



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.50.2

FEBRUARY 18, 2026

EFFECTIVE DATE

(02-18-2026)

PURPOSE

- (1) This transmits revised IRM 4.50.2, LB&I Compliance Integration, Other Workload Selection and Research – Non-Campaign Compliance Programs. This IRM describes the functions, procedures, tools, and systems for LB&I workload selection methods that are non-campaign-sourced.

MATERIAL CHANGES

- (1) IRM 4.50.2.1: Updated subsection to separately list Policy Owner and Program Owner. Also removed Program Goals and added Contact Information for this IRM.
- (2) IRM 4.50.2.1.2: Updated to conform with IRM 1.11.2.2.4(4) to provide the underlying sources under Authority.
- (3) IRM 4.50.2.1.6: Updated title and moved the acronym table to this subsection from Exhibit 4.50.2-3 and the exhibit was removed. Also added SME and DFO to the acronym table, updated HII, and removed LB&I and SB/SE.
- (4) IRM 4.50.2.2: Updated High Income Individual to High Income Initiative (HII).
- (5) IRM 4.50.2.2.2: Updated High Income Individual to High Income Initiative (HII) in title.
- (6) IRM 4.50.2.2.4.1: Removed reference to 2014 for Joint Committee threshold amounts in the Note under paragraph (1) and added link to IRM 4.36.2.2 for reference.
- (7) IRM 4.50.2.2.5: Added an additional source of discretionary work described in new subsection IRM 4.50.2.2.5.9. Also added a new paragraph stating that LB&I Ogden PSP assists LB&I field exam to provide analysis and guidance on account issues and contact information.
- (8) IRM 4.50.2.2.5.2: Added Note to paragraph (1) to show LB&I Ogden PSP classifies LB&I research credit claims and other specialized claims. Also, added whistleblower team's process for assigning whistleblower claims to LB&I examination teams in paragraph (2).
- (9) IRM 4.50.2.2.5.9: Added a new subsection, Liquidations (Form 952, Consent To Extend the Time To Assess Tax Under Section 332(b)), to describe requirements under IRC 332(b).
- (10) IRM 4.50.2.2.5.9: Added a new subsection, Liquidations (Form 952, Consent To Extend the Time To Assess Tax Under Section 332(b)), to describe requirements under IRC 332(b).
- (11) Prior Exhibit 4.50.2-3: Moved the acronym table to IRM 4.50.2.1.6 and this exhibit was deleted.
- (12) Updated links and made editorial updates throughout.

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EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 4.50.2, LB&I Compliance Integration - Other Workload Selection and Research – Non-Campaign Compliance Programs dated January 13, 2025.

AUDIENCE

LB&I employees

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4.50.2

Other Workload Selection and Research – Non-Campaign Compliance Programs

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4.50.2.1
(02-18-2026)
Program Scope and Objectives

- (1) **Purpose:** This IRM provides an overview of Large Business and International (LB&I) non-campaign workload selection.
- (2) **Audience:** All LB&I employees.
- (3) **Policy Owner:** LB&I Assistant Deputy Commissioner Compliance Integration (ADCCI) and LB&I Policy under the Strategy, Policy, and Governance office in the ADCCI organization.
- (4) **Program Owner:** Director, Compliance Planning and Analytics (CP&A), is responsible for administering this program.
- (5) **Primary Stakeholders:** Including, but not limited to, all geographic and subject matter practice areas in LB&I.
- (6) **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 on the *Policy Gateway*.

4.50.2.1.1
(09-23-2021)
Background

- (1) LB&I work processes are evolving to meet the needs of a rapidly changing taxpayer environment. This section describes the current state of workload identification and selection from non-campaign-generated sources.

4.50.2.1.2
(02-18-2026)
Authority

- (1) IRC 7601, Canvass of districts for taxable persons and objects.
- (2) IRC 7803, Commissioner of Internal Revenue; Other Officials.
- (3) *Delegation Order 1-23 (Rev. 1)*, Authorization to Perform Functions of the Commissioner.
- (4) *Policy Statement 1-236*, Fairness and Integrity in Enforcement Selection.

4.50.2.1.3
(08-12-2020)
Responsibilities

- (1) Compliance Planning and Analytics (CP&A), is the responsible function in LB&I for all campaigns (see IRM 4.50.1, Campaign Development Process) and non-campaign workload selection methods. CP&A is responsible for establishing return coverage across LB&I practice areas. This business unit is in the ADCCI organization.
- (2) CP&A also manages research requests (as described in IRM 4.50.2.1.5(5)) from the LB&I practice areas.
- (3) The non-campaign workload selection programs are described in IRM 4.50.2.2, Workload Selection Program Areas.

4.50.2.1.4
(04-22-2019)
Program Management and Review

- (1) **Program Reports:** Research studies include:
 - Conducting environmental scans on filing information
 - Examining compliance of specific taxpayer segments
 - Developing mathematical models and expert systems to support audit selection

- (2) Business performance reports contain metrics used to gauge the effectiveness of current workload selection methods and processes.
- (3) **Program Effectiveness:** The business objective for conducting research studies is to make informed decisions, drive compliance efforts and improve voluntary compliance by identifying and delivering the highest risk returns to audit or by sending soft notices to ensure the methodology applied is aligned to the IRS mission. The business objective for producing performance reports is to provide LB&I management with statistics and trends to evaluate the various workload selection activities.

4.50.2.1.5

(07-26-2022)

Program Controls

- (1) **Separation of duties:** See IRM 4.50.1.2.2.1, Separation of Duties.
- (2) **Policy Statement 1-236:** See IRM 1.2.1.2.36, Fairness and Integrity in Enforcement Selection.
- (3) **Risk Identification Control Board (RICB):** The mission of RICB is to ensure the enforcement selection process is an equitable and fair process to all taxpayers under *Policy Statement 1-236*. RICB Part I and II approval is required before filters, models, and/or other workload selection criteria are used for workload selection. RICB approval is required for Part I to develop and test the selection model. RICB and the respective practice area director's approval are required on Part II to implement the model into a compliance program. See IRM 4.50.1, LB&I Compliance Integration, Campaign Development Process, for more information on RICB.
- (4) RICB will only approve workload selection criteria based on tax laws and treasury regulations and not on organization names or their policy positions. The goal of RICB is to ensure that the criteria used for workload selection promotes public confidence that tax laws are being applied impartially.
- (5) Research requests from the practice areas must be approved by the CP&A Director. CP&A is responsible for establishing workload selection across LB&I practice areas and in supporting research studies (see IRM 4.50.2.1.4(1)) based on voluntary compliance objectives. The business objective for conducting research studies is to drive compliance efforts and to improve voluntary compliance by identifying and delivering noncompliant returns to audit to ensure the methodology applied is aligned to the IRS mission. This IRM also provides the authority to conduct research. The research extends to all

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4.50.2.1.6
(02-18-2026)

Terms and Acronyms

- (1) The following table provides common terms and definitions throughout this IRM section:

Term	Definition
Campaigns	Campaigns are a compliance program where LB&I decides which compliance issues to pursue in order to achieve its compliance objectives.
E-Classifier	E-Classifier is an electronic classification tool currently used to classify LB&I returns.
LB&I Workload Identification System (LWIS)	Delivery system for delivering case built files for examination.
Risk Identification Control Board (RICB)	The Risk Identification Control Board (RICB) is the governance body over models/filters/research used in workload selection.
Treatment streams	Treatment streams are approaches to achieving taxpayer compliance including administrative guidance, events & outreach, issue-based examinations, new legislation, procedures-IIRs, published guidance, soft letter/notice, and tax forms and publications.

- (2) The following table provides acronyms that appear throughout this IRM section:

Acronym	Term
ADCCI	Assistant Deputy Commissioner Compliance Integration
AEOI	Automatic Exchange of Information
AIMS	Audit Information Management System
BOD	Business Operating Division
CCU	Classification Control Unit
CIC	Coordinated Industry Case
CMC	Content Management and Collaboration
CP&A	Compliance Planning and Analytics
DAS	Discriminant Analysis System
DFO	Director of Field Operations
FATCA	Foreign Account Tax Compliance Act
FPP	Foreign Payments Practice
GHW	Global High Wealth
HII	High Income Initiative

Acronym	Term
JCC	Joint Committee Case
LCC	Large Corporate Compliance Program (aka CIC Successor Program)
LUQ	Large, Unusual and Questionable
NRP	National Research Program
OTSA	Office of Tax Shelter Analysis
PAC	Program Action Case
PSP	Planning and Special Programs
PTE	Pass-Through Entities
RICB	Risk Identification Control Board
SME	Subject Matter Expert
TOI	Transactions of Interest
WDD	Workload Development and Delivery
WLS	Workload Services

4.50.2.1.7
(04-22-2019)
Related Resources

- (1) See IRM 4.50.1, LB&I Compliance Integration, Campaign Development Process, for information about campaign-sourced workload selection. Resources for campaign work are the Campaign Quick Start Guide, the Campaign Process chart, and the LB&I Campaign Guide.
- (2) LB&I *Programs and Services by Practice Area* SharePoint provides additional information about ADCCI.

4.50.2.2
(02-18-2026)
Workload Selection Program Areas

- (1) LB&I administers the following compliance programs:
 - Compliance Assurance Process (CAP) - See IRM 4.51.8, Compliance Assurance Process (CAP)
 - Large Corporate Compliance (LCC)
 - Global High Wealth (GHW)/High Income Initiative (HII)/Pass-Through Entities (PTE)
 - Campaigns - See IRM 4.50.1, Campaign Development Process
 - Foreign Payments Practice
 - Mandatory
 - Discretionary

4.50.2.2.1
(09-23-2021)
Large Corporate Compliance (LCC)

- (1) The Large Corporate Compliance (LCC) program is the successor program to the Coordinated Industry Case (CIC) program. LCC employs a risk-based selection process to address selected compliance risks in the large corporate taxpayer population using a finite amount of resources, through the application of one or more treatment streams to achieve the intended compliance outcomes.

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- (3) The data analytics method must be approved by the RICB. See IRM 4.50.2.1.5, Program Controls.
- (4) See IRM 4.50.3, Large Corporate Compliance Program, for more information about LCC.

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4.50.2.2.2
(02-18-2026)
**Global High Wealth
(GHW)/High Income
Initiative
(HII)/Pass-Through
Entities (PTE)**

- (1) ADCCI has primary responsibility for overall coordination of the compliance plan and workload identification with the exception of the GHW Model.
- (2) The Data Solutions Models Flow Through team in ADCCI uses mathematical models for workload selection. Similar to the campaign and LCC programs, GHW models must be approved by the RICB. See IRM 4.50.2.1.5, Program Controls.
- (3) The PTE practice area has the primary responsibility over the GHW/HII/PTE compliance program, which includes the processes and oversight required to identify, prioritize and allocate resources towards pass-through returns.

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- (6) The GHW/HII/PTE program was formed to take a holistic approach in addressing the high-income, high-wealth population, including consideration of items associated with pass-through returns. This program leverages data, applied analytics, algorithms and institutional experience to assess the compliance risk that these enterprises pose with their increasingly sophisticated tax strategies.

- (7) The GHW/HII/PTE program covers the entire business enterprise of entities controlled by high wealth individuals. These enterprises may include interests in partnerships, trusts, Subchapter S corporations, private foundations, and others.
- (8) In addition, under the GHW/HII/PTE program, LB&I will develop, test, enhance, and monitor mathematical and machine learning models to identify partnership and S corporation returns with examination potential.
- (9) GHW consists of two functions: Workload Services (WLS) and field examination groups. The GHW returns identified by the models are made available to the WLS for classification and risk assessment.
- (10) Partnership or S corporation returns identified under these models will be classified and risk-assessed in Content Management and Collaboration (CMC). In certain circumstances, individual returns will also be classified and risk assessed in CMC.
- (11) An “enterprise” is defined as a group of entities that are managed for the economic and tax benefit of a controlling interest. Enterprise risk assessment uses the evaluation of multi-entity and multi-year related return groupings to determine what constitutes a single economic “enterprise”.
- (12) Models to be developed include:
 - Single return selection systems
 - Enterprise selection systems
 - Single year and/or multi-year models
- (13) Models will be developed using internal and external data sources. The validation of models and data fields will be analyzed and gathered from examination feedback and operational databases to monitor the model’s effectiveness in identifying the next best case.
- (14) See IRM 4.52.1, Global High Wealth Program Processes and Procedures, for more information.

4.50.2.2.2.1
(07-26-2022)
**Pass-Through Entities
that Cross Operating
Divisions**

- (1) See IRM 4.2.1.7, Collateral Referrals.

4.50.2.2.3
(04-22-2019)
**Foreign Payments
Practice (FPP)**

- (1) Foreign Payments Practice (FPP) includes the processes and oversight required to identify, prioritize, and allocate resources towards foreign withholding tax matters and foreign financial institution compliance under Chapters 3 and 4 of the Internal Revenue Code. See IRM 4.63.1.5, Foreign Payment Practice and Automatic Exchange of Information (FPP and AEOI) Field Operations Overview.
- (2) FPP provides oversight of non-resident alien withholding tax matters with an emphasis on Servicewide coordination of technical issues, compliance, processing and other information relating to non-resident aliens. FPP is also

responsible for monitoring and enforcing compliance of foreign financial institutions participating in the Foreign Account Tax Compliance Act (FATCA) program.

- (3) FPP focuses resources through coordinated development of information and educational material, improved forms and publications, processing capabilities, examination strategies and other treatment streams to achieve intended compliance outcomes.
- (4) FPP identifies compliance risks within the non-resident alien withholding population.

4.50.2.2.4
(07-26-2022)
Mandatory

- (1) The Mandatory Compliance program includes the processes and oversight required to identify, prioritize and allocate resources towards defined forms of mandatory work that demand application of resources and can arise unexpectedly such as Joint Committee, National Research Program (NRP), and selected tax shelter returns and disclosures.

4.50.2.2.4.1
(02-18-2026)
Joint Committee Case Work

- (1) The primary reference for Joint Committee cases is IRM 4.36, Joint Committee Procedures. Any Form 1139, Corporation Application for Tentative Refund, Form 1120-X, Amended U.S. Corporation Income Tax Return, or other claim for refund, in excess of \$5,000,000 for the same taxpayer must be reviewed and either surveyed or opened for examination. These claims meet Joint Committee criteria.

Note: The Joint Committee refund threshold is \$5,000,000 for C corporations and \$2,000,000 for all returns other than C corporations. See IRM 4.36.2.2, Cases Reportable to the JCT.

- (2) Returns meeting Joint Committee criteria are updated with project code 0077 and the appropriate source code.

4.50.2.2.4.2
(07-26-2022)
Tax Shelters and Disclosures

- (1) The Office of Tax Shelter Analysis (OTSA) receives and reviews Form 8886, Reportable Transaction Disclosure Statements and Form 8918, Material Advisor Disclosure Statements.
- (2) OTSA analysts review each disclosure for completeness, large, unusual, or questionable (LUQ) items, or listed transactions requiring further action or review.
- (3) Disclosures requiring further action are distributed to the established point of contact (POC) within the appropriate business operating division (BOD).

- (5) If the Form 8918 disclosure requires further information or potential promoter examination:

- a. OTSA will follow the procedures outlined in IRM 4.32.2.4.3, Role of OTSA, to refer an LB&I material advisor to the LB&I Technical Tax Shelter Promoter Committee (TTSPC).

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- b. For an SB/SE or other BOD material advisor, OTSA will refer the disclosure to the SB/SE Lead Development Center or TE/GE abusive transactions function as appropriate.

- (6) OTSA will also use information received from the Form 8886, Form 8918, and other tax forms to determine taxpayer compliance with disclosure laws and identification of tax returns with potential tax shelter issues.

4.50.2.2.4.2.1

(07-26-2022)

Listed Transactions

- (1) As emerging issues in the tax shelter area are developed, they may result in the issuance of a notice or other published guidance officially identifying the transaction as a listed transaction.
- (2) Transactions that have been determined by the IRS to be tax avoidance transactions are **listed transactions**. As a result, taxpayers may need to disclose their participation in these listed transactions as prescribed in 26 CFR 1.6011-4, and material advisors may need to disclose these transactions under 26 CFR 301.6111-3 of the procedure and administration regulations. Taxpayers who fail to disclose may be subject to penalties under IRC 6662A and IRC 6707A. Material advisors who fail to disclose may be subject to penalties under IRC 6707 . In addition, material advisors must maintain lists of advisees and other information with respect to these listed transactions pursuant to 26 CFR 301.6112-1. Material advisors who fail to furnish a list as required under this regulation may be subject to penalties under IRC 6708.
- (3) Notice 2009-59, 2009-31 IRB 170, contains the list of transactions that have been determined by the IRS to be **listed transactions**. *Recognized abusive and listed transactions* on IRS.gov includes these listed transactions in chronological order. In addition to the list of listed transactions described in Notice 2009-59, and the link referenced in the previous sentence, the link includes additional information related to some of the listed transactions including, but not limited to, settlement initiatives and Appeals Settlement Guidelines.
- (4) If the listed transaction surfaces during an examination, it must be raised as an issue following the listing notice. Examiners should contact the subject matter expert (SME) and provide the name of the taxpayer, taxable period(s) involved, type of listed transaction, the name of the promoter, if known, the name and telephone number of the team/group manager and, if applicable, the name and telephone number of the team coordinator. The initial contact may be via e-mail (using secure messaging), fax or telephone.
- (5) Examiners should consult with SMEs and local area Counsel on the development of the issue. Examiners must secure the concurrence of the appropriate SME if their examination deviates from any mandated specific examination techniques proposed for issue development or their proposal for adjustment deviates from any stated legal positions. Examiners must also consult with and secure the concurrence of the appropriate SME and Counsel before proposing any resolution other than full concession of the issue by the taxpayer. No proposals can be made without the concurrence of the issue champion.
- (6) After initial publication of guidance identifying a listed transaction is released, the responsible division and Chief Counsel staff will meet to discuss the need to further develop the issue. The discussion will include whether there is a need for Counsel to provide a thorough legal analysis of the issue or other guidance. If additional guidance is needed, the group will decide what format

should be used to issue the additional legal analysis. For example, the additional legal analysis might take the form of a Chief Counsel Notice, a part of an audit handbook/ techniques guide, or a revenue ruling. An Associate Chief Counsel will be assigned primary responsibility for preparing the additional legal analysis. That Associate office will work with the issue team on the analysis and coordinate with other Associates as necessary. The issue team should regularly coordinate with Chief Counsel staff during the development of the legal analysis.

4.50.2.2.5
(02-18-2026)
Discretionary

- (1) The Discretionary Compliance program includes, but is not limited to, the following. Some of these sources of work may be priority but not required to be worked.
 - Training Returns
 - Claims
 - Bankruptcy
 - Information Referrals and Reports
 - Program Action Cases
 - Change in Accounting Method-Voluntary Change-Advance Consent
 - Emerging Issues
 - Transactions of Interest
 - Liquidations (Form 952, Consent To Extend the Time To Assess Tax Under Section 332(b))
- (2) LB&I uses workload selection criteria (models, filters, Discriminant Analysis System (DAS), etc.) to identify and allocate resources towards the discretionary program. Similar to all the other programs, workload selection criteria used to identify discretionary work must be approved by the RICB.
- (3) LB&I Planning and Special Programs (PSP) in LB&I's practice areas have primary responsibility for ordering LB&I returns using the LB&I Workload Identification System (LWIS).
- (4) LB&I Ogden PSP (Workload Development team 2) revenue agents/senior program analysts assist LB&I field exam to provide analysis and guidance on account issues. LB&I Ogden PSP provides technical research and IDRS navigation to identify the problem/issue(s). Also, LB&I Ogden PSP collaborates with the campus to identify how to resolve and correct account issues. LB&I field exam can send assistance requests to **LB&I WDT2 Exam Assistance*.

4.50.2.2.5.1
(09-23-2021)
**Training Returns -
Project Code 0204**

- (1) Project Code 0204, Training Return, should be applied to all returns assigned and started during formal training.
- (2) All related, subsequent year, and/or prior year returns secured in connection with the training return will also have project code 0204 assigned, provided they are started during formal training.
- (3) Formal training is defined as scheduled, organized online or classroom training and an on-the-job training phase.
- (4) Training may include returns identified through other compliance programs such as campaigns.
- (5) Project code 0204 should be removed from any key case return assigned during training but **not** started during training.

4.50.2.2.5.2
(02-18-2026)
Claims

- (1) **Claims for refund** - LB&I taxpayers generally file claims for refund on Form 1120-X, Amended U.S. Corporation Income Tax Return, or Form 1139, Corporation Application for Tentative Refund. Also see IRM 25.6.1.10, Claims, Abatements and Refunds. Claims related to returns already controlled by the field are not classified, but rather forwarded to the field for association with controlled return(s). All other claims, (i.e., without open Audit Information Management System (AIMS)) that meet Category A criteria (Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General) are classified prior to processing. The classifier may review and request other relevant returns.
- Claims in excess of \$5 million for corporations are to be reviewed by Joint Committee Review per IRM 4.36.1.1.2, Authority, and are subject to mandatory review per IRM 4.36.3.1, Program Scope and Objectives. These claims must be reviewed and either surveyed or opened for examination.
 - All claims selected for examination are sent to SB/SE Classification Control Unit (CCU). CCU updates the claim to Exam Organization Code 1086; status 08 and the appropriate activity and/or source code (Refer to IRM 4.4, Audit Information Management System (AIMS) – Validity and Consistency, Exhibit 4.4.1-1, Reference Guide). CCU will prepare and send selected claims to the field using the LB&I contact listing.
 - All claims accepted as filed are sent to Taxpayer Services Accounts Management for processing.

Note: LB&I Ogden PSP (Workload Development team 2) revenue agents/senior program analysts classify LB&I research credit and other specialized claims.

- (2) **Whistleblower claims** - LB&I receives whistleblower claims from the IRS Whistleblower Office and works these claims in accordance with established IRS policy. See IRM 25.2.1, General Operating Division Guidance for Working Whistleblower Claims, for specific procedures on how to address whistleblower claims. The LB&I Whistleblower team, within CP&A reporting directly to the ADCCI, reviews and determines if whistleblower claims warrant an examination. If the whistleblower claim warrants an examination, the LB&I Whistleblower team will assign the whistleblower claim to the field. The LB&I Whistleblower team's process for assigning whistleblower claims to an LB&I examination team in the field is:
- LB&I Whistleblower team SME will first reach out to the PSP and/or the field staff assistant of the Director of Field Operations (DFO) to identify a team for the whistleblower claim to be assigned.
 - If a response is not provided within one week, the workload development and delivery (WDD) AIMS analyst will be instructed to assign it to the LB&I examination team with closest location proximity to the case to move it forward.
 - The LB&I Whistleblower team SME will provide the assignment memo, and all necessary files/debriefing recordings to the field examination team manager for assignment. For whistleblower claims where the examination team was already working the case, the LB&I Whistleblower team SME will route the claim directly to the examination team assigned.

- This process will be followed across LB&I practice areas without exception to ensure consistency within the program regarding whistleblower claims.

4.50.2.2.5.3
(07-26-2022)
Bankruptcy

- (1) SB/SE Insolvency Unit will notify/forward any bankruptcy notifications or requests that are related to LB&I taxpayers to the LB&I bankruptcy coordinator. These can include, but are not limited to, proof of claims and prompt determinations. Refer to IRM 4.27, Bankruptcy, for detailed information on examination bankruptcy procedures.
- (2) The LB&I bankruptcy coordinator requests and controls all returns needed for determinations and presents them to the LB&I classifier for classification.
- (3) All selected returns will be coordinated through the practice area PSPs for assignment to the field.
- (4) All taxpayers are sent a notification of selection or acceptance of the return by the LB&I bankruptcy coordinator for all LB&I prompt determination requests.

4.50.2.2.5.4
(02-18-2026)
**Information Referrals
and Reports**

- (1) LB&I information referrals and reports originate from several different sources including Form 5346, Examination Information Report, Form 3949-A, Information Referral, federal and state agencies referrals, foreign government referrals, and public citizen referrals.

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- (1) Program Action Cases (PACs) are preparer investigations where clients of preparers of interest are examined to determine whether preparer penalties and/or injunctive actions against the preparers are warranted. If a preparer's misconduct appears to be pervasive and not isolated to a single taxpayer, consideration should be given to opening a PAC.
- (2) Information on the PAC approval process and return identification and selection is found in IRM 4.1.10, Return Preparer Program Coordinator.
- (3) Return preparer penalties are described in IRM 20.1.6, Penalty Handbook, Preparer and Promoter Penalties.
- (4) Any inquiry regarding a return preparer penalty or PAC should be referred to the LB&I return preparer coordinator (RPC), who is located in the Penalty Practice Network.

- (1) Form 3115, Application for Change in Accounting Method, is filed with National Office and a copy attached to the taxpayer's tax return in the year of change. National Office reviews the Form 3115 and issues determination letters to taxpayers authorizing or denying a change in accounting method.

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- (1) Emerging issues can come in many forms. An emerging issue may have one or more of the following characteristics:
 - a. It arises from a new or novel set of facts or through questions of the proper application of tax law.

- b. It has not been addressed by published legal guidance or administrative pronouncements of the IRS.
 - c. It is susceptible to inconsistent treatment by both the IRS and LB&I taxpayers.
 - d. It may or may not involve a potential abusive tax avoidance transaction.
 - e. It is not necessarily limited to a specific industry and can impact across IRS divisions.
- (2) Tax issues can be identified by examiners, managers, specialists, SMEs, and other IRS personnel. Sources for identifying issues include, but are not limited to, current examinations, news articles, the Tax Shelter Hotline, taxpayer inquiries, and industry contacts. Issues identified should be brought to the attention of the applicable Issue Practice Network as early as possible.

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4.50.2.2.5.8
(07-26-2022)
Transactions of Interest

- (1) The reportable transaction category “transaction of interest” (TOI) is defined as a transaction that the IRS and the Treasury Department believe is a transaction that has the potential for tax avoidance or evasion, but lack sufficient information to determine whether the transaction should be identified specifically as a tax avoidance transaction. The TOI category of reportable transactions will apply to transactions entered into on or after November 2, 2006.
- (2) Notice 2009-55, 2009-31 IRB 170, provides a list of transactions that have been identified by the IRS as “transactions of interest” for purposes of 26 CFR 1.6011-4(b)(6) and IRCs 6111, 6112, 6662A, 6707, 6707A and 6708.
- (3) *Transactions of interest* on IRS.gov includes a list of these transactions and related notices.

4.50.2.2.5.9
(02-18-2026)
Liquidations (Form 952, Consent To Extend the Time To Assess Tax Under Section 332(b))

- (1) Taxpayers are required to paper file Form 952, Consent to Extend the Time To Assess Tax Under Section 332(b), to extend the period of assessment of all income taxes of the receiving corporation on the complete liquidation of a subsidiary under IRC 332. Form 952 must be used if the liquidation will not be completed within the taxpayers first year of distribution. If the taxpayer does not completely liquidate within the three (3) year period following the end of the subsidiary’s tax year that the first distribution was made, then the liquidation may be treated as invalid under IRC 332(b).

4.50.2.3
(07-26-2022)
Classification

- (1) Classification is mandatory for any compliance programs approved by the Compliance Strategy Council (CSC) with an issue-based audit treatment stream. Exceptions to this requirement include returns that don’t require classification, or upon ad hoc approval by the CSC.

4.50.2.3.1
(07-26-2022)
Classification Tools

- (1) The main functions, tools, and systems for classification are (not all-inclusive):
- Content Management and Collaboration (CMC)
 - E-Classifier

- (2) CMC is utilized for classifying and risking returns. CMC provides enhanced inventory management to CMC managers, leads and team members. CMC allows for cases to be assigned to a group, assigned to a specific team member and submitted for approval to the manager by the team member with system generated e-mail alerting the appropriate person when an action is needed. CMC allows for cases to be automatically updated on AIMS when the manager approves a case to be sent to the LWIS system for assignment to the field. Feedback is provided in the risk assessment form in CMC.
- (3) The E-Classifier is a secured virtual and physical environment used for classifying case work from large volumes of international data that must be analyzed to identify compliance issues, to support the case processing mission. The E-Classifier tool enables classifiers access to a wide range of returns and works seamlessly within the classification process. The E-Classifier tool provides electronic feedback measurements from classifiers that identify non-compliant activity.

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