



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.54.1

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EFFECTIVE DATE

(11-25-2022)

PURPOSE

- (1) This transmits new IRM 4.54.1, LB&I Subject Matter Experts (SMEs), Roles and Responsibilities of SMEs.

MATERIAL CHANGES

- (1) This is a new IRM section describing the roles and responsibilities of a subject matter expert.

EFFECT ON OTHER DOCUMENTS

None

AUDIENCE

Employees, management and executives in LB&I.

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4.54.1

Roles and Responsibilities of SMEs

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Program Scope and Objectives

- (1) **Purpose:** This IRM provides a general overview of the responsibilities the Large Business and International Division (LB&I) practice network (PN) technical issue and industry subject matter experts (SMEs) should understand and apply in the performance of their duties. The roles, responsibilities, duties and activities included in this IRM are not all inclusive. The primary objective of the SME is to support the mission of the Internal Revenue Service (IRS) and LB&I. For specific responsibilities of subject matter experts in Withholding, Exchange, and International Individual Compliance Practice Area, please see IRM 4.63.2, LB&I WIIC Practice Network Knowledge Management.
- (2) **Audience:** The primary users of this IRM are LB&I SMEs.
- (3) **Policy Owner:** LB&I Policy under the Strategy, Policy and Governance office in the Assistant Deputy Commissioner Compliance Integration organization.
- (4) **Program Owner:** All LB&I Practice Areas.
- (5) **Primary Stakeholders:** All LB&I Personnel, SB/SE, TE/GE, Appeals, Counsel and Criminal Investigation.

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Background

- (1) Technical issue and industry SMEs foster collaboration and the sharing of knowledge and expertise, across LB&I Practice Areas and with other Business Operating Divisions (BODs). Technical issue SMEs typically provide subject matter expertise through Practice Networks (PNs). Industry SMEs are generally in geographic practice areas through-out the organization and provide specific industry expertise.
- (2) All the above LB&I technical issue and industry Subject Matter Experts are hereafter referred to as "SMEs."

4.54.1.1.2
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Authority

- (1) By law, the Service has the authority to conduct examinations under Title 26, Internal Revenue Code, Subtitle F – Procedure and Administration, Chapter 78, Discovery of Liability and Enforcement of Title, Subchapter A, Examination and Inspection, which includes, but is not limited to:
 - IRC 7602, Examination of books and witnesses
 - IRC 7605, Time and place of examination

Note: Additional information related to conducting examinations is contained in 26 CFR 601.105, Statement of Procedural Rules.

- (2) IRM 1.2.1.2.1, Policy Statement 1-1; Mission of the Service.

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Responsibilities

- (1) Practice area Directors oversee SMEs in each practice area.

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Program Management and Review

- (1) **Program Goals:** SMEs use their technical expertise to advise on the application of tax laws with integrity and fairness through a highly skilled and engaged workforce, in an environment of inclusion where each employee can make a maximum contribution to the mission of the IRS. Additionally, SMEs may provide knowledge and expertise in developing training, maintaining the knowledge base and other audit resources, and facilitating collaboration and skills transfer related to issue or industry strategies.

- (2) **Program Reports:** LB&I Practice Areas with SMEs will collect data for issues on examinations and time utilization using various information management systems such as the Request Tracker, IBMIS, or other methods . They will also monitor the progress of assigned issues.
- (3) **Program Effectiveness:** The effectiveness of LB&I SMEs is monitored by evaluating issue examination, time utilization, reporting and other information. Effectiveness of the Program is determined by whether the mission and Program objectives are accomplished efficiently, and reliable information is obtained and used for decision making.

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Program Controls

- (1) **Annual Review:** Annual quality assurance and internal control reviews are conducted through the Federal Managers' Financial Integrity Act (FMFIA) Managers' Assessment certification process. The FMFIA Managers' Assessment is part of management and internal controls assessment certification required for the Annual Assurance Statement. All managers are required to review the adequacy of controls for their respective program area to identify risks. Management involvement is necessary at every level in certifying the control environment for their program area of responsibility is working as designed. (See IRM 1.4.2, Monitoring and Improving Internal Control).

4.54.1.1.6
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Acronyms

- (1) The table below contains acronyms used in this IRM:

Acronym	Definition
BOD	Business Operating Division
FMFIA	Federal Managers Financial Integrity Act
GAO	Government Accountability Office
IBMIS	Issue Based Management Information System
IDR	Information Document Request
NOPA	Notice of Proposed Adjustment
PN	Practice Network
SME	Subject Matter Expert
TIGTA	Treasury Inspector General for Tax Administration
UTP	Uncertain Tax Positions

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Related Resources

- (1) IRM 4.46, LB&I Examination Process

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Roles and Responsibilities of the LB&I SME

- (1) SME duties include a variety of different tasks and interactions. The responsibilities of the LB&I SME may include, but are not limited to, the following:
 - a. Assisting with the identification and development of issues that pose the highest compliance risk.
 - b. Participating in campaigns through development and execution.

- c. Providing issue or industry expertise and assistance to field examiners in LB&I and other BODs.
- d. Sharing knowledge with internal and external stakeholders.
- e. Developing and maintaining subject matter expertise.
- f. Collaborating with field agents, Counsel and all relevant stakeholders.

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Assisting with the Identification and Development of Issues that Pose the Highest Noncompliance Risk

- (1) SMEs assist in identifying and developing issues by performing a number of tasks, which may include, but are not limited to:
 - a. Analyzing data sources, which may include the Issue Based Management Information System (IBMIS), Request Tracker, Uncertain Tax Positions (UTP) Statement or other data sources.
 - b. Analyzing issue trends in alignment with current strategic objectives.
 - c. Assessing viability of issues identified by the field.
 - d. Analyzing and interpreting legal developments.
 - e. Conducting research on industry/market studies to determine compliance.
 - f. Collaborating with other functions on issue selection projects and criteria.
 - g. Evaluating emerging issues, issues that may have high noncompliance risk and issues of strategic importance.
 - h. Gathering facts and researching issues, law and industry practices.
 - i. Obtaining legal advice to support issue development.
 - j. Assisting with development of inserts for case-built files (CBF).
 - k. Writing technical material such as content for the Service Wide Virtual Library (SWVL), *IRS Website*, etc.
 - l. Assisting in development of technical pronouncements.
- (2) SMEs may contribute to improving compliance by:
 - a. Partnering in issue identification and development with all Practice Areas, BODs, Appeals, Counsel, and other stakeholders.
 - b. Assisting Counsel and Treasury in development of guidance (e.g. proposed regulations, revenue procedures, revenue rulings, notices, or other forms of guidance).
 - c. Recommending areas for guidance for the Priority Guidance Plan (PGP), legislation or tax law changes.
 - d. Developing and implementing action plans for new legislation, including Legislative Analysis, Tracking and Implementation Services (LATIS) plan.
 - e. Updating forms, instructions, and other publications.
 - f. Supporting technical issue development of promoter leads.

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Campaign Participation

- (1) SMEs may be involved in all stages of the Campaign Development Process. Their activities related to campaign development may include, but are not limited to:
 - a. Evaluating and prioritizing campaign submissions.
 - b. Assisting with filter development.
 - c. Leading development teams.
 - d. Identifying treatment streams and resource requirements.
 - e. Collaborating within and outside the PNs.
 - f. Developing campaign proposals and technical briefings.
 - g. Participating in steering committees and external outreach.
- (2) SMEs may participate in campaign execution. Their activities related to campaign execution may include, but are not limited to:

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- a. Serving as technical lead or executive owner assigned to campaign issue.
- b. Developing questions for IDRs and providing sample NOPAs.
- c. Reviewing agent-prepared IDRs and/or NOPAs on campaign issues.
- d. Providing technical support to the field on the campaign.
- e. Developing and delivering training on the campaign issue.
- f. Reviewing responses to rebuttals on unagreed campaign issues.
- g. Reviewing Appeals pre and/or post conference presentation material and Appeals Case Memorandums.
- h. Preparing and delivering campaign briefings.
- i. Determining proper feedback and metrics to capture.
- j. Analyzing feedback and metrics to determine the next campaign phase.

4.54.1.1.8.3
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Provide Expertise and Assistance to Field Examiners

- (1) SMEs provide issue or industry expertise to LB&I and other organizations, including but not limited to:
 - SB/SE
 - W&I
 - TE/GE
 - Appeals
 - Chief Counsel
 - Criminal Investigation
 - U.S. Department of Justice
- (2) SMEs address inquiries by collaborating with PNs, issue teams, other SMEs, Counsel, and relevant stakeholders as needed. SMEs may provide advice to field agents based on these collaborations. They coordinate positions on technical issues that intersect industry SME areas of expertise and maintain positive interactions with field agents. They disseminate responses to frequently asked questions through appropriate means.
- (3) SMEs may consult on cases in coordination with the exam team manager, issue manager, and team members, when appropriate by:
 - a. Visiting the taxpayer site and/or attending tours.
 - b. Assisting in discussion with taxpayers.
 - c. Assisting or performing risk analysis functions in alignment with current strategic objectives, such as centralized risking.
 - d. Coordinating with other practice areas on the application of issue treatment streams for consistency and the most effective use of resources.
- (4) SMEs may review a variety of examination documents, including, but not limited to:
 - a. IDRs, taxpayer responses to IDRs, and other records received.
 - b. NOPAs.
 - c. Presentation materials for taxpayer meetings.
 - d. Rebuttals to taxpayer protests on unagreed issues.
 - e. Presentation materials for Appeal's pre-conference meetings.
 - f. Appeals Case Memorandums.
- (5) SMEs may assist field examiners with issue resolution by:

- a. Striving to ensure cases are resolved consistently by working with the field in communicating the Service's position. Refer to IRM 4.46.5, Resolving the Examination.
- b. Consulting on alternative issue resolution initiatives, such as Industry Issue Resolution (IIR), Pre-Filing Agreement (PFA), Program Issues, Fast Track, and any other issue resolution initiatives by assisting or serving as the technical and/or administrative lead or co-lead.
- c. Attending post Appeals conferences.

4.54.1.1.8.4
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Share Knowledge with Internal and External Stakeholders

- (1) SMEs share knowledge with internal stakeholders and external stakeholders by:
 - a. Developing and delivering technical training such as continued professional education, flexible blended learning, workshops, community meetings and network events.
 - b. Developing and maintaining content in the Virtual Library, IRS source, IRS.gov and other web-based content as well as addressing feedback received on web-based content.
 - c. Developing and maintaining educational materials such as practice units, audit technique guides, job aids, audit tools, issue books, and other technical resources. This would include ensuring the material is not IRM content as defined in IRM 4.51.2, LB&I Administrative Guidance.
 - d. Reviewing content and providing suggested changes to IRM authors. See IRM 1.56.1.1.3.1, Role of Policy Analysts and Subject Matter Experts.
 - e. Assisting with the delivery of technical presentations to Appeals, if applicable.
 - f. Collaborating within LB&I and other BODs to advise on technical issues, projects, and strategic issues.

4.54.1.1.8.5
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Develop and Maintain SME Expertise

- (1) SMEs develop and maintain expertise by performing the following activities, which may include, but are not limited to:
 - a. Attending external conferences and conventions for continuing professional education (CPE).
 - b. Networking with external professionals.
 - c. Reading and monitoring technical publications and periodicals to keep abreast of technical issues and practices.
 - d. Attending external professional training.
 - e. Attending CPE seminars and focus meetings conducted by the IRS.
 - f. Participating in special assignments.

4.54.1.1.8.6
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Collaboration and Other Aspects of SME Duties

- (1) SMEs provide quality technical assistance by considering both issue and industry technical aspects, if necessary, obtaining expert input from other issue and industry SMEs and making resources available to stakeholders.
- (2) SMEs facilitate a collaborative and consultative culture to help provide quality customer service by ensuring timely responses, seeking feedback, implementing changes where appropriate and collaborating with relevant stakeholders.
- (3) SMEs enhance knowledge transfer by providing learning opportunities and clear training specific to issues and industries.
- (4) SMEs assist with TIGTA/GAO audits by preparing responses for congressional inquiries, TIGTA/GAO information requests, Planned Corrective Actions and

taxpayer or external stakeholders' inquiries addressed to the IRS or LB&I Commissioner. See IRM 11.51.1 , LB&I Audit Program Process for TIGTA and GAO.

- (5) SMEs provide litigation support by assisting in trial preparation and appearing in court as an expert witness when requested.
- (6) SMEs support data analytics by assisting with filter development and modification if necessary. They analyze issue trends (e.g. IBMIS, Request Tracker, UTP or other data sources) in alignment with current strategic objectives.