form 2848 (if applicable) i. Current statute extension form (if applicable) j. Form 2285 (if applicable)
<p>ILSC Key Case - Agreed</p> <p>Letters or notices issued to the taxpayer like Letter 2205-L, are saved to IMS SAIN 016, Correspondence.</p> <p>ILSC-related documents like Forms 15261 and Form 14093 are saved to IMS SAIN 724, TEFRA/BBA.</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Key Case" box c. Form 895 (if applicable) d. Form 5344 (must show block number 40x) e. Form 4605-A, Form 886-X (S corporations), Form 886-S (ILSC partnerships) f. Form 4549 (for taxable S corporations) g. Form(s) 886-A
<p>ILSC Field Controlled Investors - Agreed</p> <p>If you control one or more of the investors on AIMS, the entity and investor cases are related and must close together to Technical Services. Letters or notices issued to the taxpayer like Letter 3457, are saved to IMS SAIN 016, Correspondence.</p>	<ul style="list-style-type: none"> a. TXMODA and TSUMY (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Investor" box c. Form 895 (if applicable) d. Form 8339 - to address investor linkage and update PICF indicator e. Form 5344 (must show block number 40x) f. Form 4549 g. Form(s) 886-A h. Current Form 2848 (if applicable) i. Current statute extension form (if applicable) j. Signed penalty approval form (if applicable) k. Form 2285 if applicable)

Exhibit 4.46.5-2 (Cont. 11) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>Processing non pass-through issues of an investor with an open ILSC linkage - LCC or Form 1120 with letters after 1120 other than A, S, or X</p> <ol style="list-style-type: none"> 1. The investor return is suspended in the field until the ILSC key case examination is resolved. Any agreed deficiencies relating to non pass-through adjustments are assessed prior to placing the investor return in suspense. 2. Upon completion of the key case examination, the field will receive a report package from the CPF and prepare Form 8339 for the PCS-linked investor. 	<ol style="list-style-type: none"> a. TXMODA and TSUMY (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Investor" and "Other" boxes and add the following statement: "Investor specialty case. All non pass-through issues and ILSC linkages are resolved. Form 8339 is enclosed" c. Form 895 (if applicable) d. Form 8339 e. Form 5344 (must show block number 40x) f. Form 4549-A (no change) Form 4549 (agreed) g. Form(s) 886-A h. Current Form 2848 (if applicable) i. Current statute extension form (if applicable) j. Signed penalty approval form (if applicable) k. Form 2285 if applicable)

Exhibit 4.46.5-2 (Cont. 12) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>Processing non pass-through issues of an investor with an open ILSC linkage – Joint Committee</p> <ol style="list-style-type: none"> 1. If the final determination of the investor's non pass-through issues results in a refund in excess of \$2 million (\$5 million for C corporations), the agent will submit a Joint Committee Electronic Referral to Joint Committee Review following standard procedures in IRM 4.36. Joint Committee electronic referral material must be retained in IMS. 2. The Joint Committee Specialist will prepare a Joint Committee report to the JCT for the non pass-through issues, even though the review of the ILSC key case has not been completed. 3. The examiner and manager will receive an automated notification email stating the release letter has been received from the JCT. 4. Ensure ERCS is updated to remove aging reason code 027. 5. Refer to column 2 for CCP package submission. 6. After CCP completes the partial and returns Form 5344 reflecting the date of input, the group will update the case to ERCS/AIMS status code 14 (LB&I – CIS Suspense), until notification is received from the CPF that the ILSC key case issues are resolved. 7. Consult your TSPC for further instructions after receiving a closing package from the CPF. If the key case proceedings result in an increase to the investor's taxable income, you may need to prepare a 30-day letter. Complete Form 8339 for submission to TS Legacy. Go to Step 9. 8. If the key case proceedings generate an additional refund to the investor, the agent will need to submit a second Joint Committee Electronic Referral. Otherwise, go to Step 9. 9. When you are ready to close the case, zip and upload the applicable case closing documents, including Form 8339, into SAIN 090. 	<p>Prepare and submit a partial package to <i>*CCP Ogden</i>:</p> <ol style="list-style-type: none"> a. Email subject line: "Partial Request – JC Case of Investor with an Open ILSC linkage" b. TXMODA – dated within 30 days c. Form 3198. Check the "Partial Assessment Requested" box and notate in Other Instructions under Special Features, "JC case cleared. Investor with open ILSC linkage. Process partial refund request" d. Form 5344 e. Form 4549-A or Form 3363 (whichever applies) f. Copy of JCT clearance letter and Letter 1574P g. Joint Committee Report h. Form 2285 (if applicable) <p>Note: A refund processed as a partial closure will not generate the refund. The refund is frozen to provide the maximum interest offset to the taxpayer if the ILSC examination results in an assessment. The refund can be released by submitting Form 3870 and/or a written statement from the taxpayer. The taxpayer must state that they are aware of the pending ILSC examination and understand that releasing this refund may result in additional interest accruals.</p>

Exhibit 4.46.5-2 (Cont. 13) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>TEFRA NBAP withdrawal - no change within 45 days</p> <p>Correspondence, like Letter 2205-D, NBAP, is saved to IMS SAIN 016, Correspondence. All other TEFRA-related documents, including applicable check sheets identified in IRM 4.31.2.3.5, are saved to IMS SAIN 724, TEFRA/BBA.</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Key Case" box and notate in the "Other" section "TEFRA – No Change within 45 days, Issue Letter 1864". Use disposal code 02 on Form 3198 and ERCS c. Form 895 (if applicable) d. Form 5344 (must show block number 40x) e. Form 4605-A (the report must not be issued to the taxpayer, it is for the case file only) f. Current Form 2848 (if applicable) g. Current statute extension form (if applicable)
<p>TEFRA audit termination - no change after expiration of the 45-day withdrawal period, case closing within 6 months of NBAP issued and no substantive work was completed</p> <p>Correspondence, like Letter 2205-D, NBAP, is saved to IMS SAIN 016, Correspondence. All other TEFRA-related documents, including applicable check sheets identified in IRM 4.31.2.3.5, are saved to IMS SAIN 724, TEFRA/BBA.</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Key Case" box and notate in the "Other" section "TEFRA – No Change after 45 days, Issue Letter 4839". Use disposal code 02 on Form 3198 and ERCS c. Form 895 (if applicable) d. Form 5344 (must show block number 40x) e. Form 4605-A (the report must not be issued to the taxpayer, it is for the case file only) f. Current Form 2848 (if applicable) g. Current statute extension form (if applicable)
<p>TEFRA no-change after expiration of the 45-day NBAP withdrawal period and extensive audit work was completed</p> <p>Correspondence, like Letter 2205-D, NBAP, is saved to IMS SAIN 016, Correspondence. All other TEFRA-related documents, including applicable check sheets identified in IRM 4.31.2.3.5, are saved to IMS SAIN 724, TEFRA/BBA.</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Key Case" box and notate in the "Other" section "TEFRA – No Change after 45 days, Issue Letter 2621". Use disposal code 02 on Form 3198 and ERCS c. Form 895 (if applicable) d. Form 5344 (must show block number 40x) e. TEFRA Summary Report: <ul style="list-style-type: none"> 1. Letter 1807 2. Form 4605-A 3. Form(s) 886-A f. Executed closing conference waiver (if applicable) g. Current Form 2848 (if applicable) h. Current statute extension form (if applicable)

Exhibit 4.46.5-2 (Cont. 14) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>TEFRA key case - agreed</p> <p>Correspondence, like Letter 2205-D, NBAP, is saved to IMS SAIN 016, Correspondence. All other TEFRA-related documents, including applicable check sheets identified in IRM 4.31.2.3.5, are saved to IMS SAIN 724, TEFRA/BBA.</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Key Case" box and notate in the "Other" section "Agreed TEFRA Key Case File, Unexecuted Partner Agreements Enclosed". Use disposal code 03 on Form 3198 and ERCS. c. Form 895 (if applicable) d. Form 5344 (must show block number 40x). e. TEFRA Summary Report: <ul style="list-style-type: none"> 1. Letter 1807 2. Form 4605-A 3. Form(s) 886-A 4. Form 886-Z or equivalent spreadsheet (for the case file only) 5. Forms 870-PT signed by the partners f. Affected Items Report (if applicable) <ul style="list-style-type: none"> 1. Form 4605-A 2. Form(s) 886-A 3. Form 886-Z or equivalent spreadsheet (for the case file only) 4. Forms 870-LT signed by the partners with affected items g. Executed closing conference waiver (if applicable) h. Current Form 2848 (if applicable) i. Current statute extension form (if applicable) j. Signed penalty approval form (if applicable)

Exhibit 4.46.5-2 (Cont. 15) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>TEFRA key case partnership Form 906 closing agreement</p> <p>Correspondence, like Letter 2205-D, NBAP, is saved to IMS SAIN 016, Correspondence. All other TEFRA-related documents, including applicable check sheets identified in IRM 4.31.2.3.5, are saved to IMS SAIN 724, TEFRA/BBA.</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Key Case" box and notate in the "Other" section "Agreed TEFRA Key Case File". Use disposal code 03 on Form 3198 and ERCS. On page 2, under "BBA/BBA Chapter 2/2A/ILSC/TEFRA Instructions for CCP", TS Legacy will include the statement, "Close TC-300 for \$0 with Hold Code 2 and transfer the TEFRA payment to the Miscellaneous Revenues Account, 6400-2320, per Form 906 Agreement. c. Form 895 (if applicable) d. Form 5344 (must show block number 40x). Item 12 will show TC 300 with \$0. Under "Comments" (bottom right side) enter "Please transfer TC 640 to the Miscellaneous Revenues Account, 6400- 2320". e. TEFRA Summary Report: <ul style="list-style-type: none"> 1. Letter 1807 2. Form 4605-A (for computational purposes only) 3. Form 4549-A (for computational purposes only) 4. Form(s) 886-A 5. Form 906 countersigned by Technical Services pass-through group manager f. Executed closing conference waiver (if applicable) g. Form 3244-A and proof of payment h. Letter 1595-E i. Form 2424 (fill in the name, address, X-ref TIN, X-ref Tax Period and transaction date. In addition, the explanation section must have the following statement: "Transfer TEFRA payment to the Miscellaneous Revenues Account per Form 906 agreement. DLN and CDDDB# of payment as shown on TXMOD") j. Form 8339, PCS Change k. Current Form 2848 (if applicable) l. Current statute extension form (if applicable) m. Signed penalty approval form (if applicable)

Exhibit 4.46.5-2 (Cont. 16) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>TEFRA pass-through partner Form 906 closing agreement</p> <p>All other TEFRA-related documents, including applicable check sheets identified in IRM 4.31.2.3.5, are saved to IMS SAIN 724, TEFRA/BBA.</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Key Case" box and notate in the "Other" section "Agreed TEFRA Partner". Use disposal code 03 on Form 3198 and ERCS. On page 2, under "BBA/BBA Chapter 2/2A/ILSC/TEFRA Instructions for CCP", Legacy will include the statement, "Close TC-300 for \$0 with Hold Code 2 and transfer the TEFRA payment to the Miscellaneous Revenues Account, 6400-2320, per Form 906 Agreement. c. Form 895 (if applicable) d. Form 5344 (must show block number 40x). Item 12 will show TC 300 with \$0. Under "Comments" (bottom right side) enter "Please transfer TC 640 to the Miscellaneous Revenues Account, 6400- 2320". e. TEFRA Summary Report: <ul style="list-style-type: none"> 1. Letter 1807 2. Form 4605-A for the tier partner (for computational purposes only) 3. Form 4549-A for the tier partner(for computational purposes only) 4. Form(s) 886-A 5. Form 906 countersigned by Technical Services pass-through group manager f. Executed closing conference waiver (if applicable) g. Form 3244-A and proof of payment h. Letter 1595-E i. Form 2424 (fill in the name, address, X-ref TIN, X-ref Tax Period and transaction date. In addition, the explanation section must have the following statement: "Transfer TEFRA payment to the Miscellaneous Revenues Account per Form 906 agreement. DLN and CDDDB# of payment as shown on TXMOD") j. Form 8339, PCS Change k. Current Form 2848 (if applicable) l. Current statute extension form (if applicable) m. Signed penalty approval form (if applicable)

Exhibit 4.46.5-2 (Cont. 17) (12-03-2025)

Electronic Case Closing Procedures by Closure Type

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>LB&I TEFRA partner controlled by the field – TEFRA issues resolved prior to non pass-through issues and Partnership Investor Control File (PICF) indicator update</p> <ol style="list-style-type: none"> 1. Follow IRM 4.31.2.6.2.3 to complete a partial assessment of the TEFRA adjustments prior to the expiration of the one-year date (OYD). 2. Email your assigned TSPC a copy of the partial assessment Revenue Agent's Report (RAR) and completed Form 8339. 3. Technical Services will coordinate with the CPF to input Form 8339 and update the linkage. 4. When you have completed the examination of the non pass-through issues, the case will need to close to TS Legacy and the ERCS status code updated to 21. Contact your TSPC for further assistance. 	N/A - See next section
<p>Processing non pass-through issues of a partner with an open TEFRA linkage – LCC or Form 1120 with letters after the 1120 other than A, S, or X</p> <ol style="list-style-type: none"> 1. The partner return is suspended in the field until the TEFRA key case examination is resolved. Any agreed deficiencies relating to non pass-through issues or resolved TEFRA linkages are assessed prior to placing the partner return in suspense. 2. Upon completion of the key case partnership examination, the field will receive a report package from the CPF and prepare Form 8339 for the PCS-linked partner. 	<ol style="list-style-type: none"> a. TXMODA and TSUMY (dated within 30 days) b. Form 3198 - On page 1, check the "TEFRA or ILSC Investor" and "Other" boxes with the following statement added: "Partner specialty case. All non pass-through issues and TEFRA linkages are resolved. Form 8339 enclosed". c. Form 895 (if applicable) d. Form 8339 e. Form 5344 (must show block number 40x) f. Form 4549-A (no change), Form 4549 (agreed) g. Form(s) 886-A h. Current Form 2848 (if applicable) i. Current statute extension form (if applicable) j. Signed penalty approval form (if applicable) k. Form 2285 (if applicable)

Exhibit 4.46.5-2 (Cont. 18) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>Processing non pass-through issues of a partner with an open TEFRA linkage – Joint Committee</p> <ol style="list-style-type: none"> 1. If the final determination of the partner's non pass-through issues results in a refund in excess of \$2 million (\$5 million for C corporations), the examiner will submit a Joint Committee Electronic Referral to Joint Committee Review following standard procedures in IRM 4.36. Joint Committee electronic referral material must be retained in IMS. 2. The Joint Committee Specialist will prepare a Joint Committee report to the Joint Committee of Taxation (JCT) for the non pass-through issues, even though the review of the TEFRA key case has not been completed. 3. The examiner and manager will receive an automated notification email stating the release letter has been received from the JCT. 4. Ensure ERCS is updated to remove aging reason code 027. 5. Prepare and submit a partial package to email box <i>*CCP Ogden</i> <ol style="list-style-type: none"> a. Email subject line: "Partial Request – JC Case of a Partner with an Open TEFRA linkage" b. TXMODA – dated within 30 days c. Form 3198 – Check the "Partial Assessment Requested" box and notate in Other Instructions under Special Features, "JC case cleared. Partner with open TEFRA linkage. Process partial refund request" d. Form 5344 e. Form 4549-A or Form 3363 (whichever applies) f. Copy of JCT clearance letter and Letter 1574P g. Joint Committee Report h. Form 2285 (if applicable) 	N/A

Exhibit 4.46.5-2 (Cont. 19) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>Note: A refund processed as a partial closure will not generate the refund. The refund is frozen to provide the maximum interest offset to the taxpayer if the TEFRA examination result in an assessment. The refund can be released by submitting Form 3870 and/or a written statement from the taxpayer. The taxpayer states that they are aware of the pending TEFRA examination and understand that releasing this refund may result in additional interest accruals</p> <ol style="list-style-type: none"> 6. After CCP completes the partial and returns Form 5344 reflecting the date of input, the group will update the case to ERCS/AIMS status code 14 (LB&I – CIS Suspense), until notification is received from the CPF that the TEFRA key case issues are resolved. 7. Consult your TSPC for further instructions after receiving a closing package from the CPF. If the key case proceedings result in an increase to the partner's taxable income, prepare an RAR in accordance with IRM 4.31.2.6.2.2(2). Issue Letter 4735 along with the RAR to the partner. Prepare Form 8339 for submission to TS Legacy. Go to Step 9. 8. If the key case proceedings result in a decrease to the partner's taxable income and the flow-through adjustments generate an additional refund to the partner in excess of \$2 million (\$5 million for C corporations), the agent will need to submit a second Joint Committee Electronic Referral. Otherwise, go to Step 9. 9. When you are ready to close the case, zip and upload the applicable case closing documents into SAIN 090 (including Form 8339), update the ERCS status code to 21, and submit the paperless case file to TS Legacy. 	

Exhibit 4.46.5-2 (Cont. 20) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>Agreed TEFRA AC Statute Cases - Key Case Partnership</p> <p>Examiners must follow the procedures in IRM 4.31.2.5.3.1 to conduct a TEFRA examination relying on alpha statute AC. The tax returns/years of controlled partners must be merged into the source partnership key case in IMS</p> <p>Correspondence, like Letter 2205-D, NBAP, is saved to IMS SAIN 016, Correspondence.</p> <p>Documents pertaining to AC statute activities are saved to IMS SAIN 724 TEFRA/BBA. These documents include:</p> <ul style="list-style-type: none"> a. Memorandum of understanding by the examination group and Technical Services TEFRA group b. DFO approval memorandum c. Form(s) 8339 d. Mandatory check sheets identified in IRM 4.31.2.3.5 e. Form 15034, PCS Limited Linkage Document (if applicable) 	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 c. Form 895 (if applicable) d. Form 5344 (must show block number 40x). e. TEFRA Summary Report: <ul style="list-style-type: none"> 1. Letter 1807 2. Form 4605-A 3. Form(s) 886-A 4. Form 886-Z or equivalent spreadsheet (for the case file only) 5. Forms 870-PT signed by the partners f. Executed closing conference waiver (if applicable) g. Current Form 2848 (if applicable) h. Current statute extension form (if applicable) i. Signed penalty approval form (if applicable)
<p>Agreed TEFRA AC Statute Cases - Field Controlled Partners</p> <p>Documents pertaining to AC statute activities are saved to IMS SAIN 724 TEFRA/BBA. Those will include, but are not limited:</p>	<ul style="list-style-type: none"> a. TXMODA and TSUMY print (dated within 30 days) b. Form 3198 for each controlled partner c. Form 895 (if applicable) d. Form 5344 (must show block number 40x) for each controlled partner e. Partner's Report <ul style="list-style-type: none"> 1. Form 4549, Form 4549-A, Form 4605, 4605-A (whichever applies) 2. Form(s) 886-A f. Executed closing conference waiver (if applicable) g. Current Form 2848 (if applicable) h. Current statute extension form (if applicable) i. Signed penalty approval form (if applicable)

Exhibit 4.46.5-2 (Cont. 21) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>Agreed Withholding Cases Linked to a TEFRA Key Case</p> <p>The examiner will set up a separate case in IMS for the withholding tax matter</p> <p>Withholding Case:</p> <ol style="list-style-type: none"> 1. The examiner will process all agreed withholding assessments as partial assessments. The assessment for the withholding tax and related penalties are assessed against the MFT 08 (Form 8804) or MFT 12 (Form 1042) account. 2. Examiners must ensure that a TC 150 is posted and the record is fully established on AIMS prior to submitting the case for closure to Technical Services. 	<ol style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 – check the “Other” box and write: “TEFRA Partnership Foreign Withholding Tax Case”. “Withholding tax agreed and assessed against MFT XX”. “See Form 870-LT, enclosed”. Use disposal code 03 on Form 3198 and ERCS. c. Form 895 (if applicable) d. Form 5344 (must show block number 40x) e. Form 4549-A (showing the calculation of withholding tax) f. Form(s) 886-A explaining facts, law and argument for the Chapter 3 withholding tax calculation, effectively connected taxable income and any penalties directly related to those items g. Form 886-A, Affected Item Report for partner level adjustments h. Signed Form 870-LT i. Current Form 2848 (if applicable) j. Current statute extension form (if applicable) k. Signed penalty approval form (if applicable)

Exhibit 4.46.5-2 (Cont. 22) (12-03-2025)**Electronic Case Closing Procedures by Closure Type**

Type of Case Closure and Procedures	Documents to SAIN 090 (check the SAIN 090 box on the document header in IMS):
<p>Agreed Withholding Cases Linked to a TEFRA Key Case</p> <p>TEFRA Key Case</p> <p>Correspondence, like Letter 2205-D, NBAP, is saved to IMS SAIN 016, Correspondence. All other TEFRA-related documents, including applicable check sheets identified in IRM 4.31.2.3.5, are saved to IMS SAIN 724, TEFRA/BBA</p>	<ul style="list-style-type: none"> a. TXMODA (dated within 30 days) b. Form 3198 if the withholding tax and other partnership issues are agreed, on page 1, check the "TEFRA or ILSC Key Case" box and notate in the "Other" section: "TEFRA Partnership Foreign Withholding Tax Case with other Partnership Issues" and "Agreements secured and signed from all partners. With regards to the foreign withholding tax, Form 870-LT secured from the partnership in the name of the partnership". Use disposal code 03 on Form 3198 and ERCS. If the withholding tax is agreed and there are NO other partnership issues, complete Form 3198. On page 1, check the "TEFRA or ILSC Key Case" box and notate in the "Other" section: "TEFRA Partnership Foreign Withholding Tax Case, Withholding Tax Agreed and assessed against MFT XX. There are NO other Partnership issues, please remove H-Freeze and close to CCP agreed". c. Form 895 (if applicable) d. Form 5344 (must show block number 40x) e. TEFRA Summary Report: <ul style="list-style-type: none"> 1. Letter 1807 2. Form 4605-A 3. Form(s) 886-A 4. Form 886-Z or equivalent spreadsheet (for the case file only) 5. Forms 870-PT signed by the partners f. Executed closing conference waiver (if applicable) g. Current Form 2848 (if applicable) h. Current statute extension form (if applicable) i. Signed penalty approval form (if applicable)