



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

6.735.2

JULY 12, 2023

EFFECTIVE DATE

(07-12-2023)

PURPOSE

- (1) This transmits revised IRM 6.735.2, IRS Outside Employment.

MATERIAL CHANGES

- (1) The HRConnect Outside Employment System (OES) replaced the Totally Automated Personnel System (TAPS). Throughout IRM, replaced TAPS references and instructions with HRConnect.
- (2) Moved the Outside Employment policy from Document 12011-A, IRS Outside Employment and Business Activity Rules, to this IRM.
- (3) Revised the Manual Transmittal Purpose to comply with IRM 1.11.2.6.1.2, Manual Transmittal Purpose.
- (4) Revised IRM 6.735.2.1, Program Scope and Objectives. Added the language for the tenth principle of ethical conduct to paragraphs (1) and (7) and the Operations Owner: Labor/Employee Relations & Negotiations division. Deleted the Outside Employment policy (Document 12011-A) and the IRS Ethics Handbook (Document 12011) from paragraph (7).
- (5) In IRM 6.735.2.1.1, Background, added paragraph (1), which was moved from the Manual Transmittal Purpose. Also added paragraphs (3), (4), and (5).
- (6) In IRM 6.735.2.1.2, Authority, added authorities for Title 5 of the Code of Federal Regulations (CFR) Parts 733 and 734; Title 5 of the United States Code (USC), Sections 7321-7326; 18 USC Chapter 11; Civilian Reservist Emergency Workforce Act of 2021, Public Law 117-178; and Document 12829, General Records Schedule. Added paragraph (12), which was moved from IRM 6.735.2.2, Overview.
- (7) IRM 6.735.2.1.3, Roles and Responsibilities, replaced Responsibilities. Former paragraphs (1) through (4) are covered in IRM 6.735.2.1, Program Scope and Objectives.
- (8) Added IRM 6.735.2.1.3.1, Labor/Employee Relations and Negotiations Division Responsibilities.
- (9) IRM 6.735.2.1.3.2, Business Unit Responsibilities, was moved from IRM 6.735.2.1.3.1. Revised to comply with the HRConnect OES (for example, the Official Personnel Folder (OPF) copy is automatically sent to the OPF site for filing).
- (10) IRM 6.735.2.1.3.3, Business Unit POC (BUPOC) Responsibilities, was moved from IRM 6.735.2.1.3.2. Revised to comply with the HRConnect OES (for example, deleted requirement to submit a request for access in the Business Entitlement Access Request System (BEARS), and added a link to the BUPOCs and the IRS Outside Employment POC).
- (11) IRM 6.735.2.1.3.4, Manager Responsibilities, was moved from IRM 6.735.2.1.3.3. Revised to comply with the HRConnect OES (for example, deleted requirement to submit a BEARS request for OES access, and added a link to Outside Employment job aids).
- (12) IRM 6.735.2.1.3.5, Employee Responsibilities, was moved from IRM 6.735.2.1.3.4. Revised to comply with the HRConnect OES (for example, submitting a new request if the employee's position changes and it is recorded on Standard Form 50 (SF-50), updating the OES if the employee wants to end their approved Outside Employment, and receiving email notices from the HRConnect OES).

- (13) IRM 6.735.2.1.3.6, Deputy Ethics Official (DEO), was moved from IRM 6.735.2.1.3.5
- (14) Revised IRM 6.735.2.1.4, Program Management and Review, to delete the IRS Outside Employment POC requirement to provide reports to the BUPOCs. Reports can now be pulled by the BUPOCS from the OES.
- (15) IRM 6.735.2.1.5, Program Controls, includes relevant content from IRM 6.735.2.1.5.1, Control Standards, which was deleted. Added reference to Article 6 in the National Agreement.
- (16) IRM 6.735.2.1.6, Related Resources, was moved from IRM 6.735.2.1.7. Deleted Office of Government Ethics site and Document 12011-A, IRS Outside Employment and Business Activity Rules. Added HCO Outside Employment site.
- (17) IRM 6.735.2.1.7, Terms and Acronyms, replaced IRM 6.735.2.1.6, Terms/Definitions/Acronyms. Added IRS Outside Employment point of contact and revised definitions for review and approving officials.
- (18) IRM 6.735.2.2, Delegation of Authority, replaced Overview. Added reference to Delegation Order 6-4, Authorization to Engage in Outside Employment, Business, and Other Activities
- (19) Added IRM 6.735.2.3, Outside Employment Limitations. Moved content from the Outside Employment policy (Document 12011-A).
- (20) Added IRM 6.735.2.4, Prohibited Outside Employment Activities. Moved content from the Outside Employment policy (Document 12011-A).
- (21) Former IRM 6.735.2.5, Processing OE Requests, was deleted. Procedures are now included in IRM 6.735.2.1.3, Roles and Responsibilities, and in job aids on the HCO OE site.
- (22) Added IRM 6.735.2.5, Outside Employment Activities Exempt from Requesting Approval. Moved content from the Outside Employment policy (Document 12011-A) and added Federal Emergency Management Agency Reservist to I).
- (23) Added IRM 6.735.2.6, Permitted Outside Employment Activities - Submit Request; Prior Approval Required. Moved content from the Outside Employment policy (Document 12011-A).
- (24) IRM 6.735.2.7, Outside Employment System (OES), replaced IRM 6.735.2.3. Added automated HRConnect distribution of approved/denied Outside Employment records, which are sent to the OPF site for filing in the employee's OPF.
- (25) IRM 6.735.2.7.1, Access to OES, includes revised content from IRM 6.735.2.7.1.1, Employee Access; IRM 6.735.2.7.1.2, Supervisor Access, and IRM 6.735.2.7.1.3, POC/Administrative Access, which were deleted.
- (26) Added IRM 6.735.2.7.2, Proxy Access, a new feature in the HRConnect OES.
- (27) IRM 6.735.2.8, Submitting Outside Employment Request, was moved from IRM 6.735.2.4. Added Outside Employment job aids, HRConnect pop-up messages for action required on active records, and email notifications to managers and employees.
- (28) IRM 6.735.2.8.1, Furlough/Shutdown Exceptions, was moved from IRM 6.735.2.4.1. Added reference to Article 48 in the National Agreement.
- (29) IRM 6.735.2.9, Request for the Commissioner of Internal Revenue, replaced IRM 6.735.2.5.1, Commissioner Approval Required. Requests for the commissioner can be submitted in HRConnect instead of using Form 7995. Revised timeframe for processing Commissioner requests from 30 to 45 days.
- (30) Added IRM 6.735.2.10, Checking Status of Request, a new feature in the HRConnect OES.

- (31) Added IRM 6.735.2.11, Modifying or Withdrawing an Outside Employment Request, a new feature in the HRConnect OES. Employees can modify fields for a request in progress or modify specific fields for an approved record.
- (32) Added IRM 6.735.2.12, Viewing/Printing Requests/Records.
- (33) IRM 6.735.2.13, Filing Approved/Denied Requests, replaced IRM 6.735.2.6, Document Distribution. Added reference to 5 CFR 3101.104(b) and email notification.
- (34) IRM 6.735.2.14, Change in IRS Position or Duties - When to Resubmit Request, replaced IRM 6.735.2.7. Added SF-50 process for specific Nature of Action codes (described in table), which requires employees to submit a new request to continue performing their OE.
- (35) IRM 6.735.2.15, Ending Outside Employment, replaced IRM 6.735.2.8, Terminating (Stopping) Outside Employment, and IRM 6.735.2.8.1, Deleting/Archiving records in OES. Employees can update their record when they stop performing OE.
- (36) Added IRM 6.735.2.16, Records Retention, Added reference to Document 12829, General Records Schedule. OES records are purged from HRConnect six years after the employee separates from the IRS.
- (37) IRM 6.735.2.17, Annual Requirements, replaced IRM 6.735.2.9, Annual Review (Mandatory), and IRM 6.735.2.9.1, Annual Review Process in OES, and IRM 6.735.2.9.2, Program Annual Review. HRConnect sends email notices to employees in advance of the annual review due date to allow them to modify/end their approved OE. If the employee wants to continue performing the OE, email notices are sent to managers to recertify their record and update HRConnect. Added link to HCO Outside Employment site.
- (38) IRM 6.735.2.18, Reports, replaced IRM 6.735.2.10. Reports are available in HRConnect. The IRS OE point of contact no longer provides reports. Added link to job aid.
- (39) IRM 6.735.2.19, Reporting Misconduct, replaced IRM 6.735.2.11.
- (40) IRM 6.735.2.20, Contact Information, replaced IRM 6.735.2.12.
- (41) Throughout the IRM, changed “disapproved” to “denied”, rewrote with gender-neutral pronouns, and added/updated links.

EFFECT ON OTHER DOCUMENTS

This IRM

a. Supersedes IRM 6.735.2, IRS Outside Employment, dated November 15, 2021.

b. Supersedes the IRS Outside Employment and Business Activity Rules, Document 12011-A, dated December 31, 2019.

AUDIENCE

All IRS employees excluding contractors

David M. Aten

Acting IRS Human Capital Officer

6.735.2

IRS Outside Employment

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6.735.2.20 Contact Information

6.735.2.1
(07-12-2023)
Program Scope and Objectives

- (1) **Purpose:** This IRM describes the Servicewide policy on the Outside Employment (OE) program to ensure compliance with the tenth principle of ethical conduct covered in the Office of Government Ethics (OGE) Standards of Ethical Conduct, **Employees shall not engage in outside employment or business activities, including seeking or negotiating for employment, that conflicts with official Government duties and responsibilities** (see links in IRM 6.735.2.1.6, Related Resources). It also contains procedures to request and receive approval to perform permitted OE activities, distribute approved/denied requests, annually update OE records, and ensure compliance.
- (2) **Audience:** The policies, authorities, procedures, and instructions contained in this IRM apply to all IRS employees excluding contractors.
- (3) **Program Owner:** The IRS Human Capital Officer (HCO).
- (4) **Policy Owner:** The IRS HCO Policy and Audits (P&A) division.
- (5) **Operations Owner:** The IRS HCO Office or Human Resource (HR) Operations, Labor/Employee Relations & Negotiations (LERN) division,
- (6) **Primary Stakeholders:** The IRS HCO P&A, LERN and Human Resources Shared Services divisions.
- (7) **Program Objectives:** To ensure employees request approval to perform permitted OE activities, if appropriate, and managers regularly remind employees they must not perform prohibited OE activities. Managers must timely review and approve/deny requests and annually update their employees' approved records to comply with this IRM and the tenth ethics principle covered in Document 9300 , 14 General Principles of Ethical Conduct. See links in IRM 6.735.2.1.6, Related Resources.

6.735.2.1.1
(07-12-2023)
Background

- (1) Read and interpret this IRM in accordance with pertinent law, government-wide regulations, Treasury Human Capital Directives and Issuances, Comptroller General Decisions, and Office of Personnel Management guidance, as relevant.
- (2) 5 CFR Part 2635 describes the ethics principles established for employees of the executive branch of the federal government.
- (3) 5 CFR Part 3101 describes the Supplemental Standards of Ethical Conduct for Employees of the Department of Treasury.
- (4) Outside employment and business activities refer to employment or business activities performed separate from an IRS employee's official position.
- (5) IRS employees may engage in OE, with or without compensation, with prior approval, when required, if the OE or business activity complies with applicable statutes and regulations and the OE does not conflict with the IRS's mission.
- (6) Failing to comply with this IRM or related statutes and regulations can result in discipline including removal from the IRS.

6.735.2.1.2
(07-12-2023)
Authority

- (1) This IRM supplements policies and requirements contained in the authorities cited below.

- (2) 5 CFR Part 733, Political Activity - Federal Employees Residing in Designated Localities
- (3) 5 CFR Part 734, Political Activities of Federal Employees
- (4) 5 CFR Part 2635, Standards of Ethical Conduct for Employees of the Executive Branch
- (5) 5 CFR Part 3101, Supplemental Standards of Ethical Conduct for Employees of the Department of the Treasury
- (6) 31 CFR Part 0, Department of the Treasury Employee Rules of Conduct
- (7) 5 USC Chapter 73, Subchapter III, Political Activities at: <https://www.govinfo.gov/content/pkg/USCODE-2021-title5/html/USCODE-2021-title5-partIII-subpartF-chap73.htm>
- (8) 18 USC Chapter 11, Bribery, Graft, and Conflicts of Interest at <https://www.govinfo.gov/app/details/USCODE-2021-title18/USCODE-2021-title18-partI-chap11/summary>
- (9) Civilian Reservist Emergency Workforce Act of 2021, Public Law 117-178, signed September 29, 2022, at <https://www.congress.gov/117/plaws/publ178/PLAW-117publ178.htm>
- (10) Document 12829, General Records Schedule, 2.8, Employee Ethics Records
- (11) For bargaining unit (BU) employees covered by collective bargaining agreements (CBA), such as the National Agreement, Document 11678, if this IRM conflicts with the CBA provisions, the agreement prevails.

6.735.2.1.3
(07-12-2023)

Roles and Responsibilities

- (1) IRS employees and their managers are responsible for the policy and procedures in this IRM.
- (2) This section provides responsibilities for:
 - a. Labor/Employee Relations and Negotiations division;
 - b. Business Units (organizations);
 - c. Business Unit Points of Contact (BUPOC);
 - d. Managers;
 - e. Employees;
 - f. Deputy Ethics Official

6.735.2.1.3.1
(07-12-2023)

Labor/Employee Relations and Negotiations Division Responsibilities

- (1) Notifies the HR Shared Services (HRSS) office when a business unit adds or replaces a BUPOC so access to the OES can be added or deleted, as appropriate.
- (2) Monitors OES compliance by analyzing OES data.
- (3) Contacts BUPOCs if their organization's records indicate deficiencies.
- (4) Assists BUPOCs with questions regarding the OES.
- (5) Contacts the HRSS if there are OES issues.
- (6) Approves organizational training materials to ensure compliance.
- (7) Collaborates with P&A on revisions to the IRM and/or OE policy.

- (8) Takes the lead on responding to data calls associated with audits and coordinates replies with P&A.
 - (9) Reviews the IRM procedures regularly to ensure accuracy.
- 6.735.2.1.3.2
(07-12-2023)
Business Unit Responsibilities
- (1) Designate a BUPOC to monitor their organization’s OE requests and records to ensure compliance and to serve as a representative on the IRS OE team.
 - (2) Ensure managers comply with the 10 workday processing time. See IRM 6.735.2.1.5, Program Controls.
 - (3) Ensure a copy of the approved/denied OE request is printed from the OES site and filed in the employee’s non-performance folder (drop file). See IRM 6.735.2.13, Filing Approved/Denied Requests.
 - (4) Ensure their organization’s OE presentations and communications are accurate and comply with this IRM and online resources (see links in IRM 6.735.2.1.6, Related Resources).
- 6.735.2.1.3.3
(07-12-2023)
Business Unit POC (BUPOC) Responsibilities
- (1) Serve as the business unit contact to answer questions about using the OES.
 - (2) Review their business unit’s presentations or communications to ensure compliance with this IRM and forward to the IRS OE POC for final approval.
 - (3) Serve as the liaison between the business unit and the IRS OE POC.
 - (4) Attend meetings with the IRS OE POC and complete associated actions.
 - (5) Run OES reports to monitor OE compliance and share reports with managers and/or POCs to assist with their compliance monitoring.
 - (6) Monitor their organization’s data to ensure:
 - a. Requests are processed within 10 workdays. See IRM 6.735.2.1.5, Program Controls.
 - b. Approved records are updated annually in the OES. See IRM 6.735.2.17, Annual Requirements.
 - c. Duplicate records are deleted/archived.
 - (7) Identify discrepancies (compliance issues) in OE records, coordinate appropriate action and confirm completion.
 - (8) Contact the IRS OE POC to resolve OES issues.
 - (9) For a list of the BUPOCs and the IRS OE POC, go to the HCO Outside Employment site at <https://irsgov.sharepoint.com/sites/EmployeeResources/SitePages/Outside-Employment.aspx>.
- 6.735.2.1.3.4
(07-12-2023)
Manager Responsibilities
- (1) Serve as the reviewing official (usually the first-level manager’s responsibility) if they are a supervisor in the employee’s supervisory chain and below the approving official.
 - (2) Serve as the approving official (usually the second-level manager’s responsibility) if they are a supervisor in the employee’s supervisory chain and at least two levels above the employee who submitted the request.

- (3) Read this IRM to ensure their employee's OE activity complies with the regulations and the IRS policy.
- (4) Request more information from the employee, if needed, to properly evaluate and approve/deny OE requests.
- (5) Read and promptly act on email notices from HRConnect to ensure requests are reviewed/approved within 10 workdays and the annual review is timely completed.
- (6) Add (usually the first-level manager; can be designated to the BUPOC) their BU employee's OE request to the OES if it is submitted to them on Form 7995, Outside Employment or Business Activity Request.

Note: BU employees who cannot access the OES (for example, they are not assigned an IRS computer or do not have access to a kiosk or shared workstation) may use Form 7995. Once added to OES, an email notice is sent to the employee and manager confirming submission.

- (7) Enter (the second-level manager) the reason(s) for denying a request in the OES in the Comments section.
- (8) Remind employees annually of the OE policy (for example, activities that are prohibited, submit requests for approval in advance, update record in the OES if want to end their OE, and submit a new request if their approved OE position/duties change).
- (9) Contact the BUPOC with questions about using the OES.
- (10) Ask their manager or the Deputy Ethics Official (DEO) if they need help determining whether the employee's requested OE activity is permissible and/or if it conflicts with the employee's IRS duties. See IRM 6.735.2.20, Contact Information.
- (11) For step-by-step instructions, go to the HCO Outside Employment site at <https://irsgov.sharepoint.com/sites/EmployeeResources/SitePages/Outside-Employment.aspx>. For example:
 - a. HRConnect Manager Guide
 - b. Annual Review Job Aid
 - c. How to Grant Proxy Rights in HRConnect
- (12) After a request is approved/denied, the immediate manager must log into the OES and print a copy to file in the employee's drop file. See IRM 6.735.2.13, Filing Approved/Denied Requests.

6.735.2.1.3.5
(07-12-2023)
**Employee
Responsibilities**

- (1) Read this IRM to ensure the OE or activity they are interested in pursuing is not prohibited by statute, regulation, the OGE, Treasury standards, or IRS policies, and does not otherwise conflict with the employee's IRS duties. If needed, ask immediate manager or the DEO for help to determine if the desired OE activity is permitted or prohibited. See IRM 6.735.2.20, Contact Information.

- (2) Submit their OE request for approval at least 10 workdays prior to the date they anticipate accepting or starting the OE or business activity. Employees and their manager receive email notices immediately after a request is added to the OES.

Note: BU employees who cannot access the OES (for example, they are not assigned an IRS computer or do not have access to a kiosk or shared workstation) may use Form 7995 to submit a request. If Form 7995 is used, give it to the immediate manager who will add it to the OES. Once added to OES, an email notice is sent to the employee and manager confirming submission.

- (3) Do not perform the approved OE during the employee’s IRS tour of duty.

Note: With management’s approval, employees may occasionally engage in approved OE using annual leave, leave without pay, credit or compensatory time.

- (4) Do not perform approved OE at the employee’s assigned post of duty or temporary work location.
- (5) Do not perform approved OE at the employee’s approved remote work or telework site during the employee’s IRS tour of duty.
- (6) Do not perform the OE on Treasury or IRS property.
- (7) Do not use any government property to perform OE.
- (8) Add a new request if their IRS position changes and the change is recorded on an SF-50, Notification of Personnel Action. See IRM 6.735.2.14 for Nature of Action codes that generate an SF-50. When an SF-50 is processed and the employee is already approved to perform OE, an email notice is sent from HRConnect to the employee and their manager advising them to take action to continue performing the OE.
- (9) Add a new request if their approved OE duties change.
- (10) Update their OE record in the OES if they want to end their approved OE or their OE hours change.
- (11) Read and act on email notices for the annual review of previously approved requests. For step-by-step instructions, go to the HCO Outside Employment site at <https://irs.gov.sharepoint.com/sites/EmployeeResources/SitePages/Outside-Employment.aspx> and review the Annual Review Job Aid.

6.735.2.1.3.6
(11-15-2021)
**Deputy Ethics Official
(DEO)**

- (1) The DEO:
 - a. Responds to IRS employees and managers who seek their help with interpreting or applying the ethics rules, statutes, and regulations to ensure the outside employment or business activity complies with the rules.
 - b. Processes requests for help on Form 8558, Request for Opinion from the Deputy Ethics Official.
 - c. Does not answer questions about using the IRS OES.

6.735.2.1.4
(07-12-2023)

**Program Management
and Review**

- (1) The HCO P&A and LERN divisions gauge the effectiveness of this IRM policy and procedures by considering feedback from customers and stakeholders as part of the review process for all Internal Management Documents. During this process, IRM sections are added, revised, or removed. Changes are usually based on statutory and/or regulatory changes.
- (2) The IRS OE POC, managers and BUPOCs pull reports from the OES to monitor requests, records and ensure compliance. The IRS OE POC notifies the BUPOCs if they identify non-compliance issues or emerging trends. Program management includes measuring the timeliness of processing OE requests and the annual update of approved OES records to ensure IRM compliance.

6.735.2.1.5
(07-12-2023)

Program Controls

- (1) To ensure this IRM remains current and compliant with regulations, the P&A and LERN divisions will regularly review this IRM and revise content when needed.
- (2) The OE policy, IRM 6.735.2, and Article 6 of the National Agreement (Document 11678) require approval/denial of OE requests within 10 workdays of submitting the request in the OES or the date the employee submits a signed Form 7995.
- (3) The OE policy requires managers to timely conduct an annual review and update approved OE records in the OES.

6.735.2.1.6
(07-12-2023)

Related Resources

- (1) Document 9300, 14 General Principles of Ethical Conduct
- (2) EthicsLink at <https://ccintranet.prod.irscounsel.treas.gov/Common/EthicsLink/Pages/default.aspx>
- (3) Form 7995, Outside Employment or Business Activity Request
- (4) Form 8558, Request for Opinion from the Deputy Ethics Official
- (5) HCO Outside Employment site at <https://irsgov.sharepoint.com/sites/EmployeeResources/SitePages/Outside-Employment.aspx>
- (6) IRS iManage OE at: <https://irsgov.sharepoint.com/sites/iManage>
- (7) IRM 6.735.1, Ethics and Conduct Matters
- (8) Document 11678, IRS-NTEU National Agreement

6.735.2.1.7
(07-12-2023)

Terms and Acronyms

- (1) IRS Outside Employment Point of Contact (IRS OE POC) - the POC in LERN who oversees the OE operations.
- (2) Outside Employment (OE) - paid or unpaid employment or business activities, performed by IRS employees outside their IRS duties.
- (3) Outside Employment System (OES) - IRS's online system located in HRConnect (see My Outside Employment tile) for submitting requests, annually reviewing and updating approved records, and monitoring OE records to ensure compliance.
- (4) OES Reviewing Official - usually the first-level manager in the employee's supervisory chain below the approving official.

- (5) OES Approving Official - usually the second-level manager in the employee's supervisory chain at least two levels above the employee who submitted the request.
- (6) OE Business Unit Point of Contact (BUPOC) - the business unit's point of contact for their organization's managers and employees. They answer questions about using the OES and assist managers who are responsible for ensuring compliance with the OE policy.

6.735.2.2
(07-12-2023)
Delegation of Authority

- (1) Refer to Delegation Order 6-4, Authorization to Engage in Outside Employment, Business, and Other Activities, located in IRM 1.2.2, Servicewide Delegations of Authority.

6.735.2.3
(07-12-2023)
Outside Employment Limitations

- (1) Outside employment or business activities must not conflict with the employee's IRS duties. A conflict exists if:
 - a. The activity is prohibited by statute, regulation, the OGE, Treasury, or IRS standards of ethical conduct; or
 - b. It requires the employee's disqualification from performing their IRS duties, because the OE activity would materially impair the employee's ability to carry out their IRS duties.
- (2) Outside employment or business activities may not be performed:
 - a. During the employee's IRS tour of duty;
 - b. At the employee's assigned post of duty or temporary work location;
 - c. At the employee's approved remote work or telework site during their IRS tour of duty;
 - d. On Treasury or IRS property;
 - e. Using government property (for example, supplies, badges, credentials, computers, email, phones, and other Information Technology devices and resources). See IRM 10.8.27, IRS Policy on Limited Personal Use of Government Information Technology Resources, for details; or,
 - f. If the OE or business activity impedes the IRS mission or is deemed likely to negatively affect the public's perception of the IRS.

6.735.2.4
(07-12-2023)
Prohibited Outside Employment Activities

- (1) Prohibited activities must not be performed by IRS employees and may not be performed indirectly, for example, through a business, family members, or friends. The types of outside employment or business activities that are prohibited include:
 - a. Performing legal services involving federal, state, or local tax matters. A tax matter is one in which the attorney is acting as a tax practitioner/ advisor. For example, providing tax-related estate planning advice is prohibited; however, drafting powers of attorney and simple wills where the estate is not subject to federal, or state estate taxes is permitted;
 - b. Appearing on behalf of any taxpayer as a representative before any federal, state, or local governmental agency, in an action involving a tax matter, except with the written authorization of the Commissioner of Internal Revenue;
 - c. Engaging in accounting, or the use, analysis, and interpretation of financial records when such activity involves tax matters;

- d. Engaging in bookkeeping, the recording of transactions, or the record-making phase of accounting, when such activity is directly related to a tax determination;
- e. Preparing tax returns for compensation, gift, or favor;
- f. Acting as an agent or attorney for anyone in a claim against the United States or in a matter in which the United States is a party or has a direct or substantial interest, before any department, agency, or court, unless permitted by an exception in 18 USC Section 205. Employees are also prohibited from accepting or seeking compensation for such representational services whether performed personally or by someone else, unless permitted by an exception in 18 USC Section 203;
- g. Receiving compensation or honorarium for teaching, speaking, or writing that is related to their official IRS duties unless it is part of their IRS duties. Note: The topic "related to" an employee's official duties are broad and include, for example, any ongoing or announced IRS policies, programs, or operations. Exception: This restriction does not apply to courses offered as part of an established curriculum at a qualified institution of higher education. With prior approval, employees may accept compensation for teaching such courses even if the content relates to IRS policies, programs, or operations; and
- h. Unlawful or criminal matters.

6.735.2.5
(07-12-2023)

**Outside Employment
Activities Exempt from
Requesting Approval**

- (1) Permission is not required to engage in outside employment or business activities that are not considered employment or business, such as:
 - a. Membership and services (including holding of office) in tax-exempt organizations under Internal Revenue Code 501(c). This exemption does not apply to traditional employment or management relationships with organizations such as employment as a nurse in a tax-exempt hospital, serving as a minister of a church, or managing the organization's day-to-day activities. For example, requests are not required for volunteer services (that is, hospital work, Red Cross, animal shelter, museum docent, and grief counselor) or services for homeowners' associations or federal employees' associations;
 - b. Membership and services (including holding office) in federal employee organizations and recognized federal employee unions. However, employees in certain positions (for example, Senior Executives) are prohibited from holding office in federal employee unions;
 - c. Membership and services (including holding office) in the local office of a credit union, whether it is run by or for IRS personnel. Services may include paid bookkeeping work performed by the treasurer, or part-time clerical or teller services;
 - d. Services as a Notary Public;
 - e. Sales to the public, such as yard sales, garage sales or the occasional sale of personal items on eBay or Facebook Marketplace. The sale of personal items to coworkers, friends, relatives, and neighbors must not be solicited for or transacted during work hours or in space occupied by Treasury or IRS;
 - f. Minor services and odd jobs for friends, relatives, or neighbors;
 - g. Furnishing advice and assistance in the preparation of tax returns where no compensation is accepted;
 - h. Rental of personally owned property, real or personal. This exemption does not apply to rental of commercial real estate, multi-unit (that is, more than a duplex) residential real estate or listing property with a third-

- party service, where the employee becomes an agent of the service. If an employee is engaged in or appears to be engaged in operating a commercial business venture, a request and prior approval is required;
- i. Temporary (30 calendar days or less) assistance in a family enterprise in cases of an emergency, such as the death, serious illness, or incapacitating accident of a family member engaged in such business. This exception ensures you can assume a share of the responsibilities in family emergencies. A request and approval are required if the need for such assistance continues beyond 30 calendar days or occurs more than once in a calendar year;
- j. Custodian of your child’s property, or acting as administrator, executor, guardian, or attorney-in-fact for a relative or friend provided the duties do not entail operation of a business. Such services are not considered legal employment or practice. Acceptance of an executor’s or trustee’s fee is permissible if no part of the fee is specifically identified as payment for tax return preparation;
- k. Unpaid bookkeeping, preparation of tax returns and other forms required by the Service, and the maintenance of other records for civic, religious, educational, and charitable non-profit organizations which are exempt from federal income tax, and
- l. Employment in the National Guard, in any Reserve component of the United States Armed Forces, or as a Federal Emergency Management Agency Reservist.

6.735.2.6
(07-12-2023)
**Permitted Outside
Employment Activities -
Submit Request; Prior
Approval Required**

- (1) **Legal Employment or Practice-** A request to provide legal services may be approved if the proposed activity does not conflict with the employee’s official duties (see IRM 6.735.2.1.3.5, Employee Responsibilities). A conflict exists, for example, if the employee would be involved in a prohibited activity (see IRM 6.735.2.4 Prohibited Outside Employment Activities).
- (2) **Bookkeeping and Accounting Activities-** Employees may engage in the full range of bookkeeping activities (for example, recording transactions and the record-making phase of accounting) provided the activity is not directly related to a tax determination. Employees may also engage in bookkeeping and accounting directly related to a tax determination in the following situations:
 - a. Keeping the books for a firm or business owned or run by your immediate family if prospects for a conflict of interest are remote; or
 - b. Engaging in business with your spouse or domestic partner.
- (3) **Teaching, Speaking, and Writing-** Teaching, speaking, and writing activities that involve the Office (see below for explanation), which are not part of an IRS employee’s duties, are considered outside activities that require approval. An activity involves the Office if it:
 - a. relates to or involves your IRS responsibilities, programs, or activities;
 - b. draws on information obtained from your IRS employment that has not been made public or is not available to the public upon request (for example, “Official Use Only” information); or
 - c. involves cost to the Government in either money or time.
- (4) **Hatch Act, Political Activity-** Employees may take an active part in political activities to the extent not prohibited by 5 USC Chapter 73, Subchapter III (the

Hatch Act). Some political activities, while permissible per the Hatch Act, are considered outside employment or business activities. Examples of permitted political activities include serving as a:

- a. Campaign manager;
- b. Election judge; or
- c. *Independent candidate for office in specified localities.

Note: These are examples only. If you have questions about whether your planned political activity requires management approval, contact Chief Counsel, General Legal Services at (202) 317-6999 or Ethics@irscounsel.treas.gov.

Note: Federal employees are generally prohibited from being candidates in partisan elections. There are limited exceptions for employees running as independent candidates in legally specified localities. If you are interested in pursuing candidacy for any elected office, contact Chief Counsel, General Legal Services, as noted above.

Note: For details on the Hatch Act, visit the EthicsLink at <https://ccintranet.prod.irscounsel.treas.gov/Common/EthicsLink/Pages/default.aspx>.

6.735.2.7
(07-12-2023)
**Outside Employment
System (OES)**

- (1) In 2021, the IRS implemented a new OES in HRConnect.
- (2) The manager and employee data in the OES, including email addresses, is pulled from HRConnect. If the data in the OES is not accurate, management must submit a Personnel Action Request to correct it.
- (3) Each pay period, copies of approved/denied requests are automatically sent from HRConnect to the site responsible for the IRS OPF. A copy of the request is filed in the OPF as required by 5 CFR 3101.104 at <https://www.ecfr.gov/current/title-5/chapter-XXI/part-3101/section-3101.104>.

6.735.2.7.1
(07-12-2023)
Access to OES

- (1) All OE requests must be submitted (or added by the manager/BUPOC if a BU employee uses Form 7995) and processed in the HRConnect OES.
- (2) All employees automatically have access to the OES.
- (3) Managers automatically have access to requests submitted by their employees.
- (4) BUPOCs get access to their business unit's record through the IRS OE POC.

6.735.2.7.2
(07-12-2023)
Proxy Access

- (1) Managers may grant two different types of proxy access:
 - a. They may grant initiator access to someone on their support staff. This individual can add requests submitted on Form 7995 to the OES.
 - b. They may grant initiator/approver access to acting managers. This individual can add requests submitted on Form 7995 and review/approve requests or conduct annual reviews on the OES.

6.735.2.8
(07-12-2023)
**Submitting Outside
Employment Request**

- (2) For step-by-step proxy instructions, go to the HCO Outside Employment site at <https://irsgov.sharepoint.com/sites/EmployeeResources/SitePages/Outside-Employment.aspx>, and refer to the job aid, How to Grant Proxy Rights in HRConnect.

- (1) Before submitting a request, read this IRM to ensure the outside employment or activity is permitted and does not conflict with your IRS duties.
- (2) At least 10 workdays before the anticipated date for accepting or starting a permitted Outside Employment position, add your request to the HRConnect OES.

Note: Bargaining unit employees who cannot access the OES (for example, they are not assigned an IRS computer or do not have access to a kiosk or shared workstation) may use Form 7995. Once the manager or designee adds the request to the OES, an email notice is sent to the employee and manager confirming submission.

- (3) For step-by-step instructions, go to the HCO Outside Employment site at <https://irsgov.sharepoint.com/sites/EmployeeResources/SitePages/Outside-Employment.aspx>. Job aids include, for example:

- a. How to Add an Outside Employment Request (Video);
- b. Outside Employment HRConnect Employee Guide

Note: If the requester has an active request(s), a pop-up message will display their active record(s). The requester will be asked if they want to end their previously approved outside employment. If they are no longer performing that OE, they click Yes. If the requester wants to continue their previously approved OE, they click No.

- (4) Email notices are sent to the employee and their manager beginning with confirmation after the request is added until it's approved/denied.
- (5) If a request is not approved within 10 workdays, the employee is not permitted to accept or start the OE. An email notice denying the request is sent to the employee and their manager. An email is only sent to the second-level manager if they denied the request.

6.735.2.8.1
(07-12-2023)
**Furlough/Shutdown
Exceptions**

- (1) In compliance with Article 48 of the National Agreement and as a matter of policy for all employees, the OE policy applies even when an employee is furloughed, or the government is shutdown.
- (2) The prior approval requirement is waived in the event of a furlough or shutdown. However, upon Return-To-Duty status, employees must submit a request if they intend to continue the OE activity.
- (3) If the OE was only performed during the furlough/shutdown period (that is, the OE ended before the employee returned to the IRS), do not submit an OE request.

6.735.2.9
(07-12-2023)

**Request for the
Commissioner of
Internal Revenue**

- (1) As stated in IRM 6.735.2.4, the written authorization of Commissioner of Internal Revenue is required for requests to appear on behalf of any taxpayer, as a representative, before any federal, state, or local governmental agency, in an action involving a tax matter.
- (2) Submit requests for the Commissioner's approval into the OES. Follow the steps in IRM 6.735.2.8, Submitting Outside Employment Request. In the Business Type field, the requester chooses Taxpayer Representative. They complete the remaining steps saving the request and submitting it for review/ approval.
- (3) After the second-level manager approves the request, the IRS OE POC receives the request and provides the following instructions management:
 - a. The employee's management chain prepares a memorandum, addressed to the Commissioner of Internal Revenue, through the IRS OE POC, describing management's detailed assessment of the request (for example, any conflict with the employee's IRS duties, the employee's requested representational role, any concerns, whether the Deputy Ethics Official provided guidance [if received, attach to memo]).

Note: To find the IRS OE POC, go to the Outside Employment site at <https://irsgov.sharepoint.com/sites/EmployeeResources/SitePages/Outside-Employment.aspx>.
- (4) After the IRS OE POC receives a reply from the Commissioner of Internal Revenue, they will provide the signed memo to the BUPOC who will share it with the employee's immediate and second-level managers. The immediate manager will provide the memo to their employee and file a copy in the employee's Drop File.
- (5) Allow a minimum of 45 workdays to process.

6.735.2.10
(07-12-2023)

**Checking Status of
Request**

- (1) Log into HRConnect;
- (2) Select the My Outside Employment tile;
- (3) Select the appropriate record; and
- (4) Review the Status field and comments, if provided.

6.735.2.11
(07-12-2023)

**Modifying or
Withdrawing an Outside
Employment Request**

- (1) If an employee wants to withdraw their request for Outside Employment, they will follow the steps below:
 - a. Log into HRConnect;
 - b. Select the My Outside Employment tile;
 - c. Select the appropriate record;
 - d. Slide the radio button to Withdraw; and
 - e. Click Continue.
- (2) If an employee wants to modify an in-progress request, they will follow the steps below:
 - a. Log into HRConnect;
 - b. Select the My Outside Employment tile;
 - c. Select the appropriate record;

- d. Slide the radio button to Modify;
- e. Make edits as needed; and
- f. Click Continue.

(3) If an employee wants to modify an approved request, they will follow the steps below:

- a. Log into HRConnect;
- b. Select the My Outside Employment tile;
- c. Select the appropriate record;
- d. Slide the radio button to Modify;
- e. Choose one of the three modification options, which includes ending the request; and
- f. Click Continue.

6.735.2.12
(07-12-2023)
**Viewing/Printing
Requests/Records**

(1) To view or print requests, follow the steps below:

- a. Log into HRConnect;
- b. Select the My Outside Employment tile;
- c. Select the appropriate record;
- d. Click View/Print
- e. Click Print Outside Employment Request; and
- f. Click on printer icon which gives the user the option to print or save as an Adobe pdf.

(2) After the employee receives the email approving/denying the request, they may log into the OES to print/save a copy.

6.735.2.13
(07-12-2023)
**Filing Approved/Denied
Requests**

(1) As required by 5 CFR 3101.104(b), all approved/denied requests are automatically sent from the OES to the IRS OPF site electronically for filing in the employee's OPF.

(2) After the immediate manager receives the email notice advising them the request was approved/denied, they will log into the OES and print the record for filing in the employee's drop file.

(3) When records are annually reviewed or the employee updates their record to end the OE, copies are not sent to the OPF site or filed in the employee's drop file.

6.735.2.14
(07-12-2023)
**Change in IRS Position
or Duties - When to
Resubmit Request**

(1) After an OE request is approved, if an SF-50 is processed for one of the actions listed below, an email is sent to the employee and their first level manager and proxy, if granted, to submit a new request if they want to continue the OE. If the employee is no longer working the OE, they must update their record in the OES to end it.

Nature of Action	Description	Comments
500	Conversion to Career Appointment	If occupational series and/or business unit changes

501	Conversion to Career-Conditional Appointment	If occupational series and/or business unit changes
570	Conversion to Excepted Service Appointment	If occupational series and/or business unit changes
571	Conversion to Excepted Service Appointment Not To Exceed (NTE)	If occupational series and/or business unit changes
702	Promotion	Excludes career ladder promotions
703	Promotion NTE	
713	Change to lower grade	If occupational series and/or business unit changes
721	Reassignment	If occupational series and/or business unit changes
740A	Position change	If occupational series and/or business unit changes
741	Position change NTE	If occupational series and/or business unit changes
930	Detail NTE	
932	Term of Detail	

6.735.2.15
(07-12-2023)
**Ending Outside
Employment**

- (1) Employees must update their OE record in the OES when they stop performing OE.

Note: BU employees who cannot access the OES (for example, they are not assigned an IRS computer or do not have access to a kiosk or shared workstation) must notify their manager if they want to end their OE. The manager or their designee (for example, the BUPOC) will update the OES record on the employee's behalf.

- (2) If an employee chooses to end their approved OE, their record cannot be reactivated; however, these records are available for viewing/printing in History in the OES.

6.735.2.16
(07-12-2023)
Records Retention

- (1) In compliance with Document 12829, General Records Schedule, 2.8, Employee Ethics Records, OES records are purged six years after the employee separates from the IRS.

6.735.2.17
(07-12-2023)
Annual Requirements

- (1) Email notices are sent from HRConnect to the employee 60 days before the annual review is due. The employee may modify limited portions of the record (such as the hours worked) or they may end the OE if they are no longer performing the activity.
- (2) Email notices are sent from the HRConnect to the employee's second-level manager and the employee 30 days before the annual review is due for recertification. The employee may modify or end the record as noted above. The manager will access the OES (see number three below) to complete the recertification.

Note: For the annual recertification, the immediate manager does not review the record again.

- (3) The second-level manager annually reviews approved OE records and updates the record in the OES. The annual review ensures the information is accurate, does not conflict with the employee's current IRS duties, and to determine if the approved OE can continue. Per Delegation Order 6-4, Authorization to Engage in Outside Employment, Business, and Other Activities, this responsibility can be assigned to a higher-level manager.

Note: If the employee does not timely complete their part of the annual review, the manager may complete it on behalf of the employee. If the manager does not timely update the OE record in the OES, the OE record is denied (ended) and the employee must submit a new request.

- (4) For step-by-step instructions, go to the HCO Outside Employment site at <https://irsgov.sharepoint.com/sites/EmployeeResources/SitePages/Outside-Employment.aspx>.
- (5) Management reminds employees annually of the OE policy and procedures during the mandatory ethics briefing cycle and/or in their business unit's ethics discussions.

6.735.2.18
(07-12-2023)
Reports

- (1) The OES reports help the IRS OE POC, managers and BUPOCs certify new requests are timely approved/denied and the required annual reviews are timely updated in OES. Reports should be run at least monthly to monitor OE records.
- (2) Refer to the Outside Employment Business Units Point of Contact Guide at <https://irsgov.sharepoint.com/sites/EmployeeResources/SitePages/Outside-Employment.aspx> for instructions on creating an Excel report and sorting data.

6.735.2.19
(07-12-2023)
Reporting Misconduct

- (1) As stated in the IRS Ethics Handbook (Document 12011), allegations of ethics violations (such as performing a prohibited Outside Employment activity or working an OE activity without approval) must be reported to your manager or to the Treasury Inspector General for Tax Administrative (TIGTA). Employees can contact TIGTA via email at Complaints@tigta.treas.gov or by phone at (800) 366-4484.

6.735.2.20
(11-15-2021)

Contact Information

- (1) Employees who need help with determining whether an activity they are pursuing is permitted or prohibited should talk to their manager or contact the DEO via email at *GLS.Ethics@irscounsel.treas.gov* or by phone at (202) 317-6999.
- (2) Managers who need help with determining if the employee's IRS duties conflict with their employee's requested OE activity should contact their supervisor or the DEO via *GLS.Ethics@irscounsel.treas.gov* or by phone at (202) 317-6999.
- (3) If you need help using the OES, contact your BUPOC.
- (4) If the BUPOC is unable to resolve an OES issue, they will contact the IRS OE POC for help.