EFFECTIVE DATE

(10-12-2023)

PURPOSE

(1) This transmits revised IRM 4.48.2, Engineering Specialty, Valuation Assistance for Cases Involving Works of Art.

MATERIAL CHANGES

(1) Added new IRM 4.48.2.1, Program Scope and Objectives, and its related subsections, that contain internal control information required by IRM 1.11.2.2.5, Address Management and Internal Controls. Other IRM sections were renumbered as a result of this new guidance.

- IRM 4.48.2.1.1, Background
- IRM 4.48.2.1.2, Authority
- IRM 4.48.2.1.3, Responsibilities
- IRM 4.48.2.1.4, Program Management
- IRM 4.48.2.1.5, Terms and Acronyms
- IRM 4.48.2.1.6, Related Resources

(2) In IRM 4.8.2.1.6(4), Related Resources, added Taxpayer Bill of Rights (TBOR) content from the Division Counsel/Associate Chief Counsel (National Taxpayer Advocate Program) and Branch 3 of the Associate Chief Counsel (Procedure and Administration).

(3) Revised IRM 4.48.2.2 (formerly IRM 4.48.2.1), Art Appraisal Services Overview, to reflect that the AAS "consults with the Commissioner's Art Advisory Panel", instead of "manages the Commissioner's Art Advisory Panel." Added new paragraph (2) with general information on requesting assistance from AAS.

(4) Revised IRM 4.48.2.2.1 (formerly IRM 4.48.2.1.1), Art Advisory Panel, and removed paragraph (4) and (5) on reconsideration of value determinations, and further assistance.

(5) Added new IRM 4.48.2.2.2, Reconsideration of Value Determinations, with guidance on requesting reconsideration with the submission of a rebuttal report that addresses the AAS Appraisal Review Report and/or a new appraisal report.

(6) Revised IRM 4.48.2.3 (formerly IRM 4.48.2.2), Criteria for Requesting Art Appraisal Services Assistance, to reflect the current criteria and process.

(7) Revised IRM 4.48.2.4 (formerly IRM 4.48.2.3), Art Appraisal Services Referral Procedures, to add paragraph (2) that requires referring customers to have the entire taxpayer appraisal in color and good quality digital color images of the works for review available prior to submitting the SRS request. Also, updated IRM references and link to Appeals AAS referral website.

(8) Revised IRM 4.48.2.5 (formerly IRM 4.48.2.4), Form 8256 Procedures, to replace instructions for mailing feedback loop documents with emailing instructions and made other necessary changes.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 4.48.2, dated October 1, 2012.

AUDIENCE

Chief Counsel (CC), Criminal Investigation (CI), Independent Office of Appeals (Appeals), Large Business & International (LB&I), Small Business/Self-Employed (SB/SE), Tax Exempt/Government Entities (TE/GE), Wage & Investment (W&I)

John E. Hinding
Director, Specialized Examination Programs and Referrals

4.48.2
Valuation Assistance for Cases Involving Works of Art

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4.48.2.1
(10-12-2023)
Program Scope and Objectives

(1) **Purpose:** This IRM section describes the process and procedures for requesting valuation assistance for cases involving works of art.

(2) **Audience:** Criminal Investigation (CI), Large Business and International (LB&I), Small Business/Self-Employed (SB/SE), Tax Exempt/Government Entities (TE/GE), Wage and Investment (W&I), Chief Counsel (CC), the IRS Independent Office of Appeals (Appeals), including Art Appraisal Services (AAS) art appraisers.

(3) **Policy Owner:** Specialized Examination Programs and Referrals (SEPR).

(4) **Program Owner:** Director, Specialized Examination Programs and Referrals (SEPR).

(5) **Contact Information:** Contact the Product Content Owner shown on the Product Catalog Results page for this IRM.

4.48.2.1.1
(10-12-2023)
Background

(1) The Specialized Examination Programs & Referrals (SEPR) organization (under Appeals) includes AAS which provides valuation assistance concerning works of art and cultural property. The primary objective of AAS is to support the mission of the IRS by providing professional valuation expertise to IRS employees in Examination and Appeals handling cases involving valuations of personal property or works of art. AAS also assists the Office of Chief Counsel and the United States Department of Justice (DOJ) with federal tax cases involving valuation issues for trial or pretrial settlement.

(2) AAS accomplishes its objectives by ensuring its employees act in accord with the Taxpayer Bill of Rights (TBOR) in every interaction with taxpayers.

(3) AAS may provide assistance to employees and managers of Appeals, IRS Compliance functions, Criminal Investigation, Chief Counsel, and the United States Department of Justice Tax Division (DOJ) and to taxpayers and their representatives.

(4) Requesters may contact the AAS Supervisory Appraiser by telephone or e-mail to discuss a pending referral and/or questions about unusual property not captured on the list of specialties outlined in IRM 4.48.2.3(1). See also the IRS internal *Art Appraisal Services* page, accessible from Appeals' SEPR page.

(5) All referrals made to AAS are required to be submitted via the Specialist Referral System (SRS). See *https://srs.web.irs.gov/*.

4.48.2.1.2
(10-12-2023)
Authority

(1) The Commissioner's Art Advisory Panel (Panel) is chartered under the Federal Advisory Committee Act (FACA). See 41 CFR 102, Part 102-3, Federal Advisory Committee Management.

4.48.2.1.3
(10-12-2023)
Responsibilities

(1) The SEPR Director is responsible for working a variety of specialized examination workstreams, providing oversight of the Panel, providing technical and procedural guidance to the field on domestic and international issues as well as providing computational support. See IRM 1.1.7.6, Specialized Examination Programs and Referrals (AP:SPR).

(2) The Supervisory Appraiser leads a staff of professional art appraisers who value art or other objects with a claimed value of $50,000 or more, managing the Panel process and other responsibilities (see IRM 1.1.7.6.2, Art Appraisal Services (AAS)).

4.48.2.1.4
(10-12-2023)
Program Management

(1) The IRS manages all referrals to AAS for art valuation assistance using the Specialist Referral System (SRS).

(2) The Panel assists AAS with advisory opinions on value. The IRS reports annually on the Panel activities and posts each annual report in Publication 5392 on irs.gov.

4.48.2.1.5
(10-12-2023)
Terms and Acronyms

(1) The table lists commonly used acronyms and terms and their definitions:

Acronym/Terms	Definition
AAS	Art Appraisal Services
FMV	Fair Market Value
Panel	Art Advisory Panel
SEPR	Specialized Examination Programs and Referrals

4.48.2.1.6
(10-12-2023)
Related Resources

(1) The IRS internal *Art Appraisal Services* page, accessible from Appeals' SEPR page

(2) The IRS external Art Appraisal Services page at *https://www.irs.gov/appeals/art-appraisal-services*

(3) The IRS Specialist Referral System (SRS) at *https://srs.web.irs.gov/*

(4) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see *https://www.irs.gov/taxpayer-bill-of-rights*.

(5) Pub 5392, The Art Advisory Panel of the Commissioner of Internal Revenue Annual Summary Report

(6) The following table lists related IRM sections:

Reference	Title
IRM 4.10.2.7.5.1	Specialist Referral System (SRS) - Online Referrals
IRM 4.25.12.3	Referrals of Artwork to Art Appraisal Services and the Art Advisory Panel
IRM 4.48.1.2	Referrals - Requests for Engineering and Valuation Services

Reference	Title
IRM 6.304.1.3	Appointment of Experts for the Art Advisory Panel of the Commissioner
IRM 8.7.1.5	Valuation Assistance in Appeals Cases
IRM 8.7.4.7.1	Referrals for Art Appraisal Services
IRM 8.18.1	Valuation Assistance Procedures
IRM 34.7.1.4.3	Expert Reports Other Than Actuarial

4.48.2.2
(10-12-2023)
Art Appraisal Services Overview

(1) Art Appraisal Services (AAS):

- Provides advice and assistance to the IRS, other Government agencies, and taxpayers on valuation questions arising in connection with personal property and works of art,
- Assists the Office of Chief Counsel and Department of Justice (DOJ) in appraisal reviews for trial or pretrial settlement in cases involving valuation issues, and
- Consults with the Commissioner's Art Advisory Panel.

(2) Upon request, the designated appraiser may participate in taxpayer conferences, may prepare a detailed expert report for use in Tax Court trials, and may testify as an expert witness in support of the report or may assist in procuring outside experts and/or Panelists.

4.48.2.2.1
(10-12-2023)
Art Advisory Panel

(1) The Commissioner maintains an Art Advisory Panel of nationally prominent art museum curators, scholars, and art dealers to aid the IRS in the review of the selected cases involving taxpayer valuations on art objects, principally American and European paintings and sculpture.

(2) AAS provides the staff support and coordination of the Panel's functions.

(3) The Panel members, after reviewing photographs along with relevant documentation provided by the taxpayers and research by the staff appraisers, make recommendations on the acceptability of the claimed values. If unacceptable, the Panelists make alternate value recommendations. Such recommendations are advisory only; however, after review by AAS, these recommendations become the position of the IRS.

4.48.2.2.2
(10-12-2023)
Reconsideration of Value Determinations

(1) If a taxpayer or representative does not agree with the determination of AAS, the taxpayer may request a reconsideration with the submission of a rebuttal report that addresses the AAS Appraisal Review Report and/or a new appraisal report. A request for reconsideration should include substantial new evidence which may affect the valuation of the item. (Public sales data, such as comparable sales, are not new evidence if they were previously available at the time of the AAS Review.)

4.48.2.3
(10-12-2023)
Criteria for Requesting Art Appraisal Services Assistance

(1) IRS employees must refer cases to AAS that involve a taxpayer's appraisal of a single work of art with a claimed value of $50,000 or more. AAS reviews the values of:

- Paintings
- Watercolors
- Prints
- Drawings
- Sculpture
- Ceramics
- Glass
- Furniture
- Decorative arts
- Antiques
- Textiles
- Carpets
- Silver
- Rare manuscripts
- Archives
- Historical memorabilia
- Antiquities
- Ethnographic art
- Coins
- Collectibles

(2) At its discretion, AAS may provide valuation assistance on art work and collectibles valued at under $50,000.

4.48.2.4
(10-12-2023)
Art Appraisal Services Referral Procedures

(1) Referring customers should submit valuation requests via the Specialist Referral System, *https://srs.web.irs.gov*.

(2) Referring customers should have the entire taxpayer appraisal in color and good quality digital color images of the works for review available prior to submitting the SRS request.

(3) For more information, see:

- IRM 8.18.1.1.7, Art Valuation Requests Overview,
- IRM 8.18.1.1.7.1, Art Valuation Request Requirements, and
- The IRS internal *Art Appraisal Services* page, accessible from Appeals' SEPR page

4.48.2.5
(10-12-2023)
Form 8256 Procedures

(1) Form 8256, Art Valuation, is a feedback loop form that AAS partially completes and includes with its closing memorandum and report, and the referring office completes and returns to AAS upon disposition of the case.

Note: The referring employee's manager is responsible for ensuring that a copy of the completed Form 8256 is returned to AAS immediately upon disposition of the case.

a. The AAS appraiser completes Section I of Form 8256 and attaches it to the AAS closing memorandum and/or report.
b. The referring office completes Section II of Form 8256, saves as a PDF and emails a copy of the updated Form 8256 to the AAS appraiser who was assigned to the case.

Note: Keep the updated original Form 8256, along with the AAS closing memorandum and/or report, in the case workpaper file, after indexing it on Form 4318, Examination Workpapers Index, or Estate and Gift Tax Exam planning documents and/or lead sheets and workpapers.

(2) To further enhance the valuation assistance provided by AAS, requesters are encouraged to include comments and supporting documentation that would be beneficial to the viability of this program.

(3) Also see IRM 8.18.1.8.3, Receiving Office's Closing Procedures, for additional information.