



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.51.2

MAY 23, 2024

EFFECTIVE DATE

(05-23-2024)

PURPOSE

- (1) This transmits revised IRM 4.51.2, LB&I Case Management, LB&I Administrative Guidance.

MATERIAL CHANGES

- (1) Added contact information to IRM 4.51.2.1, Program Scope and Objectives.
- (2) Rewrote IRM 4.51.2.1.2, Authority, to better align with Delegation Order 1-23 (Rev. 1) and Division Delegation Order 1-23-12 (Rev. 1).
- (3) Changed IRM 4.51.2.1.4, Program Controls, to state that control numbers are assigned to interim guidance memoranda after approval.
- (4) Added new subsection IRM 4.51.2.1.5, Terms and Acronyms.
- (5) Added LB&I Policy Gateway link to IRM 4.51.2.1.6, Related Resources.
- (6) Removed former 4.51.2.2, LB&I Industry Director Directives or LB&I Directives, because it is obsolete.
- (7) Added IRM 1.11.2 reference to IRM 4.51.2.2.1, Instructions to Staff.
- (8) Clarified definition of supplemental guidance in IRM 4.51.2.2.2 to align with the definition in IRM 1.11.2.2.1, Supplemental Guidance.
- (9) Removed first paragraph of IRM 4.51.2.2.3, Content Placement, which referred to moving some IRM content to supplemental resources. This has been completed.
- (10) Added LB&I Policy Gateway link to IRM 4.51.2.3, Conveying Instructions to Taxpayers.
- (11) Added new subsection 4.51.2.4, Practice Unit Standards.
- (12) Added new subsection 4.51.2.5, Audit Technique Guide Standards.
- (13) Removed former IRM 4.51.2.7, LB&I Coordinated Issues because it is obsolete.
- (14) Editorial corrections have been made throughout.

EFFECT ON OTHER DOCUMENTS

IRM 4.51.2 dated August 3, 2021 is superseded.

AUDIENCE

LB&I employees

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4.51.2

LB&I Administrative Guidance

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4.51.2.1
(05-23-2024)
Program Scope and Objectives

- (1) **Purpose:** This IRM describes LB&I procedures for managing administrative guidance and instructions to examiners.
- (2) **Audience:** LB&I personnel.
- (3) **Policy Owner:** Assistant Deputy Commissioner Compliance Integration, LB&I
- (4) **Program Owner:** LB&I Policy under the Strategy, Policy and Governance office in the Assistant Deputy Commissioner Compliance Integration (ADCCI) organization.
- (5) **Primary Stakeholders:** Besides IRS personnel, stakeholders also include taxpayers and their representatives.
- (6) **Program Goals:** This IRM:
 - a. Distinguishes LB&I administrative guidance from published legal guidance
 - b. Defines instructions to staff and supplemental material
 - c. Provides guidelines for content placement
- (7) **Contact Information:** To recommend changes or to make any other suggestions about 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 <https://irs.gov.sharepoint.com/sites/PolicyGateway/SitePages/Large-Business-and-International-Policy-Gateway.aspx>

4.51.2.1.1
(08-03-2021)
Background

- (1) Administrative guidance is a general term that refers to instructions to staff that is often issued on specific issues by a director-level official or above. Administrative guidance may:
 - a. Address administrative procedures and compliance actions.
 - b. Provide operational instructions for planning and conducting examinations in areas of unsettled law.
 - c. Address time and resource allocations, including specialist involvement on cases.
 - d. Mandate the use of specific audit techniques in developing issues.
- (2) In contrast, the term "published guidance" refers to items such as revenue rulings, revenue procedures, notices and announcements that are published in the Internal Revenue Bulletin. They provide information and guidance to taxpayers, IRS personnel and others. The Treasury Department and Office of Chief Counsel provide published legal guidance that establishes the IRS's legal position. LB&I administrative guidance may cite or refer to established legal principles that have been published in the Internal Revenue Bulletin.

4.51.2.1.2
(05-23-2024)
Authority

- (1) According to IRM 1.2.2.2.20 , Delegation Order 1-23 (Rev. 1), Authorization to Perform Functions of the Commissioner, division commissioners may delegate to officers under their supervision certain authorities on matters under their jurisdiction and cases under their responsibility. As a result, the LB&I commissioner may, through practice area directors, issue guidance to field employees to promote better understanding and consistency. See IRM 1.2.63.2.11, Delegation Order LB&I 1-23-12 (Rev. 1).

4.51.2.1.3
(08-03-2021)

Role of LB&I Policy

- (1) LB&I Policy is under the Assistant Deputy Commissioner Compliance Integration (ADCCI), Director – Strategy, Policy and Governance. With respect to administrative guidance, this function is charged with:
 - a. Developing, changing and documenting LB&I policies and monitoring adherence to those policies.
 - b. Ensuring administrative guidance is coordinated and vetted with affected parties.
 - c. Guiding administrative guidance through the approval process to either the Assistant Deputy Commissioner Compliance Integration or other defined approver.
 - d. Ensuring content is placed appropriately and that supplemental guidance and informational resources do not contain instructions to staff that should be placed in the IRM.

4.51.2.1.4
(05-23-2024)

Program Controls

- (1) LB&I will use Interim Guidance (IG) procedures to issue instructions to staff that cannot wait for an IRM update. IG memos are used Servicewide to issue guidance faster than an IRM section update. They have established clearance procedures and a system for tracking, controlling, and revoking them. IG memos are associated with their related IRM sections(s) on IRM Online and in the Freedom of Information Act (FOIA) library and are incorporated into the IRM within two years (unless reissued). Instructions for authoring, clearing, distributing and monitoring IG memos are found in IRM 1.11.10, Interim Guidance Process. LB&I specific processes are established and administered by LB&I Policy.
- (2) All interim guidance memos will be assigned control numbers and be added to the Internal Management Document (IMD) Tracking System. This system links these memos to their related IRM section in IRM Online. The IMD Tracking System is used to monitor the status and expiration dates of each memo. Control numbers are assigned by an LB&I IMD coordinator after approval of the document. The components of the control number are:

Component	Example
Division/Function	LB&I
The IR Part Number (Business Process Number)	Usually 04 for Examining Process (Business Process Numbers are found in IRM 1.11.1.5)
Month and Year	April 2024 would be 0424
Sequential Tracking Number	Starting with 001. This sequence starts over each calendar year

- (3) IG memos are in effect for two years from the issuance date or through the stated expiration date on the guidance, if earlier. To remain in force, procedures must be incorporated into the IRM by the expiration date.

4.51.2.1.5
(05-23-2024)

Terms and Acronyms

- (1) The following acronyms are used in this IRM:

Acronym	Definition
ADCCI	Assistant Deputy Commissioner Compliance Integration
ATG	Audit Technique Guide
IG or IGM	Interim Guidance or Interim Guidance Memorandum
IMD	Internal Management Document
POC	Point of Contact
SME	Subject Matter Expert

4.51.2.1.6
(05-23-2024)

Related Resources

- (1) LB&I Policy Office Virtual Library landing page: <https://irs.gov.sharepoint.com/sites/ETD-KMT-KB011/SitePages/LBIPrograms/LBIPolicyOffice/PolicyLandingPg.aspx>
- (2) Submit questions and policy development requests to: <https://irs.gov.sharepoint.com/sites/PolicyGateway/SitePages/Large-Business-and-International-Policy-Gateway.aspx>

4.51.2.2
(08-03-2021)

Guidance Placement Standards

- (1) The following subsections describe fundamental concepts relating to the various ways guidance is provided to employees. This content will help to define where instructional or informational material will be placed.

4.51.2.2.1
(05-23-2024)

Instructions to Staff

- (1) The IRM is the primary, official source of instructions to staff and includes content that falls into one of the following categories:
- Delegations of Authority**— In general, the power to give orders or make decisions. Delegation orders are issued by the Commissioner of Internal Revenue (or on the Commissioner's behalf), to subordinates, with or without restriction or redelegation.
 - Guidelines** — Directions employees use to determine a course of action or explanations that help employees make judgments based on facts.
 - Interim Guidance (IG)**— A memorandum or IRM procedural update used to convey immediate, emergency or temporary changes to operations or procedures.
 - Policy Statement** — A statement concerning an important ideal or value that guides IRS in administering the internal revenue laws and forms the basis for IRM procedures.
 - Procedures** — A process, series of instructions to follow, or a sequence of steps, that establish a standard based on rule or policy.

See Exhibit 1.11.2-1, Definitions of Terms for Determining What Belongs in the IRM, for definitions of other related terms.

- (2) IRM content is defined in IRM 1.11.2.2, IRM Standards. This subsection provides general guidelines to follow when evaluating content for IRM inclusion

- (3) In addition to consideration of the IRM standards defined in IRM 1.11.2.2, information will be placed in the IRM if it meets any of the following criteria:
- a. It details actions that one or more employees are required to perform as part of their duties.
Example: Performing a risk analysis as described in IRM 4.46.3.3 as part of an examination.

Example: Technical instructions with mandatory steps on how to perform an examination of an issue such as the application of the economic substance doctrine as described in IRM 4.46.4.
 - b. Employees are evaluated on how they follow the instructions it provides.
Example: Soliciting an extension of the statute of limitations as described in IRM 25.6.22.

Example: Completing a Form 4549 / Form 4549-A, Report of Income Tax Examination Changes, according to IRM Exhibit 4.10.8-1.

Example: Following instructions for closing various claim for refund cases as described in IRM 4.10.11.2.15.
 - c. It provides rules for completing required worksheets or forms which are not published elsewhere.
Example: Accurately completing entries on Form 5344, Examination Closing Record, as described in IRM 4.4.12.5,2 or related interim guidance memo.

Example: Instructions for filling out the “Other Information” section of Form 4549 when inviting the taxpayer to file a claim as described in IRM 4.10.8.10.1 (4).

Example: Instructions for completing a technical issue checksheet, letter to be sent, or other actions that must be completed in a particular way, such as the IDR enforcement process described in IRM Exhibit 4.46.4-2.
- (4) The advantages to placing instructions to staff in the IRM (as opposed to another source) are:
- a. Content is subject to a formal review and approval process.
 - b. Archived copies of previous versions are easy to find in the core repository of published products.
 - c. Changes between revisions are clearly documented in the Manual Transmittal. (Background material is also available through the IRM Historical Library.)
 - d. Instructions are available to the public for transparency purposes unless specifically redacted.
 - e. IRMs are certified as current or not current on a yearly basis.
 - f. Employee performance can be evaluated based on adherence to the IRM.

4.51.2.2.2
(05-23-2024)
**Supplemental Guidance
and Informational
Resources**

- (1) Supplemental guidance is defined in IRM 1.11.2.2.1, Supplemental Guidance. This subsection provides information on material that supplements or supports a program process or activity when the primary guidance is in the IRM.
- (2) For LB&I, the following types of supplemental guidance and informational resources are known to be used (may not be all inclusive):
 - a. **A Performance Support Tool** is a web-based tool which provides information that supplements information in the IRM. Examples include the E-FOIA Decision Tool, and the IRM Decision Tool. All performance support tools must reference the official guidance or procedures, such as the IRM, and be approved by the responsible IRM author/analyst or program owner.
 - b. **Job aids** are documents containing information on a specific issue which supplements or supports a program, process, or activity. Job aids summarize official procedures and guidance, such as the IRM, in order for employees to quickly obtain information on a specific subject or topic or for a specific user. An example is Form 10949, Statute Extension Check Sheet.
 - c. **Practice Units** are developed through internal collaboration and serve as both job aids and training materials on tax issues. They contain general information on specific tax concepts and processes, as well as guidance on what to consider in an examination of a particular transaction or fact pattern. Practice Units are not official pronouncements of law or directives and cannot be used, cited or relied upon as such. They do not limit an IRS examiner's ability to use other approaches when examining issues.
 - d. **Audit Technique Guides** (ATGs) help IRS examiners during audits by providing insight into issues and accounting methods unique to specific industries or issues. ATGs explain industry-specific examination techniques and include both common and unique industry issues, business practices and terminology. Guidance is also provided on the examination of income, interview techniques and evaluation of evidence. ATGs are not an official pronouncement of the law or the position of the IRS and cannot be used, cited, or relied upon as such.
 - e. **Software or application specific instructions** that describe how to use and operate computer software or an application are not IRM material. See IRM Exhibit 1.11.2-1, Definitions of IMD Terms for Determining What Belongs in the IRM. However, instructions that go beyond basic program usage such as the mandatory workpaper naming convention or mandatory IMS inputs do belong in the IRM.
 - f. **Training materials** are used to communicate specific aspects of guidance and may be used for new hire training, to increase knowledge on a specific issue, or other purposes.
 - g. **Communications:** Email or other communication formats where material supporting published guidance are published. Care must be taken not to issue authoritative instructions using this means instead of interim guidance.
- (3) Supplemental guidance and informational resources that help employees do their jobs should be placed into the Virtual Library. Information in the Virtual Library is grouped by related subject matter and placed on different floors. Floors are organized by knowledge base (KB) groupings with multiple KBs within each grouping. KBs contain information related to specific entities,

systems, issues, topics, programs or procedures. KBs are organized by shelves with contents placed into books.

4.51.2.2.3
(05-23-2024)
Content Placement

- (1) LB&I Policy does not own, author, publish, or approve ATGs, practice units, other informational resources or supplemental guidance. These functions are carried out by various practice areas across LB&I. The role of LB&I Policy is to ensure that these types of resources do not contain instructions to staff that should be placed in the IRM. Policy analysts will review IRM content to ensure it is housed in the appropriate place and move content between formats as necessary.
- (2) LB&I practice areas publishing this type of content should include a step in their process to consider whether the content belongs in the IRM before publishing. IRM 1.11.2.2 and the <https://spder.web.irs.gov/imd/Resources/IRMDDecisionTool.aspx> is available to help determine what belongs in the IRM. LB&I Policy is available to help determine where content belongs during the development process before approval.

4.51.2.2.4
(08-03-2021)
Annual Review

- (1) See IRM 1.11.2.2.1, Supplemental Guidance, paragraph (4) for annual review requirements for supplemental guidance.

4.51.2.3
(08-03-2021)
Conveying Instructions to Taxpayers

- (1) In some cases, it may be necessary to communicate instructions to taxpayers along with guidance to examiners. In these situations, examiners should consider working with Counsel on a revenue procedure or notice as defined in Chief Counsel Directives Manual (CCDM) 32.2, Chief Counsel Publication Handbook. These types of statements are the appropriate vehicles for providing taxpayers with formal guidance. The CCDM also contains procedures for creating and publishing these documents.
- (2) News releases are nontechnical publications targeted at the general public through the news media. News releases can be used to provide general information to taxpayers, but they can't be relied upon as instructions. For more information, see IRM 11.1.3, Communications, Contact with the Public and the Media.
- (3) If instructions to taxpayers need IRM content change or development, contact LB&I Policy as early as possible. Submit a request to: <https://irsgov.sharepoint.com/sites/PolicyGateway/SitePages/Large-Business-and-International-Policy-Gateway.aspx>

4.51.2.4
(05-23-2024)
Practice Unit Standards

- (1) A practice unit is a reference tool that discusses a scenario and the associated issues or transactions. There are three types of practice units:
 - a. Concept Unit – in-depth explanation of a broad concept that is written as a “What is...” guide.
 - b. Process Unit – step-by-step “how to” instructions for performing a particular process
 - c. Transaction Unit – a roadmap for examining a particular transaction and its related issues.
- (2) Practice units have established development procedures. LB&I practice areas determine the topics that need practice units, and their subject matter experts

(SMEs) develop the content. SMEs will collaborate with other practice areas and business units as appropriate to develop the practice unit.

- (3) Practice units are written using standardized templates and guidelines to provide consistency from one practice unit to another. Job aids and resources are available to help developers with using the templates, writing the practice units and monitoring their development status.
- (4) The draft practice unit will undergo reviews within and outside the practice area before publication in the Virtual Library. Newly posted practice units are advertised in LB&I Frontline News and field employees are invited to provide feedback. After allowing a period for field review and feedback, any feedback will be considered and integrated into the practice unit as needed to finalize the practice unit. The final practice unit will replace the draft copy in the Virtual Library and then will be published on IRS.gov.
- (5) The LB&I Knowledge Management (KM) Team supports the practice areas with the practice unit development, review and publication processes. The KM team in collaboration with the practice areas:
 - a. Establishes the practice unit development and review procedures
 - b. Develops practice unit development tools, job aids and resources
 - c. Provides training on how to use these tools
- (6) The KM team helps shepherd the practice units through the different stages of development and ensures all applicable procedures are followed and reviews are completed. The KM team ensures the practice units meet section 508 accessibility requirements and coordinates the publication of the practice units on IRS.gov.
- (7) Practice areas are responsible for monitoring their practice units and updating them when needed.
- (8) Questions about practice units may be sent to **LB&I Knowledge Management*.

4.51.2.5
(05-23-2024)
**Audit Technique Guide
Standards**

- (1) In LB&I, practice areas are responsible for audit technique guides (ATGs). Practice area subject matter experts (SMEs) should review existing ATGs at least annually to determine if they should be updated or made obsolete.
- (2) Practice area SMEs will determine if a need exists for the creation of an ATG or to update an existing ATG. SMEs should secure approval from the executive owner or co-owners before beginning the project.
- (3) An ATG may be a joint project with SB/SE. In this case SMEs from both divisions will determine primary ownership and work out a joint project agreement addressing the project scope and resources needed.
- (4) To develop or revise an ATG, the SMEs or analysts on the project team should follow these steps.
 - a. Develop and set a timeline with target dates to facilitate the completion of the ATG.
 - b. Draft an outline of the ATG. The scope of the ATG can address one issue or encompass several issues associated with an industry or type of

- return. The content generally will include a discussion of the issue(s), examination techniques, supporting law and other information to assist the examiner.
- c. Conduct necessary information gathering and research.
 - d. Include assigned field counsel points of contact in drafting the ATG and consult with Associate Chief Counsel offices as issues arise during the development.
 - e. Use the standard Word template for ATGs provided by Media and Publications.
- (5) ATGs will be reviewed by management before formal clearance. The SME manager should consider the following when reviewing the document:
- a. Clarity, tone and plain language
 - b. Technical content
 - c. Disclosure of official use only or sensitive but unclassified information
 - d. Copyright violations
 - e. Coordination with assigned counsel
 - f. IRS Style Guide
- (6) The Practice Area IMD coordinator will coordinate the clearance process. Generally, ATGs will be cleared through LB&I Counsel, PGLD, affected practice areas and operating divisions, and the LB&I Policy Office. Policy Office review is limited to content placement per IRM 4.51.2.2.3. If review by Chief Counsel is necessary, LB&I Counsel will coordinate.
- (7) The analyst/author will address clearance comments, make necessary edits and complete a final review of the document to ensure the document is 508 compliant and all redline edits and comments are removed. The analyst/author is responsible for ensuring that the document is ready to be published.
- (8) The analyst/author will submit the clean, final ATG through their management chain to the appropriate director of field operations for approval. Approval may be documented using Form 2061, Document Clearance Record, or Form 14074, Action Routing Sheet.
- (9) ATGs are published by Media & Publications. To begin the publication process, submit a Publishing Services Request at <https://caps-as.enterprise.irs.gov/psr/app>.