



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

7.13.7

MAY 13, 2024

EFFECTIVE DATE

(05-13-2024)

PURPOSE

- (1) This transmits revised IRM 7.13.7, Employee Plans Automated Processing Procedures, Moving Cases through the EDS Inventory Control Subsystem.

MATERIAL CHANGES

- (1) Updated Exhibit 7.13.7-3 for new address.
- (2) Made editorial changes throughout.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 7.13.7 dated June 3, 2021

AUDIENCE

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7.13.7

Moving Cases through the EDS Inventory Control Subsystem

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7.13.7.1
(06-03-2021)
Program Scope and Objectives

- (1) Purpose: This IRM describes the procedures and guidelines for updating case statuses on applications in the EP/EO Determination System (EDS).
- (2) Audience: Employee Plans (EP) Determinations and Quality Assurance (QA) staff
- (3) Policy Owner: Director, EP
- (4) Program Owner: EP
- (5) Program Goals: The goal of EP Determinations is to ensure that plans are in compliance with the tax laws by reviewing applications for Determination Letters (DL), opinion letters, and to protect the public interest by applying the tax law with integrity and fairness to all.

7.13.7.1.1
(06-03-2021)
Background

- (1) EP Determinations processes most applications through the automated system, the Tax Exempt Determination System (TEDS). However, EDS continues to play a major role in working paper cases and in closing all cases, including those reviewed in TEDS. The procedures in this IRM mostly apply to working EDS (paper cases) but certain sections apply to both systems. For more information on TEDS, see IRM 7.15.1, Employee Plans TEDS User Manual, Employee Plans User Manual Introduction.

Note: Do not update a status or change entity information in EDS on any case you work in TEDS because this will cause TEDS to stop transferring status information to EDS (called an EDS block).

- (2) This IRM supplements IRM 7.14.5, Employee Plans EDS User Manual, Inventory Control Subsystem (ICS), and provides additional instructions for EP specialists, reviewers and managers on the Inventory Control System (ICS) part of EDS.
- (3) ICS has many features which allow users to manage, track, and control applications from transcription through closing.

Note: ICS replaced the EP/EO Application Control System (EACS) as the inventory control system for DL requests. EACS still exists in the service centers but is now referred to as the Masterfile Pipeline System (MPS). MPS is the link between EDS and the Employee Plans Master File (EPMF) in Martinsburg, West Virginia. An entity is electronically transferred to the master file for each case closed on ICS with closing codes 00, 01, 02, 04, 06, and 09. EP entities are transferred to EPMF.

7.13.7.1.2
(05-13-2024)
Authority

- (1) Delegation Order 7-1, in IRM 1.2.2.8.1 states that the Director, Employee Plans has authority to issue favorable DLs on IRC 403(b) plans and on the qualified status of:
 - a. Pension, profit-sharing, stock bonus, annuity, and employee stock ownership plans (ESOPs) under IRC 401, IRC 403(a), IRC 409 and IRC 4975(e)(7).
 - b. The status for exemption of any related trusts or custodial accounts under IRC 501(a).

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- (2) Find a complete list of delegation orders governing EP Rulings and Agreements at <https://www.irs.gov/privacy-disclosure/delegation-orders-and-policy-statements-by-process>.
- (3) See IRM 7.1.1, Exhibit 7.1.1-1 for a complete list of the major EP revenue procedures currently in effect.

7.13.7.1.3 (06-03-2021) Acronyms

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

Acronym	Definition
DL	Determination Letter
EPMF	Employee Plans Master File
EP	Employee Plans
EACS	EP/EO Application Control System
EDS	EP/EO Determination System
ICS	Inventory Control System
MPS	Masterfile Pipeline System
QA	Quality Assurance
TEDS	Tax Exempt Determination System
TEQMS	TE/GE Quality Measurement System

7.13.7.2 (06-11-2013) Updating a Status on EDS

- (1) Make case updates:
 - a. To EDS through ICS for cases not worked on TEDS.
 - b. In TEDS for cases worked on TEDS. These updates automatically roll over to EDS.
- (2) Case updates include: status updates, correcting information on the Master Record and/or closing updates. See Exhibit 7.13.7-1, Open Codes and Descriptions, for a list of open status codes.
- (3) Each action and update (such as, assigning cases, creating letters or correcting entity information) entered on EDS creates a case history record showing the information entered and the employee's identity who entered the information. See Exhibit 7.14.5-6, Case History Record Screen, in IRM 7.14.5.

7.13.7.3 (06-11-2013) Closing a Case on EDS

- (1) After the specialist completes a case, the group secretary:
 - a. Updates EDS with the proper proposed closing code.
 - b. Prints Form 8671, Case Closing Sheet.
 - c. Places Form 8671 in the case file.

Reminder: See Exhibit 7.14.4-14, EDS - Employee Plan Case Closing Sheet.

- (2) The ICS will automatically update the case status to 55 (Awaiting Closing Approval) when any of the proposed closing codes are entered on the Master Record.

Note: Actions that require QA approval (such as proposed adverse letter or technical advice request) are considered a proposed closing by the ICS even though the case is not actually closed.

- (3) Status code 55 is a managerial code. When a case is in this code, the manager can choose any of these options:

- a. Approve and close the case without review.
- b. Review, approve and close the case.
- c. Review and return to the specialist for further analysis.

Reminder: See Exhibit 7.13.7-2, Closing Codes and Descriptions, for a list of closed status codes.

Note: The Area Offices may allow group clerks to close the cases after the group manager has approved the case for closing. See Exhibit 7.14.5-9, Approval of Case Closing Screen.

- (4) If the specialist's actions are acceptable, the manager initials Form 8671 and approves the case on EDS. See Exhibit 7.14.5-9, Approval of Case Closing Screen.
- (5) If the manager returns the case to the specialist for further analysis, the group clerk updates the case to status codes 53, 64, or 73. See Exhibit 7.13.7-1, Open Codes and Descriptions.
- (6) The specialist must attach a Form 3198, Special Handling Notice, to the front of the file when the case is sent for QA mandatory review. The Form 3198 alerts the manager of the mandatory review requirement. The manager updates the case to status 31 on EDS by entering an "x" next to the case number on the Case Approval Screen. Cases worked on TEDS need the mandatory review indicator checked in lieu of Form 3198. See IRM 7.11.9, Mandatory and TEQMS Case Reviews. Send the case to QA at one of the addresses in Exhibit 7.13.7-3, QA Address List.
- (7) EDS automatically and randomly, selects cases for TE/GE Quality Measurement Standards (TEQMS) review. If a case is selected, "SENT FOR TEQMS" shows on the comment line of the Case Approval Screen. The secretary should not mail the DL to the plan sponsor, but instead send the complete case file (the paper case or orange folder, if applicable) to QA on a Form 3210, Document Transmittal. Attach a Form 3198, Special Handling Notice, to the front of the administrative file indicating "TEQMS." See Exhibit 7.13.7-3, QA Address List.

Note: If the automated process doesn't work properly, QA selects cases manually with the Data Analysis Unit's help to ensure that TEQMS selections are sta-

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tistically valid. QA notifies a group when a case has been selected. Groups should send the selected cases to QA using the same procedures described above.

- (8) DL applications must be held open for 60 days from the control date to allow interested parties to send comments to the IRS. ICS prevents EP cases from closing before the required 60-day hold period unless the closing code is:
 - a. 03 (Returned Incomplete)
 - b. 04 (Withdrawn by Taxpayer)
 - c. 07 (Form 5310-A, Notice of Plan Merger or Consolidation, Spinoff, or Transfer of Plan Assets or Liabilities; Notice of Qualified Separate Lines of Business, Referral Generated)
 - d. 08 (Form 5310-A, Accepted as Filed)
 - e. 08 (Form 4461-B, Application for Approval of Master or Prototype or Volume Submitter Plans, Accepted as Filed)
 - f. 30 (Correction Disposal)
 - g. Any closing code used for group/pool trust cases (Form 5316 or Form 9999)
- (9) An unpostable condition code appears in the MF status field if a case opening or closing record was not accepted on the data transfer from EDS to the Master File. The code identifies the unpostable condition and indicates whether it occurred on opening or closing. Groups can update cases for proposed closing but they must resolve the unpostable condition before the manager approves the closing. Contact the Unpostable Clerk to resolve the condition. See IRM 7.13.8, EDS Unpostables.

7.13.7.4 (06-11-2013) Open Codes

- (1) The open status/action code must be updated each time a case is moved from one location, process, or specialist.
- (2) See Exhibit 7.13.7-1, Open Codes and Descriptions, for a list of all the available status/action codes for open cases.

7.13.7.5 (06-11-2013) Closing Codes

- (1) The closing status/action code must be entered on the EDS Master record before a case can be closed.
- (2) See Exhibit 7.13.7-2, Closing Codes and Descriptions, for a list of all the available status/action codes for closed cases.

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Exhibit 7.13.7-1 (10-23-2017)

Open Codes and Descriptions

The status/action codes for tracking open/ongoing EP cases are as follows:

Code/Status	Description
31 (In Review)	EDS generated for case(s) selected for TEQMS, mandatory, or manager review
32 (Returned on Review Memo)	Used only by QA to update the case record from status code 31 when cases file(s) are returned to the specialist with a Reviewer's Memorandum for additional consideration
33 (Returned from Review)	Used only by QA to update the case record from status code 31 to return to the group without a Reviewer's Memorandum
34 (District Counsel Approval)	Used only by QA to update the case record from status code 31 when a case goes to Counsel for approval before the final letter is issued. For example: <ul style="list-style-type: none">• Final adverse letter has been prepared because the applicant failed to appeal a proposed adverse letter• Favorable letter has been prepared based on Tax Court findings• Final adverse letter has been prepared based on a Technical Advice
35 (30 Day Letter Sent)	Used only by QA to update the case record when the proposed adverse letter is mailed
37 (Group Suspense)	Used by the specialist or group clerk to update the case record when case(s) are placed in suspense in the group
38 (Review Suspense)	Used only by QA to update the case record when case(s) are placed in suspense in QA
39 (Technical Screening Suspense)	Used by the specialist or group clerk to update the case record when case(s) are placed in suspense in technical screening
40 (Proposed Adverse Determination)	Used by the specialist to update the case record when a proposed adverse DL is prepared and ready for managerial review Specialists should enter all closing data except the status 02 closing code before releasing the case for managerial approval

Exhibit 7.13.7-1 (Cont. 1) (10-23-2017)

Open Codes and Descriptions

Code/Status	Description
41 (Proposed Technical Advice)	Used by the manager to update the case record after the specialist has completed all actions necessary to request technical advice and sent the case to his/her manager for review Once approved by the group manager, the case is sent to QA who updates and sends it to the TE/GE Office of Division Counsel
50 (New Case Establishment)	ICS automatically generated on EDS when a case is entered on the Data Transcription System
51 (Unassigned Inventory)	Used to update the case record when identified for assignment Unassigned non-merit cases and cases that must go full review are in this status
52 (Case Assignment)	Used to update the case record when the case is assigned to a specialist for full review
53 (Manager Returned to Specialist)	Used by the manager or group clerk to update the case record when returning a case to the specialist
54 (Transferred to Appeals)	Used only by QA to update the case record that is being transferred to Appeals
55 (Waiting for Closing Approval)	Automatically generated by ICS when the case record is updated with any closing code This action removes the case from the specialist's inventory and updates it to the managerial level
56 (Technical Advice Transfer-Suspense)	Used only by QA to update the case record when a technical advice request is ready to be mailed to the TE/GE Office of Division Counsel (Code 41 must be previously entered)
57 (For Closure on EDS)	Used to update the TEDS case record when the manager determines a case is ready to be closed
58 (Workload Transfer)	Used to update the case record for cases transferred to/from an Area Office
59 (EDS Manual Process)	Used to update the TEDS case record when the manager determines a case will not be worked in TEDS but must be worked in EDS as a paper case
60 (Open Hard Copy Case)	Used by the technical screening group to update the record of any open technical screening case
61 (Unassigned Limited Review Inventory)	Used to update the case record identified as a merit or screening case but still awaiting assignment

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Exhibit 7.13.7-1 (Cont. 2) (10-23-2017)

Open Codes and Descriptions

Code/Status	Description
62 (Assigned Limited Review)	Used to update case record to a specialist for limited review
63 (Case Established MEDS)	Used to update the case record which has been fully processed and has been uploaded into the TEDS repository
64 (Manager Returned Limited Review Case to Specialist)	Used by the manager or group clerk to update the case record of screening case that is returned to the specialist
71	Reserved
72	Reserved
73	Reserved
74 (For Managerial Review)	Used by specialist to update the TEDS case record when submitting the case to the manager for proposed closure, reassignment, or other reason
75 (Group Inventory)	Used to update the record of case that is assigned to the group inventory
91 (Unassigned Inventory)	Used to update the record of screened case that will be assigned to a specialist in status code 52

Exhibit 7.13.7-2 (10-23-2017)**Closing Codes and Descriptions**

The status/action codes for closing EP cases are as follows:

Code/Status	Description
00 (Approved - Issue Only)	Don't use this status code after September 28, 2015
01 (Approved - Fully Worked)	Used to update the case record for approval of the application assigned in status 52 after completing an issue only or full analysis Note: Don't use for a case in status 62
02 (Final Adverse)	Used only by QA to update the case record when an adverse letter is issued for a case
03 (Returned Incomplete)	Used to update the case record when the application is returned to the applicant as incomplete or for applications returned because the IRS is not authorized to rule
04 (Withdrawn by Taxpayer)	Used to update the case record when the IRS returns the application when the sponsor withdraws their application
05 (Substantially Deficient - converted to 03)	Used to update the case record of a technically deficient application returned to the applicant and/or if the application cannot be reviewed in a reasonable amount of time
06 (Approved - Closed with limited review, no contact)	Used to update the case record for approval of a technical screening case assigned in status 62 and closed with no contact Note: Don't use for a case in status 52
07 (Form 5310A - Referral Generated)	Used to update the case record after preparation of Form 5666, TE/GE Referral Information Report, when the specialist recommends subsequent follow-up for a Form 5310-A application
08 (Form 5310A - Accepted As Filed)	Automatically generated to update the case record for closing a Form 5310-A or Form 4661-B after the notification letter is prepared
09 (Approved - Closed with limited review, with taxpayer contact)	Used to update the case record for approval of a technical screening case assigned in status 62 and closed with contact Note: Don't use for a case in status 52

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Exhibit 7.13.7-2 (Cont. 1) (10-23-2017) Closing Codes and Descriptions

Code/Status	Description
13 (Auto - Closure)	Used to update the case record when using the auto closure procedures
30 (Correction Disposal)	Used to update the record of an erroneously established case(s) These cases are not counted as Management Information Reports (MIR) accomplishments

Exhibit 7.13.7-3 (05-13-2024)**QA Address List**

Division	Address
EP Determinations QA express mail or private delivery address	Internal Revenue Service 550 Main Street EP Determinations Quality Assurance - Room 6-403 Cincinnati, OH 45202
EP Determinations QA mailing address	Internal Revenue Service PO Box 2508 EP Determinations Quality Assurance - Room 6-403 Cincinnati, OH 45201