



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

8.7.9

JANUARY 3, 2024

EFFECTIVE DATE

(01-03-2024)

PURPOSE

- (1) This transmits revised IRM 8.7.9, Joint Committee (JC) Cases.

MATERIAL CHANGES

- (1) Revised IRM 8.7.9 with editorial changes to update references, outdated links, and updated links to SharePoint.
- (2) Incorporated Interim Guidance Memorandum AP-08-0622-0007, Appeals Procedures for Electronic Submissions to the Joint Committee on Taxation (JCT), by revising IRM 8.7.9.8.7, Electronic Submission of JC Reports, and IRM 8.7.9.8.7.2, Address and Electronic Procedures for JC Report Submission.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 8.7.9 dated December 27, 2017, and incorporates the following Interim Guidance Memorandum: AP-08-0622-0007, Appeals Procedures for Electronic Submissions to the Joint Committee on Taxation (JCT).

AUDIENCE

Appeals employees who handle Joint Committee cases.

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8.7.9

Joint Committee (JC) Cases

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8.7.9.1
(12-27-2017)
Program Scope and Objectives

- (1) This IRM section provides procedures for working Joint Committee (JC) cases in the Appeals Division.
- (2) **Purpose:** The purpose of this IRM section is to provide guidance for Appeals cases subject to review by the Joint Committee on Taxation (JCT).
- (3) **Audience:** The primary users of the IRM section are Appeals Technical Employees (ATEs) working cases subject to review by the JCT. These employees include Appeals Officers, Appeals Team Case Leaders, and their managers.
- (4) **Policy Owner:** The Appeals Policy Owner for this IRM section is the Director, Case Operations and Support.
- (5) **Program Owner:** The Appeals Program Owner of this IRM section is Director, Policy, Planning, Quality & Analysis.
- (6) **Primary Stakeholders:** The primary stakeholder of this IRM section is the Joint Committee on Taxation (JCT). The JCT is discussed in IRM 8.7.9.2, **Introduction to the Joint Committee (JC)**.

8.7.9.1.1
(12-27-2017)
Background

- (1) A refund or credit subject to Joint Committee review can arise from an examination, or tentative allowances in excess of the jurisdictional amount.
- (2) House of Representative's bill (H.R. 5771) was signed by the President and became law effective December 19, 2014 to increase the JC threshold for C Corporations. The jurisdictional amount for C Corporations is in excess of \$5 million and for all other taxpayers the jurisdictional amount is in excess of \$2 million.
- (3) The JCT staff attorneys (also known as Refund Counsel) will review the Joint Committee report and other documentation as deemed necessary. Should the staff attorney have questions, they are usually resolved informally through phone calls or e-mails. In some instances, a written inquiry may be issued. In the event the JCT disagrees with or questions the position taken in the report, the case is not finalized and remains open pending resolution of the questioned items. The JCT will issue either a clearance letter or Staff Review Memorandum (SRM) upon completion of their review.

8.7.9.1.2
(12-27-2017)
Authority

- (1) The authority for Joint Committee procedures is covered under the following:
 - a. IRC 8022
 - b. IRC 6405
 - c. IRM 1.2.2.5.15, **Delegation Order 4-18 (Rev. 1), Reports of Refunds and Credits to the Joint Committee on Taxation**

8.7.9.1.3
(12-27-2017)
Responsibilities

- (1) The Appeals Technical employee (ATE) is responsible for determining whether the case is required to be submitted to the Joint Committee on Taxation (JCT), and preparing the required documents for review by the JCT. The Taxpayer Bill of Rights, Pub 1, **Your Rights as a Taxpayer**, applies to ATEs' interactions with taxpayers.
- (2) The Appeals Joint Committee Program Analyst (AJCPA) is responsible for:
 - a. Updating the Joint Committee Program web page as needed

- b. Reviewing cases prior to submission to the JCT
- c. Responding to inquiries regarding specific cases
- d. Preparing monthly inventory reports

8.7.9.1.4
(12-27-2017)
Acronyms

- (1) See the table below for the most common acronyms in this IRM section:

Acronym	Definition
JC	Joint Committee
JCT	Joint Committee on Taxation
ACM	Appeals Case Memorandum
ATE	Appeals Technical Employee
ATM	Appeals Team Manager
AJCPA	Appeals Joint Committee Program Analyst
CAR	Case Activity Record
TCS	Tax Computation Specialist
LB&I	Large Business and International
APS	Appeals Processing Section
ACDS	Appeals Centralized Database System
SRM	Staff Review Memorandum

8.7.9.2
(12-27-2017)
Introduction to the Joint Committee (JC)

- (1) The Joint Committee on Taxation (JCT) is required by IRC 8022 to investigate:
- a. The operation and effects of the Federal system of internal revenue taxes;
 - b. The administration of such taxes by the Internal Revenue Service; and
 - c. Measures and methods for the simplification of such taxes.
- (2) The JCT is also required by IRC 8022 to publish for public examination and analysis, proposed measures and methods for simplification of such taxes, and to report to the Senate Finance Committee, the House Ways and Means Committee, and, in its discretion, to the Senate or House of Representatives, or both, the results of its investigations, together with such recommendations as may be advisable.
- (3) In carrying out its statutory responsibilities, the JCT is vitally concerned with learning whether the tax laws:
- a. Are being applied consistently with Congressional intent;
 - b. Require clarification; and
 - c. Grant unintended benefits or cause unintended hardships.
- (4) The JCT is also concerned with learning whether the positions taken by the Service in Revenue Rulings, Regulations, and in litigation are consistent with

Congressional intent. The reports required of the Service, under IRC 6405, are a principal source of information for the JCT.

- (5) Delegation Order 4-18 (see IRM 1.2.2.5.15, **Delegation Order 4-18 (Rev. 1), Reports of Refunds and Credits to the Joint Committee on Taxation**) delegates, in part, the authority to:
 - a. Make and report refunds and credits to the JCT as required by IRC 6405. This is delegated to Appeals Team Managers (ATMs) and Appeals Technical Employees (ATEs) on cases within their jurisdiction. No further re-delegation within Appeals is permitted.
 - b. Respond to all formal requests for reconsideration made by the JCT concerning the reports that the IRS was required to submit to the JCT under IRC 6405. This is delegated to the Deputy Chief, Appeals and may not be re-delegated.
- (6) The current JC jurisdictional amount is any amount of refund or credit in excess of \$2,000,000 (\$5,000,000 for C-Corporations) which may include multiple tax years. Include a refund or credit of previously assessed and paid penalty or interest when determining whether an overpayment exceeds \$2,000,000 (\$5,000,000 for C-Corporations). Every refund or credit (of the type of tax to which JC jurisdiction is applicable) in excess of \$2,000,000 (\$5,000,000 for C-Corporations) is reportable to the JCT unless it falls within a specified exception to the reporting requirements. See IRM 8.7.9.4, **Cases Not Requiring JC Review (Exceptions to JC Review)**.
- (7) The JC staff attorneys (Refund Counsels) will review the JC report and other documents as necessary. Should the Refund Counsel have questions, they are usually resolved informally through phone calls or e-mail exchange. If a meeting is necessary, the ATE should request a phone conference to discuss any additional questions from the JCT. See IRM 8.7.9.10.1, **Informal Inquiries from the JCT**. In some cases, a written inquiry may be issued. See IRM 8.7.9.10.2, **Formal Inquiries from the JCT - Staff Review Memorandum (SRM)**. Once notification is received that the JCT has released the case, Appeals may process and close the case.
- (8) The JC staff review of these reports focuses on the technical aspects of the case and the IRS's resolution of the issues presented.

8.7.9.3
(12-27-2017)
**Cases Requiring JC
Review**

- (1) IRC 6405(a) provides that no refund or credit of any income, war profits, excess profits, estate, or gift tax, or any tax imposed with respect to public charities, private foundations, operators' trust funds, pension plans, or real estate investment trusts under IRC Chapter 41, 42, 43 or 44, in excess of \$2,000,000 (\$5,000,000 in the case of a C corporation) shall be made until after the expiration of 30 days from the date a report is submitted to the JCT for review. This report, required by IRC 6405(a), is to include the taxpayer's name, SSN/EIN, the city and state of the taxpayer's location, amount of the refund or credit, a summary of the facts, and the decision of the Secretary.
- (2) IRC 6405(b) requires a similar report to the JCT if net refunds in connection with tentative allowances stemming from carrybacks under IRC 6411 exceed \$2,000,000(\$5,000,000 in the case of a C corporation). The report is submitted to the JCT at such time after the refund or credit is made when the Service determines the correct tax.

- (3) IRC 6405(c) provides that refunds in excess of \$2,000,000 (\$5,000,000 for C corporations), attributable to a taxpayer's election under IRC 165(i), will be made before submitting a report for review. This section allows a taxpayer to deduct a disaster loss in the taxable year immediately preceding the taxable year in which the disaster occurred. The report shall be prepared when the correct amount of tax is determined. See IRM 8.7.9.7.10, **Disaster Losses**.
- (4) In accordance with IRC 8023(a), the JCT will also review a number of large deficiency cases each year. See IRM 8.7.9.8.1.6, **Large Deficiency Case Report**.

8.7.9.4

(12-27-2017)

Cases Not Requiring JC Review (Exceptions to JC Review)

- (1) Do not report a refund or credit of:
 - a. An unassessed advance payment of tax or cash bond made under provisions of Rev. Proc. 84-58 or as an undesignated remittance or a deposit in the nature of a cash bond made under provisions of Rev. Proc. 2005-18 and which was made before determining the taxpayer's tax liability; or
 - b. A refund or credit of an amount paid with a tentative return in excess of the tax liability reported by the taxpayer on a final return. A final return is defined as the last return filed by the due date for that return.
- (2) Do not report the abatement of an unpaid portion of an assessment to the JCT (see IRC 6404). The word "credit", as used in IRC 6405, does not include an abatement. For example, an amount assessed and paid which is determined to be an overassessment when applied to another liability (i.e., another year, another tax, or another taxpayer) constitutes a credit and not an abatement.
- (3) Do not report a refund or credit based upon a court decision resulting from trial of the case. If other years of the case affected by the court decision are under Appeals jurisdiction in non-docketed status (or docketed) and the determined refund or credit for such years is in excess of \$2,000,000 (\$5,000,000 for C corporations) Appeals writes the JC report. However, a discussion of JC cases under jurisdiction of Counsel is discussed in a subsequent section. See IRM 8.7.9.6.1, **Reporting to the JCT**.
- (4) The JCT staff compiles statistics of amounts of refunds allowed. In other than expedited refund cases, to avoid double reporting of a refund amount, it is important that only the additional allowance is reported as the Net Refund or Credit when a subsequent report is written on a year previously reported to the JCT. The body of the subsequent report, however, should refer to the prior refund for that year, including the date of the previous report and, if applicable, the date the case was released by the JCT. For example, if, in an initial JC report on the year 2005, a Net Refund or Credit of \$5,000,000 is allowed, do not report in the Net Refund or Credit column this amount again as part of a \$9,000,000, net refund or credit, when a subsequent report for the year 2005 only allows an additional \$4,000,000. Report only the \$4,000,000.
- (5) Excise and employment tax are not subject to JC review. Refunds on trust fund recovery penalty cases and windfall profit taxes are also excluded from review by the JCT.

8.7.9.5

(09-27-2013)

Selection of Large Deficiency Cases for JC Review

- (1) Every six months, each “**selection area**” (each numbered geographic Appeals designated area, the Domestic/International Operations function, and the ATCL function) will submit reports to the JCT on the largest deficiency cases closed in that “selection area” by Appeals during that six month period.
- (2) The specific number of cases from each selection area will be designated by the Appeals JC Program Analyst (AJCPA), subject to approval by the JCT Senior Refund Counsel.
- (3) Deficiency cases reported to the JCT should be restricted to the types of taxes reportable as refunds or credits under IRC 6405 (e.g., taxes imposed under Chapter 32 or Chapter 45 would not be reported).

Note: If the largest deficiency cases closed are from the same office within the selection area, select the next largest cases closed from the other offices in the “selection area.” **No office will submit all selected cases from a selection area.** The selection process will require coordination within the selection area.

- (4) The reports for the period ending March 31 will be submitted on or before the last day of July, and the reports for the period ending September 30 will be submitted on or before the last day of January.
- (5) In considering what constitutes the largest deficiency cases closed for the six-month period, do not consider:
 - a. An unagreed docketed case transferred to Counsel;
 - b. An unagreed case considered in non-docketed status by Appeals which is then petitioned to and docketed in the U.S. Tax Court;
 - c. A case that has been or will be reported to the JC as an overpayment case (overpayment cases should have a Feature Code of “JC” – including cases with initially proposed deficiencies, in order to identify them and avoid duplicate reporting as a deficiency case);
 - d. Special Enforcement Program (SEP) cases, including High Level Drug Leaders Tax Enforcement Project (DEP) cases; or
 - e. Under reporter cases.
- (6) If a case is split with some years moving to a non-reporting category, the years remaining in a reporting category will, at closing, be considered to determine the size of the case for reporting purposes.
- (7) Consider incoming deficiency amounts, not closing amounts, even if the final determination is a refund.
- (8) Time applied to preparing the JC large deficiency package is charged to “Reports” in CARATS.

8.7.9.6

(12-27-2017)

Appeals Responsibility in JC Cases

- (1) This subsection covers Appeals Responsibility in JC Cases.
- (2) The phrase “reasonably short period of time” is used throughout IRM 8.7.9. The phrase will be defined as:
 - Two months or less.
- (3) Appeals can agree to extend this period depending on the facts and circumstances of the case.

8.7.9.6.1
(12-27-2017)

Reporting to the JCT

- (4) If Appeals extends the time frame, the ATE who is assigned the case will be required to document the reason in the Case Activity Record (CAR).
- (1) Appeals is responsible for preparation of the report to the JCT in cases under its jurisdiction. For example, where a tentative allowance under IRC 6411 has been made for years under Appeals jurisdiction, a determination as to the correct amount of the carryback may be made prior to preparation of the JC report for the carryback years in Appeals. If so, the report made by Appeals to the JCT should be based on the correct amount of carryback. See IRM 8.7.9.6.1.3, **Appeals/Compliance Case Procedures**.
 - (2) IRC 6405 requires that refunds or credits in excess of \$2,000,000 (\$5,000,000 for C corporations) must be reported to the JCT. Therefore, normally, **no settlement should be made effective until receipt of notice that the JCT has no objection to the proposed overpayment**. See IRM 8.7.9.6.5, **Agreements (other than Closing Agreements) on JC Cases**, and IRM 8.7.9.6.6, **Closing Agreements Related to JC Cases**. See IRM 8.7.9.6.7, **Communications with the Taxpayer on JC Cases**, for a discussion of letters to be sent to the taxpayer when the case is submitted to the JCT and after clearance is received from that office.
 - (3) Appeals is not responsible for JC reports in docketed cases under Counsel's sole jurisdiction. However, Appeals must consider all JC reports sent to Counsel before any settlement is finalized. This is true regardless of who submitted the JC report or who made an inquiry to the JCT. Such reports are prepared and processed by Counsel. Appeals will furnish Counsel additional information with respect to issues on which Appeals obtained agreement. To the extent such information can only be furnished by Compliance, Appeals will so advise Counsel.
 - (4) Appeals should seek clearance from the JCT before sending cases to Counsel. If this is not possible due to time constraints, cases transferred to Counsel which will require JCT approval before final disposition, or have potential for such requirement, will be identified on Form 5402, *Appeals Transmittal and Case Memo*, item 2, Special Features.
 - (5) Appeals is responsible for the preparation of supplemental reports on all reconsidered cases transferred from Compliance as the result of an informal inquiry or a Staff Review Memorandum (SRM) from the JCT.
 - (6) On any case which is determined to require a JC report, the ATE assigned the case must **update the Feature Code** to "JC". This will help avoid selecting cases later for reporting to the JCT as large deficiency cases which have already been reported to the JCT as refund cases (where the case initially included proposed deficiencies when received in Appeals). Cases are not to be reported as both refund and as large deficiency cases.

8.7.9.6.1.1
(12-27-2017)

**Investor Cases/TEFRA
Key Cases**

- (1) An ATE with jurisdiction of a JC investor case will be responsible for seeing that a JC report for that investor case is made when the TEFRA adjustments result in a refund in excess of \$2,000,000(\$5,000,000 in the case of a C corporation) to the taxpayer.
- (2) When the case is in Appeals jurisdiction, determine the need for a JC report on TEFRA issues when the tax computations are made at the investor level.

- Do not suspend a report to the JCT for a refund from TEFRA issues pending the outcome of the non-TEFRA issues.
 - Do not add the refund from TEFRA adjustments to the refund from non-TEFRA adjustments to determine if a JC report is needed.
 - These are separate refunds and, if a report to the JCT is necessary, each refund should be reported separately.
- (3) If an ATE has a key TEFRA case including a Global Settlement case, and has reason to believe that the settlement will result in a refund to an investor in excess of \$2,000,000 (\$5,000,000 for C corporations), then the ATE must prepare a JC report for the TEFRA investor and submit it to the JCT for an informal review before closing the case. All relevant case information from the TEFRA Key case should be submitted as part of the informal review. See Exhibit 8.7.9-11, **Sample Informal Referral Report - Refund in Excess of \$5,000,000 (Tentative Allowances Not Examined)**, for an example of an informal report. This example will need to be modified for the facts and circumstances of the case.
 - (4) After completion of the informal review, the JCT will notify the AJCPA and the ATE by encrypted e-mail that they have completed their review. Appeals may close the case upon receipt of this notification.
 - (5) See IRM 8.19.6.14, *Closing Joint Committee Partner Cases* and IRM 8.19.6.3, *Statute for Partner's Case*.

8.7.9.6.1.2
(11-09-2007)
Bankruptcy Cases

- (1) Bankruptcy does not eliminate JC jurisdiction. JC jurisdiction would be eliminated by a determination of tax liability in the Bankruptcy Court, District Court, United States Claims Court, or the Tax Court.
- (2) If Appeals and the taxpayer agree on a case involving a refund or credit of over \$2,000,000 (\$5,000,000 for C corporations), Appeals will make a report to the JCT and notify the Tax Division of any action taken.
- (3) See IRM 8.7.6 , *Appeals Bankruptcy Cases*, for additional information on bankruptcy procedures.

8.7.9.6.1.3
(12-27-2017)
**Appeals/Compliance
Case Procedures**

- (1) Appeals and Compliance often have different years opened for the same taxpayer. When the taxpayer files a tentative refund or refund claim affecting the Appeals year(s) which is attributable to the Compliance year(s), then the following must be considered for JC reporting requirements. These procedures apply only to IRC 6405(b) refunds. If the carryback year(s) also have IRC 6405(a) refunds which are reportable to the JCT, see paragraph (7) of this section.
- (2) If Compliance's examination or survey action of the loss/credit source year(s) is completed before Appeals concludes action on its case, then Compliance will close its case to Appeals and send the return(s), RAR and administrative file to Appeals. Regardless of how Compliance resolves the source year(s) (surveyed, agreed, or unagreed and protested), the source year(s) should be forwarded to Appeals to be associated with the carryback year(s).
- (3) In situations where Appeals completes its action on the case before Compliance action is complete, Appeals should determine the status of the source year return(s). If Compliance will complete the examination or survey action in

a reasonably short period of time, Appeals should retain the case until Compliance forwards the loss/unused credit source year(s).

- (4) In either case, if JC reporting is required as the result of the allowance of the loss/credit carryback(s), Appeals will prepare the report according to the procedures contained herein. Should there be a JCT inquiry due to Compliance's RAR or survey action, the examiner will respond to the inquiry through the ATE assigned the case.
- (5) If the Compliance examination will not be completed within a reasonably short period of time, Appeals will provisionally allow the loss(es) or credit(s) to the extent of the tentative refund(s). If the Appeals case is subject to JC review, without consideration of the tentative refund(s) from the Compliance year(s), Appeals will prepare a report according to the procedures contained herein. For a sample report, see Exhibit 8.7.9-4, **Sample Regular Report with Provisionally Allowed Tentative Refunds**.

Note: Under these circumstances, the settlement computation should be modified. See IRM 8.7.9.9.4, **Settlement Computation Special Features**.

- (6) At the conclusion of the source year return(s), if the year(s) still remain under JC jurisdiction, then a supplemental report must be prepared by the office that makes the final determination (Appeals or Compliance). If the year(s) no longer meet JC criteria, then a supplemental report is also required to notify the JCT of the final disposition and that the year(s) no longer qualify as JC year(s). The reporting office will be determined by which office has jurisdiction of the source year return(s) at the time of the final determination.
- (7) When a tentative carryback arises:
 - in a year which has not been examined or is currently under examination, and
 - such carryback may result in the requirement of a JC report by Appeals under IRC 6405(b) for year(s) under its jurisdiction, and
 - the carryback affects a year for which an Appeals determination has been made which will require a JC report under IRC 6405(a),

then Appeals should proceed to tentatively close the IRC Section IRC 6405(a) case by submitting an expedite report to the JCT, unless it appears that the Compliance function will close the loss/unused credit source year(s) within a reasonably short period of time.

- (8) If you are reporting an IRC 6405(a) refund to the JCT but tentatively allowing an IRC 6405(b) refund (due to an open Compliance examination):
 - The body of the JC report, tabulations, and computations should not give consideration to the tentative carryback(s). (It is not necessary to exclude the tentative carrybacks from the Appeals Case Memo (ACM) or the settlement computation.)
 - However, the JC report must disclose that there is a tentative carryback and that a supplemental report on the IRC 6405(b) refund will follow after the examination is completed. See IRM 8.7.9.8.1.3, **Supplemental Report**.

See IRM 8.7.9.8.1.1, **Expedite Refund Request Report**, for additional information on expedite refund reports.

- (9) If the office with jurisdiction over the loss/credit source year(s) will close the source year(s) in a reasonably short period of time, Appeals should wait for the correct determination of the carryback(s) before reporting the case/year(s) under Appeals jurisdiction to the JCT.
- (10) The supplemental report will be made by the office that makes the final determination of the taxpayer's liability for the year(s) previously reported to the JCT. If the refund does not exceed \$2,000,000 (\$5,000,000 for C corporations), the office which has jurisdiction at the time of the final determination will notify the JCT and the Appeals JC Program Analyst, in writing, of this fact so that the JCT can close its control of the case. This can be accomplished via E-mail.

8.7.9.6.1.4
(12-27-2017)
**Expedite Closing -
Cases with Refunds
Less than \$5,000,000
(Tentative Allowances
Not Yet Examined)**

- (1) Normally, if there are tentative carrybacks involved, the case will not be submitted until the determination of the correct amount of carryback/carryforward is made in the source year.
- (2) For tentative refunds less than \$5,000,000, if it appears that Compliance will not close the loss/unused credit years within a reasonably short period of time, Appeals should close its case without waiting for the receipt of the loss/unused credit year(s).
- (3) Appeals will provisionally allow the claimed carryback modified (if required) by agreed adjustments in taxable years or periods currently under Appeals consideration.
- (4) If agreed adjustments have an effect on the taxpayer's liability for other taxable years or periods, Appeals will notify Compliance to take the proper action. See IRM 8.2.3.7, *Compliance Follow-Up Action Required on Related Years or Taxpayers*.
- (5) See IRM 8.7.9.6.1.5.1, **Informal Review - Cases with Refunds in Excess of \$5,000,000 (Tentative Allowances Not Yet Examined)**, for tentative refunds in excess of \$5,000,000 which have not yet been examined.

8.7.9.6.1.5
(12-27-2017)
**JC Review Before Case
is Closed - Advance
Review Request**

- (1) Ordinarily a case will not be submitted for JC review until ready for closing. Occasionally, Appeals will have a case or issue needing an advance review by the JCT.
- (2) Under these circumstances the Service is not seeking clearance of a refund amount, but rather, is seeking review of a specific issue or document (such as a closing agreement). This could occur:
 - On cases subject to JC review (where the formal report will be submitted at a later date), or
 - On cases not subject to JC review, the settlement of which may affect a JC case or year including adjustments made at the partnership or subchapter S corporation level to the corresponding partner(s) and /or shareholder(s). See IRM 8.7.9.6.1.1, **Investor Cases/TEFRA Key Cases**.
- (3) Examples of cases needing an advance review by the JCT are discussed in paragraphs (4) through (7) below.
- (4) Minimum Refund Case - Occasionally, Appeals will have a case involving a proposed refund or credit in excess of \$2,000,000 (\$5,000,000 for C corpora-

tions) which cannot be closed because of unagreed issues. All of the following conditions must exist in order to consider reporting to the JCT:

- a. The unagreed issue will materially delay final disposition of the case; the reasons for delay are beyond the control of the Service; and the delay would deprive the taxpayer of a timely refund to which it is clearly entitled, in spite of resolution of the unagreed issues;
 - b. The adjustments causing the proposed refund or credit over \$2,000,000 (\$5,000,000 for C corporations) are not at issue; and
 - c. Disposition of the unagreed issue will not reduce the proposed refund or credit to \$2,000,000 (\$5,000,000 for C corporations) or less.
- (5) The following examples illustrate other types of JC cases that might be submitted to the JCT even though one or more issues have not been settled:
 - a. Non-docketed case involving a proposed overpayment in excess of \$2,000,000 (\$5,000,000 for C corporations) and disposition of unagreed issue is dependent on the outcome of a pending court case.
 - b. Docketed case with a subsequently filed claim in excess of \$2,000,000 (\$5,000,000 for C corporations) which is allowable but has one or more issues that will not be tried or settled for some time.
- (6) Closing Agreements: Occasionally, Appeals may wish to resolve an issue on a non-docketed JC case with a closing agreement where it is not known if there will be unagreed issues, or where there are negotiations remaining to take place on other issues.
 - a. This could occur on an issue where the Service and the taxpayer wish to resolve the issue with a closing agreement immediately before moving on with other issues in the case.
 - b. This could also happen in a non-docketed case in Appeals not subject to JC review, but where the execution of a closing agreement potentially has an effect on another year of the taxpayer not in Appeals which may be subject to JC review.
 - c. In such cases, Appeals may request an advance review of the issue or closing agreement.
 - d. If the JCT approves the resolution of the issue and closing agreement, Appeals may then execute the closing agreement on behalf of the Service.
 - e. The ATE assigned the case should contact the Appeals JC Program Analyst for procedures and details.
- (7) There may also be a need for early resolution of a specific issue on a non-docketed case without waiting for resolution of the complete case, such as Fast Track Settlement or Early Referral cases.
- (8) Because these types of cases/issues for JC review are rare, handle each informally on a case-by-case basis. If it appears the case/issue could be submitted under these provisions, the ATE assigned the case will contact the Appeals JC Program Analyst via e-mail with a written explanation of the circumstances so that the analyst can discuss the case/issue with the JCT staff or suggest direct contact. If the e-mail includes the taxpayer's name, the e-mail must be encrypted. If the JCT agrees to accept the case/issue for review, the ATE will prepare and submit the advance review request.

- (9) See Exhibit 8.7.9-10, **Sample Request for Advance Review**, for an example of an advance review request. While this is a sample request for review of a closing agreement, the language may be modified to suit the particular situation.

Note: The request is signed by the appropriate party in the same manner as a JC report.

- (10) The request is sent directly to the Joint Committee Senior Refund Counsel at the address specified in IRM 8.7.9.8.7.2, **Addresses for JC Reports and Shipping Label**. The formal report should be submitted through the Appeals JC Program Analyst. See IRM 8.7.9.8.5, **Review and Approval by Appeals JC Program Analyst (AJCPA)**.
- (11) Attachments to the advance review request should include the Form 5402, the ACM, agreement forms (for example, Form 870-AD, *Offer to Waive Restrictions on Assessment and Collection of Tax Deficiency and to Accept Overassessment*) or closing agreement.
- (12) After completion of the advance review request, the JCT will notify Appeals by encrypted e-mail that they have completed their review. Appeals may close the carryback year(s) upon receipt of this notification.
- (13) A formal report will be submitted when the case is finally closed. Reference to the prior advance review request should be made in the narrative.
- (14) If a case is going to be put into suspense in Compliance pending the results of litigation in another case, do not write a JC report prior to suspense action because a JC report is required when a determination is made based on the results of the litigation.

8.7.9.6.1.5.1
(12-27-2017)
Informal Review - Cases with Refunds in Excess of \$5,000,000 (Tentative Allowances Not Yet Examined)

- (1) Normally, if there are tentative carrybacks involved, the case will not be submitted to the JCT until the determination of the correct amount of carryback/carryforward is made in the source year. However, under certain conditions, an "informal" JC review of a case may be conducted to facilitate Appeals closing of the case.
- (2) An informal report may be submitted for JC review when:
- Appeals has year(s) ready to close with tentative refunds under IRC 6405(b) in excess of \$5,000,000;
 - The source year examination or appeals process has not been completed (thus, not ready to be reported with the carryback year(s)); and
 - The source year will not be completed in a reasonably short period of time.
- (3) If a case meets this criteria, Appeals should prepare and submit an informal JC report for the carryback year(s) before closing those year(s). See Exhibit 8.7.9-11, **Sample Informal Referral Report - Refund in Excess of \$5,000,000 (Tentative Allowances Not Examined)**, for a sample report. Also see IRM 8.7.9.6.1.5, **JC Review Before Case is Closed - Advance Review Request**.
- (4) After completion of the informal review, the JCT will notify Appeals by encrypted e-mail that they have completed their review. Appeals may close the carryback year(s) upon receipt of this notification.

Note: These provisions do not apply when the carryback years would otherwise be reportable without the tentative allowances.

- (5) The formal JC report for the carryback year(s) will be made by the office which resolves the source year with finality at the time of such resolution. See IRM 8.7.9.6.1.3, **Appeals/Compliance Case Procedures**.

8.7.9.6.2
(12-27-2017)
Discovery of Failure to Report to JC

- (1) If it is discovered that an overpayment under IRC 6405 in excess of \$2,000,000 (\$5,000,000 for C corporations) has been refunded without a report to the JCT, prepare a report as soon as possible. This must be done even though the statutory period of limitations has expired for one or more years. Explain the failure to submit a timely report in the JC letter, and submit the explanation to the applicable Area Director.

8.7.9.6.3
(12-27-2017)
Period of Limitations on JC Cases

- (1) Consents are ordinarily obtained where the period of limitations expires in less than 180 days from date of submission of a report to the JCT. Counsel should be consulted concerning cases with previously executed restricted consents. **Do not use restricted consents in JC cases.**
- (2) In cases where there is no reasonable prospect of a deficiency, a statutory notice is not arbitrarily issued. Taxpayers will usually cooperate and sign a consent if the reason is explained. If a consent is unnecessary for a related or reference return in the file, prepare a memorandum (or other approved form such as Form 10495, **Memorandum Regarding Statute**) for the file setting out the facts. Attach the original of the memorandum to the return and the ATE will update ACDS with the correct statute information upon receipt of the signed Form 10495.
- (3) As in other cases under its jurisdiction, Appeals is responsible for protecting the period of limitations in JC cases, including the time the report is with the Appeals JC Program Analyst or the JCT. Appeals maintains a follow-up system to ensure that an assessment period does not expire while the report is being reviewed outside the office.

8.7.9.6.4
(12-27-2017)
Transcript/Statement of Account for JC Cases

- (1) When Appeals first determines a case will require a report to the JCT, the ATE assigned the case will request a transcript for years subject to JC review, if none is in the file.
- (2) Do not prepare a statement of account for a JC case except where required for reasons other than JC status. See IRM 8.17.3.2, *Explanation of the Statement of Account*.

8.7.9.6.5
(09-27-2013)
Agreements (other than Closing Agreements) on JC Cases

- (1) If Form 870-AD, Form 890-AD, *Offer of Waiver of Restrictions on Assessment and Collection of Deficiency in Tax and of Acceptance of Overassessment*, or similar type AD agreement is used in a JC case, the following paragraph is ordinarily typed on the agreement: "Accepted as of the date the Joint Committee on Taxation completes its review without objection or the date accepted for the Commissioner, whichever is later."
- (2) If a Form 870, *Waiver of Restrictions on Assessment and Collection of Deficiency in Tax and Acceptance of Overassessment* or Form 890, *Waiver of Restrictions on Assessment and Collection of Deficiency and Acceptance of Overassessment - Estate, Gift, and Generation - Skipping Transfer Tax*, type

agreement is the agreement used in a JC case, the following paragraph is ordinarily typed on the agreement: "This agreement is submitted to take effect on the date the Joint Committee on Taxation completes its review without objection."

- (3) If Appeals action is based on mutual concessions and would have produced a deficiency for the carryback year, prior to considering the carryback provisionally allowed by Appeals, a Form 870-AD will be secured showing zero deficiency with a footnote reflecting the amount of deficiency before provisional allowance of the carryback.
 - The purpose of this is to make clear, especially where the provisionally allowed carryback eliminates the Appeals deficiency, that the Appeals settlement of issues in the carryback year is intended to be final.
 - All agreement forms in which a carryback is provisionally allowed should contain this statement: "You may be liable for restricted interest on what might have been the deficiency before the carryback. See Rev. Proc. 60-17, 1960-2 C.B. 942."
- (4) Do not obtain Form 2297, *Waiver of Statutory Notification of Claim Disallowance*, in a JC case until the JCT has released the case unless the Form 2297 is modified as follows: "This waiver takes effect on the same date the agreement form (**fill in appropriate form number**) used in this case becomes effective."
- (5) The date the JCT completes its review will be the date of the clearance letter that is forwarded to Appeals.
- (6) In Fast Track Settlement (FTS) cases, the Service will report a proposed settlement reached as a result of FTS to the JCT in accordance with IRC 6405. The taxpayer acknowledges that the Service may reconsider a proposed settlement, as reflected in a signed FTS Session Report, upon receipt of comments on the proposed settlement from the JCT (Rev. Proc. 2003-40).

8.7.9.6.6
(12-27-2017)
**Closing Agreements
Related to JC Cases**

- (1) Closing agreements **must not** be executed on behalf of the Service until after the "report and wait" requirements of IRC 6405 have been met. Therefore, **do not** execute any closing agreement on behalf of the Commissioner until after the JCT clears the case.
- (2) In any case under Appeals jurisdiction requiring a report to the JCT which includes a closing agreement as to determination of tax liability; a determination covering specific matters; or a combined agreement, indicate in the report the tentative approval of the closing agreement. Submit proposed agreements with the JCT report. If the JCT takes no exception to the report, the Appeals official signs the closing agreement. Also submit a copy of any closing agreement that arose out of any prior examination of the reported years.
- (3) If the case in Appeals does not require a JC report, but the closing agreement affects a case which is or will be reported to the JCT, advance review of the closing agreement may be requested using an informal procedure with a cover memo explaining the reasons for the request. A copy of the closing agreement and the ACM discussing the issue should be submitted with the cover memo. See IRM 8.7.9.6.1.5, **JC Review Before Case is Closed - Advance Review Request**. The JCT will normally transmit their concurrence with the closing agreement and issue settlement by encrypted e-mail.

- (4) **DO NOT** enter into a closing agreement on an early referral case without concurrence from the JCT if there is a potential that the primary case will require a JC report. (Rev. Proc. 99-28.) See IRM 8.7.9.6.1.5 for discussion of instructions for JC advance review requests.
- (5) **DO NOT** enter into a closing agreement on any related affiliate or related tax year, not subject to JC review, where the execution of a closing agreement will have an effect on a JC case (regardless of where jurisdiction of the JC case resides), until the JC case has been reviewed by the JCT.
- (6) If the closing agreement relates to a proposed distribution from a DISC under IRC 992(c), or from resolution of a COLI issue, a request for expedited JC review may be made in a cover memo explaining the reasons for the request. See IRM 8.7.9.6.1.5.
- (7) For post-Appeals mediation issue resolution on cases subject to JC review, Appeals will **not** enter into a closing agreement without concurrence from the JCT (Rev. Proc. 2009-44, 2009-2, C.B. 462). Also, **do not** enter into a closing agreement on any related affiliate or related tax year, not subject to JC review, where the execution of the closing agreement will have an effect on a JC case, until the JCT has completed its review.
- (8) **DO NOT** execute a closing agreement on an “expedite” refund Appeals case until notification of the JC clearance has been received.
- (9) Appeals should **not** enter into a closing agreement on a JC case when Competent Authority is involved in the case. In addition, when Competent Authority is involved in a JC case, the Competent Authority official must be notified that JCT review of the closing agreement is required before executing the closing agreement on behalf of the Service.

8.7.9.6.7
(12-27-2017)
**Communications with
the Taxpayer on JC
Cases**

- (1) After the report is forwarded to the JCT, the ATE assigned the case informs the taxpayer that the case has been reported by mailing Letter 1594.
- (2) Upon receipt of the clearance letter from the JCT, the Appeals JC Program Analyst will send a copy of the JC clearance letter by encrypted e-mail to the ATE listed as the contact on the JC letter.
- (3) Upon receipt of the JC clearance letter, the ATE informs the taxpayer that the JCT has taken no exception to the conclusions reached by the Service by mailing Letter 1537, *Joint Committee No Exception*.
- (4) Letter 1594, and Letter 1537 should be prepared on APGolf; however, see Exhibit 8.7.9-12, **Sample Letter 1594(CG) - JC Submission**, and Exhibit 8.7.9-13, **Sample Letter 1537(CG) - JC No Exception**. These two exhibits contain samples of these letters.

Note: These letters are not required for large deficiency cases.

- (5) If the processing of the case is delayed, the ATE should provide the taxpayer with the reasons for the delay and provide periodic updates. The time, method and nature of the information to the taxpayer is discretionary. See IRM 8.7.9.10.2.1, **SRM Procedures and Tracking - Response Required**.

8.7.9.6.8
(12-27-2017)
**Disclosure Provisions
for JC Cases - Form
5482**

- (1) Reports to the JCT involving individual taxpayers or aliens admitted to permanent U.S. residence are disclosures to third parties under provisions of the Privacy Act of 1974. This also applies to disclosures of tax return information of an individual taxpayer or aliens admitted to permanent U.S. residence when sent with a report involving a corporate taxpayer.
- (2) Use Form 5482, *Record of Disclosure*, to account for disclosures (involving individual taxpayers or aliens admitted to permanent U.S. residence) to the JCT. Form 5482 is also required for deceased taxpayers.
- (3) A disclosure concerning an individual taxpayer or alien admitted to permanent U.S. residence occurs when Appeals signs, dates, and forwards the JC report. At this point, Form 5482 is completed recording the requested information pertaining to the taxpayer upon whom the disclosure is being made. After this information is recorded, annotate the case file to show the means used to account for the disclosure.
- (4) When completing the Form 5482, see instructions below:
 1. Block 1: Enter the taxpayer's name
 2. Block 2: Enter the date the package is shipped to the Joint Committee
 3. Block 3: Enter "44.001, Administrative File"
 4. Block 4: See paragraph (5) below for detailed information
 5. Block 5: Enter Joint Committee address used on the report (shown in IRM 8.7.9.8.7.2, **Addresses for JC Reports and Shipping Label**)
 6. Block 6: Select "No"
 7. Block 7: Leave blank
 8. Block 8: Select "(b)(9)"
 9. Block 9: Enter ATE name - person who worked the case
 10. Block 10: Enter office symbols
- (5) See below for sample language for block 4 of Form 5482:

Sample Language for block 4, Form 5482

Information/Purpose	Documents
Information Disclosed:	Form 5402, <i>Appeals Transmittal and Case Memo</i>
	Appeals Case Memo
	Settlement Computation
	Joint Committee Report and any other such documents referring to the taxpayer's tax liability or other disclosures of tax return information
Purpose of Disclosure: (make selection according to type of report)	Refund report to Joint Committee on Taxation pursuant to IRC 6405. (For refund case)
	Large Deficiency Case report to Joint Committee on Taxation pursuant to IRC 8023(a). (For large deficiency case)

- (6) An electronic copy of the Form 5482 will be forwarded to the Appeals JC Program Analyst (AJCPA) by encrypted e-mail with the JCT report submitted for review. (See IRM 8.7.9.8.5, **Review and Approval by Appeals JC Program Analyst (AJCPA)**). The AJCPA will retain the Form 5482 in a separate file for the prescribed five years.
- (7) A copy of the Form 5482 will also be retained with the administrative file.
- (8) Additional information can be found in IRM 10.5.6.7, *Privacy Act Accounting for Disclosures (formerly IRM 11.3.19)*.

8.7.9.6.9
(09-27-2013)
JC Case Procedures

- (1) This subsection covers procedures for working JC cases.

8.7.9.6.9.1
(12-27-2017)
Agreed Pre-90-Day JC Cases

- (1) For pre-90-day cases to be reported to the JCT, use modified agreement forms. See IRM 8.7.9.6.5, **Agreements (other than Closing Agreements) on JC Cases**. Also, see IRM 8.7.9.8.2, **Years Covered in JC Report**, for information detailing the years to be included in the report.
- (2) The AJCPA will transmit a copy of the JC clearance letter via encrypted e-mail to the ATE assigned the case. They should put a copy of the JC clearance letter in the administrative file.
- (3) Upon receipt of the JC clearance letter, the ATE informs the taxpayer by mailing Letter 1537 that the JCT has taken no exception to the conclusions reached by the Service. See Exhibit 8.7.9-13 for a sample Letter 1537. APGolf should be used to prepare the letter.
- (4) In agreed cases involving Form 872-A, **Special Consent to Extend the Time to Assess Tax**, see discussion below:
 - a. In agreed cases involving Form 872-A , where termination of Appeals consideration is intended, use Form 872-T , *Notice of Termination of Special Consent to Extend the Time to Assess Tax*.
 - b. In agreed cases involving Form(s) 872-A, where termination of Appeals consideration is not intended because additional time may be required to process a complex case, add the following paragraph (or similar one) to Letter 1537 (CG): "Form 872-T, **Notice of Termination of Special Consent to Extend the Time to Assess Tax**, referred to in consent Form(s) 872-A, executed for tax period(s) extended to _____, will be mailed to you at a later date."
- (5) The ATE will close the case in the usual manner.

8.7.9.6.9.2
(12-27-2017)
Agreed Docketed JC Cases

- (1) In an agreed docketed JC case, under sole jurisdiction of Appeals, a settlement is entered into by having the taxpayer sign the proposed stipulation which is subject to JC review. **The proposed stipulation is not filed with the United States Tax Court until notification of JCT clearance has been received.**
- (2) After notification that the JCT has completed its review, the ATE assigned the case furnishes Counsel with a copy of the notification. Counsel then files the stipulation. After the Tax Court's decision is entered, close the case in the usual manner.

- (3) In any case involving partial settlement stipulations, the ATE assigned the case will consider whether the case might ultimately be subject to JC review. If there is a distinct possibility that disposition of the remaining issues by way of settlement or concession will result in a net refund in excess of \$2,000,000 (\$5,000,000 for C corporations), add the following language to the settlement stipulation: The settlement stipulation(s) contained herein are conditioned on completion of review by the Joint Committee on Taxation, without objection, if such review is required by IRC 6405.”

8.7.9.6.9.3
(12-27-2017)
**Unagreed JC Case
Refunds Where Tax
Court Has No
Jurisdiction**

- (1) Where the Tax Court has no jurisdiction, report any determined but unagreed refund or credit in excess of \$2,000,000 (\$5,000,000 for C corporations) to the JCT before allowance and follow the same procedure as an agreed refund or credit.

8.7.9.6.9.4
(11-09-2007)
**Unagreed Deficiency JC
Cases**

- (1) Where an Appeals determination results in the issuance of a notice of deficiency, and the deficiency years are unrelated to a JC refund or credit, the work unit should be separated for purposes of a JC review.
- (2) The determined refund or credit is referred to the JCT for review in accordance with the same procedures as an agreed refund or credit.
- (3) The notice of deficiency does not require JC review and should be issued without unnecessary delay.
- (4) Once the taxpayer files a petition with respect to the unagreed deficiency years, the petitioned years are to be processed as any other docketed case.
- (5) Examples of this situation are shown below:

Example 1

Tentative 6405(b) refund to taxpayer	\$3,000,000
Less unagreed Appeals determined deficiency	<u>\$1,400,000</u>
Tentative net refund	\$1,600,000

In Example 1, the case is not reportable to the JCT because the net refund does not exceed \$2,000,000 (\$5,000,000 for C corporations). The notice of deficiency may be issued without delay.

Example 2

Tentative 6405(b) refund to taxpayer	\$3,000,000
Less unagreed Appeals determined deficiency	<u>600,000</u>
Tentative net refund	\$2,400,000

In Example 2, the case is reportable to the JCT because the net refund exceeds \$2,000,000 (\$5,000,000 for C corporations). The JC report should be submitted and clearance by the JCT obtained prior to issuance of the notice of deficiency.

- (6) If the deficiency years are related to a JC refund or credit, submit the case to the JCT before issuing the notice of deficiency.

8.7.9.6.9.5
(12-27-2017)
**Agreed Refund,
Unagreed Deficiency —
Docketed JC Cases**

- (1) If Appeals, in a case under its sole jurisdiction, reaches agreement with the taxpayer on a refund or credit in excess of \$2,000,000 (\$5,000,000 for C corporations) for a docketed year, but does not reach agreement on a deficiency determined for another docketed year, the case may be reported to the JCT before disposition of the unagreed deficiency.
- (2) When the JCT completes its review of the determined refund or credit, Appeals transmits the case file to Counsel for disposition of unagreed deficiencies and agreed refund or credit. Disposition may be by settlement or trial. This procedure serves to expedite disposition of the case by stipulating the determined overpayment without further JC review.

8.7.9.7
(12-27-2017)
**Determining JC
Jurisdiction**

- (1) Computations will be prepared by the Tax Computation Specialist (TCS) to determine jurisdictional limits under IRC 6405(a) , IRC 6405(b), and IRC 6405(c). See IRM 8.7.9.9.1, **Information for the JC Report**.

8.7.9.7.1
(12-27-2017)
Previous Refunds

- (1) If a refund or credit has been reported to the JCT and a further overpayment in the same taxable year is determined, no additional report is required unless the further refund or credit also exceeds \$2,000,000 (\$5,000,000 for C corporations) Check to determine whether the prior year's refund was subject to the \$5,000,000 rule. If a refund or credit previously allowed did not require a report to the JCT, it is not combined with a subsequent refund or credit for determining JC jurisdiction.
- (2) A supplemental report covering the final resolution of unagreed issues pursuant to IRM 8.7.9.8.1.3, **Supplemental Report**, paragraph (2) is required regardless of the amount. The \$2,000,000 (\$5,000,000 for C corporations) minimum does not apply.
- (3) If a refund or credit has been reported to the JCT and a deficiency in the same taxable year is subsequently determined, no additional report is required to report any adjustments that reduce the previously reported refund or credit.

8.7.9.7.2
(11-09-2007)
Separate Taxpayers

- (1) The amounts proposed for allowance to each separate taxpayer provide the basis for determining whether the case requires a report to the JCT. Overpayments proposed in other related cases do not enter into the computation. A deficiency determined in the case of one taxpayer is not to be offset against an overpayment determined in the case of another taxpayer, even though the changes resulted from the shifting of income or deductions from one taxpayer to the other.

8.7.9.7.3
(12-27-2017)
Combining Transactions

- (1) If IRC 6405(b) refunds or credits stemming from carrybacks under IRC 6411 tentative allowances do not exceed \$2,000,000 (\$5,000,000 for C corporation-s)when added together, they are not aggregated with and reported with IRC 6405(a) refunds. Similarly, IRC 6405(a) refunds or credits not exceeding \$2,000,000 (\$5,000,000 for C corporations) , when added together, are not to be aggregated with or reported with IRC 6405(b) refunds. The interpretation of this paragraph is illustrated by the following examples:

Example 1:

Facts:

Tentative Allowances (IRC Section 6405(b)
pursuant to IRC Section 6411):

2005 NOL carryback to 2003	\$1,500,000
2005 GBC carryback to 2004	<u>550,000</u>
Jurisdiction amount – IRC Section 6405(b)	\$2,050,000

Conclusion:

Both refunds must be reported.

Example 2:

Facts:

Tentative Allowances (IRC Section 6405(b)
pursuant to IRC Section 6411):

2005 NOL carryback to 2003	\$1,000,000
2005 GBC carryback to 2004	<u>\$500,000</u>
Jurisdiction amount – IRC Section 6405(b)	\$1,500,000

Conclusion:

Neither refund will be reported since the
combined amount does not meet the juris-
dictional criteria.**Example 3:**

Facts:

Examination of 2004 return

Tentative allowances (IRC Section 6405(b)
pursuant to IRC Section 6411):

2004 NOL carryback to 2002	\$1,250,333
2004 NOL carryback to 2003	\$1,625,000

Previous tentative allowance:

2002 Capital Loss carryback to 1999	\$140,000
-------------------------------------	-----------

Conclusion:

The 2002 Capital Loss and its carryback to 1999 need to be reported along with the 2004 tentative allowances if the statute of limitations has not expired and the returns have not been previously closed by examination action approving the 2002 Capital Loss carryback and tentative allowance in 1999.

Example 4:

Facts:

Tentative allowance (IRC Section 6405(b) pursuant to IRC 6411):

2005 NOL carryback to 2003	\$2,250,000
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Audit results:

2003 IRC Section 6405(a) refund	\$450,000
------------------------------------	-----------

Conclusion:

A report is required for 2003 and 2005 for the IRC Section 6405(b) refund resulting from the tentative allowance. The IRC Section 6405(a) refund should be mentioned in the report. In addition, because the IRC Section 6405(a) refund of \$450,000 is not reportable, it can be processed prior to the submission of the report.

- (2) Overpayments requiring JC review should be combined for the same taxpayer where the overpayment years are currently under Appeals jurisdiction in the same work unit. If overpayments or deficiencies have been proposed for the same taxpayer involving other years outside Appeals jurisdiction, such overpayments or deficiencies should not be considered for purposes of the current Appeals JC report.
- (3) In determining JC jurisdiction, reduce a credit or refund tentatively allowed under IRC 6411 by any agreed deficiency subsequently determined for that year and by partial agreements secured by Compliance for that year when forwarding the case to Appeals.
 - a. If the deficiency from the partial agreement is assessed and paid, then it is not used to determine the jurisdictional amount and not included in the report.
 - b. If the deficiency is assessed but not paid, then it can be used to determine the jurisdictional amount and should be included in the report.
 - c. If the resulting net refund amount is in excess of \$2,000,000 (\$5,000,000 for C corporations), the case is reportable to the JCT.
- (4) The finally determined IRC 6405(b) amount (tentative allowance) is not combined with any IRC 6405(a) amount (other refund). Each is kept separate for purposes of determining JC jurisdiction.
- (5) The examples below demonstrate different situations.

Example 1

Tentative allowance (IRC Section 6405(b) pursuant to IRC Section 6411):

2005	\$2,250,000
------	-------------

Deficiency determined by Appeals:

2005	<u>\$700,000</u>
------	------------------

Example 1

Net refund	\$1,550,000
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The case is not reportable to the JCT since the tentative allowance is reduced below the jurisdictional limit by the subsequently determined deficiency.

Example 2

Tentative allowance (IRC Section 6405(b) pursuant to IRC Section 6411):

2005	\$2,800,000
------	-------------

Deficiency determined by Appeals:

2005	<u>\$700,000</u>
------	------------------

Net refund	\$2,100,000
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The case is reportable to the JCT since the tentative allowance is not reduced below the jurisdictional limit by the subsequently determined deficiency.

Example 3

Tentative allowance (IRC Section 6405(b) pursuant to IRC Section 6411):

2005	\$2,250,000
------	-------------

Compliance partial agreement - deficiency assessed, unpaid:

2005	\$150,000
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Deficiency determined by Appeals:

2005	<u>\$400,000</u>
------	------------------

Net refund	\$1,700,000
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The case is not reportable to the JCT since the tentative allowance is reduced below the jurisdictional limit by the partial agreement secured by Compliance and the subsequently determined deficiency.

Example 4

Tentative allowance (IRC Section 6405(b) pursuant to IRC Section 6411):

2005	\$2,250,000
------	-------------

Compliance partial agreement - deficiency assessed, unpaid:

2005	\$150,000
------	-----------

Deficiency determined by Appeals:

2005	<u>\$50,000</u>
------	-----------------

Example 4

Net refund

\$2,050,000

The case is reportable to the JCT since the tentative allowance is not reduced below the jurisdictional limit by the partial agreement secured by Compliance and the subsequently determined deficiency.

(6) In multiple-year cases where there is a net deficiency (i.e., the total deficiencies exceed the total of all IRC 6405 refunds), no report is required.

8.7.9.7.4
(12-27-2017)
Computing Separate IRC
Section 6405(a) and IRC
Section 6405(b) Limits

(1) The computations of separate jurisdictional limits for IRC 6405(a) and IRC 6405(b) amounts may be illustrated by the following example:

Year	Net 6405(a) Refund	Net 6405(b) Refund
2005	\$1,970,000	\$1,940,000

- The case is not reportable to the JCT because neither the IRC Section 6405(a) amount of \$1,970,000 nor the IRC Section 6405(b) amount of \$1,940,000 is in excess of \$2,000,000 (\$5,000,000 for C corporations).
- However, if either the IRC Section 6405(a) amount or IRC Section 6405(b) amount exceeds \$2,000,000 (\$5,000,000 for C corporations), review by the JCT of the refund that exceeds \$2,000,000 (\$5,000,000 for C corporations) is required.
- The refund that does not exceed \$2,000,000 (\$5,000,000 for C corporations) would not be subject to JC review but should be mentioned in the narrative.

(2) A similar computation can be made for IRC 6405(c) refunds if applicable.

8.7.9.7.5
(12-27-2017)
Multiple Year Cases
involving Deficiencies

- (1) Multiple year net assessment cases which include deficiencies require a special three step computation to determine which, if any, refund years must be reported.
- (2) The three steps are applied separately for each refund type and include:
- Determine the aggregate net deficiency for all deficiency years;
 - Determine the aggregate net overpayment by refund type for all refund years according to IRM 8.7.9.7.4, **Computing Separate IRC Section 6405(a) and IRC Section 6405(b) Limits**;
 - Apply the aggregate net deficiency against the smallest of the aggregate IRC 6405 refund types and, if any net deficiency remains, against the next smallest aggregate refund type. If any net deficiency remains, it is applied against the last aggregate refund amount.

(3) For example, where multiple years are within the same Appeals work unit, assume the following:

Year	Deficiency	6405(a) Refund	6405(b) Refund
2000		\$600,000	

Year	Deficiency	6405(a) Refund	6405(b) Refund
2001			\$700,000
2002	\$2,000,000		
2003			\$2,000,000
2004		\$3,000,000	
Total	\$2,000,000	\$3,600,000	\$2,700,000

- a. The aggregate IRC 6405(a) refund is \$3,600,000 and the aggregate IRC 6405(b) refund is \$2,700,000.
- b. The net deficiency of \$2,000,000 should first be applied against the smaller aggregate refund, leaving a net IRC 6405(b) amount of \$700,000. Since this is less than the jurisdictional amount of \$2,000,000 (\$5,000,000 for C corporations), only the IRC 6405(a) refunds for 2000 and 2004 are reported. The deficiency and the IRC 6405(b) refunds should be noted in the narrative.
- c. If the deficiency had been \$3,800,000, the IRC 6405(b) refunds would have been completely offset and the remaining deficiency of \$1,100,000 would have been applied against the aggregate IRC 6405(a) refund. Since the net IRC 6405(a) refund of \$2,500,000 would have exceeded \$2,000,000 (\$5,000,000 for C corporations), both the 2000 and 2004 refunds would be reported. The deficiency and the IRC 6405(b) refunds should be noted in the narrative.

(4) See IRM 8.7.9.7.6 for additional information.

8.7.9.7.6
(12-27-2017)
**Offsetting Agreed
Deficiency Years Against
Overpayment Years**

- (1) In determining jurisdiction under IRC 6405, Appeals may offset a taxpayer's agreed deficiency for one year against an overpayment for another year open in Appeals, even in a different work unit if closing at the same time, to determine whether there is a net refund or credit in excess of \$2,000,000 (\$5,000,000 for C corporations) . See IRM 8.7.9.6.9.4, **Unagreed Deficiency JC Cases**, which covers when a notice of deficiency is issued for an unagreed deficiency year. For work units not closing at the same time, there is no reason to delay a closing (and a report to the JCT).
- (2) The ordering procedure for offsetting agreed deficiencies against refunds is as follows:
 - a. Offset an agreed deficiency for a given year against refunds for that same year.
 - b. Determine the remaining aggregate net deficiency for all net deficiency years.
 - c. Determine the aggregate net overpayments by refund type (e.g., IRC 6405(a), IRC 6405(b), and IRC 6405(c)) for all refund years.
 - d. Apply the aggregate net deficiency against the smallest of the aggregate refund types (even if the smallest amount is below the JC review threshold of \$2,000,000 (\$5,000,000 for C corporations)). If the balance of that refund type after the offset of the deficiency is not in excess of \$2,000,000 (\$5,000,000 for C corporations) , then that refund type is not reportable. Otherwise the entire aggregate amount of that refund type must be reported.

- e. If, after offsetting against the smallest refund type, some deficiency remains, then apply the balance of the deficiency against the next smallest aggregate refund type. In the rare event that two or more refund types are equal in size, then the deficiency should be applied first to the refund type associated with the earliest years.
- (3) A spreadsheet that computes jurisdictional amounts is available on the Appeals Technical Support SharePoint site: *Joint Committee Netting Spreadsheet*.
- (4) See examples below:

Example 1:			
Year	Deficiency	6405(a) Refund	6405(b) Refund
1995	10,000		(1,205,000)
1996	225,000		
1997			(570,000)
1998	180,000		
1999			(240,000)
2000		(1,460,000)	
2001		(800,000)	
2002		(410,000)	
Totals	415,000	(2,670,000)	(2,015,000)
Same year offset	(10,000)		10,000
Net deficiency/ refund	405,000	(2,670,000)	(2,005,000)
Offset of smallest refund type	(405,000)		405,000
Jurisdictional amount	0	(2,670,000)	(1,600,000)

- Since the net refund under IRC 6405(a) is in excess of \$2,000,000, the 2000, 2001 and 2002 refunds are reportable. However, since the net aggregate IRC 6405(b) refund does not exceed \$2,000,000 after the offset of the net deficiency, none of the IRC 6405(b) refund years 1995, 1997, and 1999 are reportable.
- The deficiencies and the IRC 6405(b) refunds should explained in a paragraph below the table. For example:
- “In addition, there are IRC Section 6405(b) refunds in the amounts of \$1,205,000, \$570,000, and \$240,000 for the years 1995, 1997, and 1999 respectively and deficiencies in the amounts of \$10,000, \$225,000, and \$180,00 for the years 1995, 1996, and 1998, respectively,”

Example 2:			
Year	Deficiency	6405(a) Refund	6405(b) Refund
2000	1,005,000		(2,005,000)
2001		(2,005,000)	
2003	600,000		
Net Deficiency/ Refund	1,605,000	(2,005,000)	(2,005,000)
Same Year offset	(1,005,000)		1,005,000
Subtotal	600,000	(2,005,000)	(1,000,000)
Offset of smallest refund amount	(600,000)		600,000
Jurisdictional amount	0	(2,005,000)	(400,000)

- A report is required on the IRC 6405(a) refund. The IRC 6405(b) refund is not reportable because the amount after offset is less than \$2,000,000.
- However, the deficiencies and the IRC 6405(b) refund should be explained in a paragraph below the table. For example:
- “In addition, there are deficiencies in the amounts of \$1,005,000 and \$600,000 for the years 2000 and 2003, respectively, and a IRC 6405(b) refund in the amount of \$2,005,000 for the year 2000.”

Example 3:			
Year	Deficiency	6405(a) Refund	6405(b) Refund
2001	900,000		(1,005,000)
2002		(2,670,000)	
2003	1,005,000		
Net Deficiency/ Refund	1,905,000	(2,670,000)	(1,005,000)
Same Year offset	(900,000)		900,000
Subtotal	1,005,000	(2,670,000)	(105,000)
Offset of smallest refund amount	(105,000)		105,000
Subtotal	900,000	(2,670,000)	0

Example 3:			
Year	Deficiency	6405(a) Refund	6405(b) Refund
Offset remaining Net deficiency	(900,000)	900,000	
Jurisdictional Amount	0	(1,770,000)	0

A report is not required. After the offsetting, none of the refund types exceed \$2,000,000.

Example 4:			
Year	Deficiency	6405(a) Refund	6405(b) Refund
2000	2,340,000		(2,230,000)
2001		(2,220,000)	(160,000)
Totals	2,340,000	(2,220,000)	(2,390,000)
Same year offset	(2,230,000)		2,230,000
Net deficiency/refund	110,000	(2,220,000)	(160,000)
Offset of smallest refund type	(110,000)		110,000
Jurisdictional amount	0	(2,220,000)	(50,000)

- A report for the IRC 6405(a) refund for 2001 is required. The tentative refunds for 2000 and 2001 and the deficiency for 2000 are noted in the JC report below the table. For example:
- “In addition, there are IRC Section 6405(b) refunds in the amounts of \$2,230,000 and \$160,000 for the years 2000 and 2001 respectively and a deficiency in the amount of \$2,340,000 for the year 2000.”

Example 5:			
Year	Deficiency	6405(a) Refund	6405(b) Refund
2000	890,000		(3,050,000)
2001		(210,000)	
Totals	890,000	(210,000)	(3,050,000)
Same year offset	(890,000)		(890,000)
Jurisdictional amount	0	(210,000)	(2,160,000)

- A report is required with respect to the IRC 6405(b) refund. The IRC 6405(a) refund for 2001 should be noted in a paragraph below the table. For example:
- “In addition, there is a IRC Section 6405(a) refund in the amount of \$210,000 for the year 2001.”

8.7.9.7.7

(11-09-2007)

**No Offsetting
Deficiencies under IRC
Section 6405(a) for
Different Taxes**

- (1) In determining jurisdiction under both IRC 6405(a) and IRC 6405(b), all open years under Appeals jurisdiction for the same taxpayer and closing at the same time should be considered one case/work product for the purpose of determining JC jurisdiction, regardless of the way in which Appeals work units are structured.
- (2) For IRC 6405(a) only, if a determined overpayment in one tax results in an agreed deficiency in any other tax for the same taxable year, the deficiency should not be applied as an offset in determining the jurisdiction amount. No such limitation applies to IRC 6405(b) offsets.

8.7.9.7.8

(11-09-2007)

**Refund of Interest and
Penalties**

- (1) Include a refund or credit of previously assessed and paid penalty or interest (do not include an abatement of unpaid penalty or interest) in determining whether an overpayment exceeds \$2,000,000 (\$5,000,000 for C corporations). For example, report a case involving an overpayment of tax of \$1,800,000 and an overpayment of previously assessed and paid interest of \$202,000 since the total exceeds \$2,000,000.
- (2) The interest must be the same interest that was previously assessed and paid. If the tax reduction is caused by a tentative carryback, then the interest is not included.
- (3) A refund of previously assessed and paid interest in excess of \$2,000,000 (\$5,000,000 for C corporations) with no reduction in tax also requires a JC report.

8.7.9.7.9

(11-09-2007)

Estate Tax Credits

- (1) Report a refund or credit of estate tax in excess of \$2,000,000 to the JCT if it results from a credit allowed for estate, inheritance, legacy, or succession taxes paid to a state, District of Columbia, or a possession of the United States, or allowed for death duties paid to a foreign country.

8.7.9.7.10

(09-27-2013)

Disaster Losses

- (1) IRC 6405(c) permits refunds or credits in excess of \$2,000,000 (\$5,000,000 for C corporations) attributable to a disaster in an area proclaimed by the President of the United States to be made prior to submitting a report for JC review.
- (2) However, the report is only prepared and submitted after the correct amount of tax is determined if the net refund or credit remains in excess of \$2,000,000 (\$5,000,000 for C corporations).

8.7.9.8

(11-09-2007)

**JC Reports: Types,
Format, Assembly and
Mailing**

- (1) This subsection covers JC Reports:
 - Types
 - Format
 - Assembly
 - Mailing

8.7.9.8.1
(12-27-2017)
Types of JC Reports

- (1) The following are the various types of reports that are submitted to the JCT:
 - Expedite - IRM 8.7.9.8.1.1
 - Regular - IRM 8.7.9.8.1.2
 - Supplemental - IRM 8.7.9.8.1.3
 - Estate Tax cases - IRM 8.7.9.8.1.4
 - Foreign Sales Corporation (FSC) - IRM 8.7.9.8.1.5
 - Large Deficiency Case - IRM 8.7.9.8.1.6
 - Modified Expedite - IRM 8.7.9.8.1.7
- (2) Examples of these reports can be found in Exhibit 8.7.9-2 through Exhibit 8.7.9-9.

8.7.9.8.1.1
(12-27-2017)
**Expedite Refund
Request Report**

- (1) Appeals may utilize the “expedite refund” procedure for IRC 6405(a) refunds in excess of \$2,000,000 (\$5,000,000 for C corporations) unless the refund would not be made under similar circumstances in a case not reportable to the JCT. For example, if the taxpayer has proposed deficiencies that offset IRC 6405(a) refunds, Appeals may decline to use the expedite refund procedure.
- (2) The Service will only process an IRC 6405(a) refund or credit with respect to any jurisdictional year prior to release by the JCT if the following conditions exist:
 - a. The statute of limitations under IRC 6501 must be open (the statute must be the original statute or as extended by an unrestricted Form 872) for each of the years covered. Accordingly, in carryback situations, the original statute or as extended, must be open for the source year as well as the carryback year(s); and
 - b. For Modified Expedite Refunds there must be sufficient time to complete the examination, Appeals and JCT review process. If sufficient time is not remaining, the JCT will not agree to the expedite procedures. See IRM 8.7.9.8.1.7, **Expedite Refund Report on Unexamined or Unsurveyed Year(s) - Modified Expedite Refund Report**.
- (3) Under no circumstance will the Service process an IRC 6405(a) refund or credit with respect to any jurisdictional year prior to release by the JCT if any of the following conditions exist:
 - a. Any portion of the tax, if erroneously refunded, may only be recovered by civil action brought in the name of the United States under the provisions of IRC 7405 for erroneous refunds; or
 - b. The portion of a refund attributable to an unexamined or unsurveyed source year, to the extent such amount is not secured by bond. See IRM 8.7.9.8.1.7, **Expedite Refund Report on Unexamined or Unsurveyed Year(s) - Modified Expedite Refund Report**; or
 - c. The statute of limitations is open on an IRC 6405(a) refund solely because a timely claim for refund has been filed; or
 - d. Expiration of the statute of limitations for that jurisdictional year is imminent. Imminent usually means less than six months remaining on the period of limitations.
- (4) Do not use this procedure on docketed cases.
- (5) For any refund or credit where expedited refund procedures are applicable a special paragraph must be included in the settlement computation. See IRM 8.7.9.9.4, **Settlement Computation Special Features**.

- (6) If the refund pertains to an unexamined or unsurveyed year, follow the procedures outlined in previous subsections. See IRM 8.7.9.6.1.3, **Appeals/Compliance Case Procedures**, IRM 8.7.9.6.1.4, **Expedite Closing - Cases with Refunds Less than \$5,000,000 (Tentative Allowances Not Yet Examined)**, and IRM 8.7.9.6.1.5.1, **Informal Review - Cases with Refunds in Excess of \$5,000,000 (Tentative Allowances Not Yet Examined)**. Also see IRM 8.7.9.8.1.7, **Expedite Refund Report on Unexamined or Unsurveyed Year(s) - Modified Expedite Refund Report**.
- (7) The Expedite Refund Report is similar to the Regular Report with the following exceptions:
 - a. It will be clearly marked "EXPEDITE REFUND" as shown in the exhibit; and
 - b. An extra copy of page one of the report will be submitted with the package sent to the JCT. See IRM 8.7.9.8.4.1, **Refund Reports Assembly**, for refund report assembly instructions.

Note: Not all years being reported may qualify for expedite treatment (i.e. expired statute of limitations). In that situation, the years that do not qualify may be included in the report but must be identified as not qualifying for the expedite treatment. See Exhibit 8.7.9-2, **Sample Expedite Refund Request Report**.

- (8) Upon receipt, the JCT will date stamp a copy of the expedite refund request and return it in the provided self addressed envelope to the ATE who submitted the report.
- (9) If the JCT does not respond in writing within 30 days after receipt of the request for expedited refund, the refund can be made.
- (10) **DO NOT** execute any closing agreements until receipt of JC clearance. See IRM 8.7.9.6.6, **Closing Agreements Related to JC Cases**.
- (11) For an example of an Expedite Refund Request Report see Exhibit 8.7.9-2, **Sample Expedite Refund Request Report**.

8.7.9.8.1.2
(12-27-2017)
Regular Report

- (1) A regular JC report is prepared when no other special type reports are initially warranted (e.g., expedite report, supplemental report, large deficiency case report or estate tax report), although a supplemental report may be required at a later date in some situations (e.g., a supplemental may be required later when unexamined carryback source years are examined with no IRC 6405(a) refunds involved, and therefore, only a regular JC report was needed initially).
- (2) See Exhibit 8.7.9-3. This exhibit contains an example of a regular JC report.
- (3) See Exhibit 8.7.9-4. This exhibit contains an example of a regular JC report with provisionally allowed unexamined tentative refunds. See IRM 8.7.9.6.1.3, **Appeals/Compliance Case Procedures**, for discussion of procedures.

8.7.9.8.1.3
(12-27-2017)
Supplemental Report

- (1) A supplemental report may be required when a final determination has been made on tentative carryback refunds under IRC 6405(b) from unexamined source years and which were discussed in a previous report.
- (2) A supplemental report will be required when a Modified Expedite Refund Report was previously submitted and a final determination has been made with

regard to the claim or when a minimum refund (see IRM 4.36.3.7.1, *Cases with Unagreed Issues - Minimum Refund*) was previously reported and Appeals has resolved the unagreed issues. See IRM 8.7.9.7.1, **Previous Refunds**, and IRM 8.7.9.8.1.7, **Expedite Refund Report on Unexamined or Unsurveyed Year(s) - Modified Expedite Refund Report**, for additional information.

- (3) All attachments required with a regular report will be included with a supplemental report. See IRM 8.7.9.8.4.4, **Attachments to JC Report**.
- (4) The report will be clearly labeled as a "Supplemental Report."
- (5) For an example of a supplemental JC report see Exhibit 8.7.9-5, **Sample Supplemental Joint Committee Report**.

8.7.9.8.1.4
(09-27-2013)
Estate Tax Case Report

- (1) See Exhibit 8.7.9-6, **Sample Joint Committee Estate Tax Case Report**, for an example of an estate tax case JC report.

8.7.9.8.1.5
(12-27-2017)
Foreign Sales Corporation (FSC) Report

- (1) The following procedures apply to JC reports of refunds for a Foreign Sales Corporation (FSC) resulting from adjustments to the allocation of income or expenses between the FSC and its domestic parent:
 - a. The report must be clearly labeled "FSC Case."
 - b. The report will contain a brief explanation of the correlative adjustment(s) omitting lengthy background information.
 - c. No enclosures are required.
- (2) See Exhibit 8.7.9-7, **Sample Foreign Sales Corporation (FSC) Report**, for a sample FSC report.

Note: If expedite procedures apply (see IRM 8.7.9.8.1.1, **Expedite Refund Request Report**), the report must be clearly marked "FSC EXPEDITE REPORT" and the statute of limitations must be included in the report.

8.7.9.8.1.6
(12-27-2017)
Large Deficiency Case Report

- (1) Specific modifications to the regular JC report format must be made for large deficiency case JC reports as detailed below. (See IRM 8.7.9.8.1.2, **Regular Report**, for information about the regular JC report.)
 - a. The report will be addressed to: Chief of Staff, Joint Committee on Taxation, Attention: Sr. Refund Counsel.
 - b. Form 4081, **Transmittal Memorandum - Joint Committee Case**, will be clearly marked with the words "LARGE DEFICIENCY CASE."
 - c. Only the years involved in the total deficiency will be covered in the report. Show deficiencies determined by Compliance and Appeals by year in tabular format with totals. (Columns should be added for Compliance penalties and Appeals penalties if needed.)
 - d. To the extent that a net operating loss year produces a net operating loss deduction in excess of \$100,000 in one of the reported deficiency years, the report should cover the net operating loss year. However, this procedure will be necessary only if the loss is non-routine or controversial.
 - e. "Period Ended" field on the report: Enter the reporting period (e.g. March or September and the year; so either 03/31/20xx or 09/30/20xx) in the Period Ended field on the report. Do **not** enter the actual years covered

in the report. See IRM 8.7.9.5, **Selection of Large Deficiency Cases for JC Review**, for additional information.

- f. The power of attorney and spreadsheet attachment requirements do not apply. See IRM 8.7.9.8.4.2, **Large Deficiency Case Reports Assembly**, and IRM 8.7.9.8.4.4, **Attachments to JC Report**.

- (2) For an example of a large deficiency case JC report see Exhibit 8.7.9-8, **Sample Joint Committee Large Deficiency Case Report**.

8.7.9.8.1.7
(12-27-2017)
**Expedite Refund Report
on Unexamined or
Unsurveyed Year(s) -
Modified Expedite
Refund Report**

- (1) Normally, a report to the JCT cannot be submitted prior to the examination or the survey after assignment of carryback year(s) and source year(s) pertaining to the refunds being reported. While it is extremely unlikely this will occur in Appeals, in the event it does, a Modified Expedite Refund Report may be submitted prior to the examination or survey after assignment of the source or refund year(s) provided:

- a. The claimed IRC 6405(a) amount originating in an unexamined and unsurveyed year is large enough to require JCT review, and examination or survey of the year will not be completed within six months.
- b. The report must set forth the usual information required for an expedite refund request report. In addition, note the anticipated starting and completion dates for the examination or survey; whether there is sufficient time on the statute of limitations to complete the examination; and the reason for granting the refund prior to examination or survey (e.g. refund requested by the taxpayer and no disadvantage to the government).
- c. The taxpayer posts bond or similar security for the amount of the refund and related interest. Refer to instructions for the receipt and processing of bonds and similar collateral in IRM 5.6.1, *Collateral Agreements and Security Type Collateral*.

Note: These procedures are an accommodation to taxpayers and are not statutorily required.

- d. A supplemental report is forwarded to the JCT after a final determination is made of the source or refund year(s) by the responsible office. (Compliance or Appeals). See IRM 8.7.9.6.1.3, **Appeals/Compliance Case Procedures**. Compliance will submit a supplemental report to the JCT after it surveys an unexamined year so that the JCT can close its control of the case.
 - e. The refund to the taxpayer under this procedure will be made if the JCT does not respond in writing within 30 days after receipt of the request for expedited refund. See IRM 8.7.9.8.1.1, **Expedite Refund Request Report**.
 - f. The bond or other security will be released after the JCT clears the supplemental report.
 - g. Where one or more refund years are in the Compliance function and one or more are in Appeals, the two offices should coordinate before either submits an expedited refund report to the JCT under these procedures.
- (2) The taxpayer is required to post a bond or other similar security for the amount of the refund as a condition for submitting a Modified Expedite Refund Report. See Exhibit 8.7.9-9, **Sample Request for Expedited Refund on Unexamined or Unsurveyed Year(s) — Modified Expedite Refund**.

- a. The Appeals Area Director is responsible for determining the sufficiency of the collateral. Refer to IRC 7101, the Regulations thereunder and IRM 5.6, *Collateral Agreements*, for further guidance.
- b. At the discretion of the Appeals Director, Field Operations, an additional amount of bond or security may be required with respect to interest on the refund in the event all or part of the refund must be repaid. This amount should be measured by the reasonably anticipated time to complete the examination and the interest rate currently in effect under IRC 6621.
- c. The posting of the bond must be accomplished prior to the submission of the Modified Expedite Report to the JCT.

(3) A security agreement is also required to be drafted.

- a. A copy of the security or collateral agreement executed by the taxpayer **must** be submitted with the Modified Expedite Refund Report.
- b. The agreement should reflect the amount of the proposed refund, plus previously assessed interest, if any, and estimated refund interest, if required.
- c. The agreement must be executed by the taxpayer prior to submission.
- d. Upon expiration of the 30-day period after submission of the report, the Appeals Director, Field Operations having jurisdiction over the case should execute the agreement on behalf of the Service.

Note: Coordination with Counsel in the development of the security agreement is required.

- (4) Any security or collateral agreement needs to specify that in fully agreed cases the agreement will not terminate until the JCT determines (if required by law) that it has taken no exception to the results of the examination. **Note that any deviation, modification or revision to the sample security agreement must be approved by Counsel.**
- (5) See Exhibit 8.7.9-9 , **Sample Request for Expedited Refund on Unexamined or Unsurveyed Year(s) — Modified Expedite Refund**, for an example of a Modified Expedite Refund Request.
- (6) See the following IRM sections and exhibits for additional information:
 - a. IRM 4.36.3.7.3, *Request for Refund – Claims from Unexamined Source or Refund Years – Modified Expedite Refund Report*
 - b. IRM 4.36.3.7.4, *Posting of Security Modified Expedite Refund Report*
 - c. IRM 4.36.3-1, *Sample Security Agreement*
 - d. IRM 4.36.3-2, *Procedures for Cases Involving Claims From Unexamined Source or Refund Years - Modified Expedite Refund*

8.7.9.8.2
(12-27-2017)
**Years Covered in JC
Report**

- (1) Only the years affecting a refund or credit are included in the report to the JCT.
 - a. For example, if in the consideration of the years 2005 through 2008, a net operating loss for 2008 is carried back to and fully absorbed in 2005 and adjustments are made in 2006 and 2007 which do not relate to the cause of the refund or result in overassessments, do not cover the intervening years 2006 and 2007 in the report.
 - b. Although the adjustments for these years are not covered, include in the narrative of the JC report a listing of the deficiencies and non-reportable refunds or credits determined.

- c. All source years of credits or losses that affect a refund or credit year must also be included in the report.
 - d. See IRM 8.7.9.6.1, **Reporting to the JCT**, Also see IRM 8.7.9.7.5, **Multiple Year Cases Involving Deficiencies**, IRM 8.7.9.7.6, **Offsetting Agreed Deficiency Years Against Overpayment Years**, and IRM 8.7.9.9.1, **Information for the JC Report**.
- (2) If a year under JC jurisdiction has been surveyed or examined but not appealed, include as an attachment to the JCT report a copy of the RAR or survey report.
- (3) Separated years:
- a. A net deficiency year(s) not related to a net overpayment year may, with certain exceptions, be separated and disposed of without referral to the JCT.
 - b. Defer processing of “separated” year(s) if the year(s) are subject to agreements or stipulations conditioned upon review of overpayments.
 - c. In addition, the separate processing of an intervening (interposed between overpayment and/or loss year(s)) net deficiency year is ordinarily limited to a year where there is no significant item likely to affect either an overpayment year or a loss year and where there are compelling reasons for separate processing.
 - d. Where a significant factual presentation would be incomplete without the intervening year, include such year in the report to the JCT.

8.7.9.8.3
(12-27-2017)
Format of JC Reports

- (1) The following subsections regarding format apply to all JC reports. There are a few exceptions to the general format. See IRM 8.7.9.8.1.1, **Expedite Refund Request Report**, and IRM 8.7.9.8.1.6, **Large Deficiency Case Report**.

8.7.9.8.3.1
(09-27-2013)
Related Cases

- (1) The JC report will reflect the names of related JC cases (if any) that will be simultaneously reviewed by the JCT because a change in one case may affect the tax in the related case. The related taxpayer’s name is placed on the first page of the report in the header section. See Exhibit 8.7.9-3, **Sample of Regular Joint Committee Report**.

8.7.9.8.3.2
(12-27-2017)
Introduction Area of JC Report

- (1) All reports will contain the identity of the taxpayer to whom the refunds or credits are payable or to whom tentative allowances were paid.
- In situations in which another entity has succeeded to the interests of the taxpayer by operation of law (e.g. bankruptcy, conservation of an estate, or dissolution), the report will be in the name of the person or entity entitled to the refunds or credits by operation of law with the name of the original taxpayer added to the title. (For example, XYZ Corporation, Inc. successor in interest to ABC Company.)
 - Thus, the parent of a consolidated return group in a taxable year following a separate return year of a corporation in the group would not fall into the category of an entity entitled to a refund for that earlier separate return year by operation of law. See IRM 8.7.9.8.3.4, **Consolidated Returns**, for additional information.
- (2) **All reports will also specify the SSN or EIN, city, and state of the taxpayer receiving the refund or credit.** Do not include the taxpayer’s mailing or street address.

- (3) The introduction area should include a table which lists deficiencies, refunds and credits under IRC 6405(a) , IRC 6405(b) and IRC 6405(c) and net refunds and credits. Use only those columns that are appropriate for the case (e.g. if there is no IRC 6405(a) refund, do not include that column in the table). See examples in Exhibit 8.7.9-15, **Sample Formats for Joint Committee Letter Refund Table**.

Note: The TCS will provide the information needed for the table. This information will be included in the administrative file as an exhibit that will be used by the ATE assigned the case to prepare the JC report. See IRM 8.7.9.9.1., **Information for the JC Report**.

- (4) Do not show net deficiency years and amounts and do not show refunds with an aggregate total of less than \$2,000,000 (\$5,000,000 for C corporations) in this table. Rather, they should be discussed in the paragraph following the table. Where the proposed overpayment of tax is less than \$2,000,000 (\$5,000,000 for C corporations), the report should explain why there is JC jurisdiction (e.g., that previously assessed interest or penalty of a certain amount will be refunded, causing the total overpayment to exceed \$2,000,000 (\$5,000,000 for C corporations)).
- (5) **All table columns should be TOTALED. If there is only one year being reported, then the TOTALS row is not required. Similarly, if there is only one type of refund (e.g. 6405(a) or 6405(b) refund) with no offsetting deficiencies, then the Net column is not required.**
- (6) Also include a brief general statement regarding the basis for the refunds and credits. This is particularly important when carrybacks and carryovers are not the basis for the refunds and credits.
- (7) The explanation of the basis for refunds or credits follows the table. To the extent refunds or credits result from carrybacks and carryovers, list net operating loss deductions first, followed by listings of capital losses, additional general business credits, additional foreign tax credits, etc.

Note: The TCS will provide this information in an exhibit in the administrative file. The ATE assigned the case will use this exhibit to prepare the JC report. See IRM 8.7.9.9.1., **Information for the JC Report**.

- (8) Round off amounts to the nearest dollar in the report.

8.7.9.8.3.3 (09-27-2013) **Taxpayer's Business and Economic Reasons for Overpayment**

- (1) Include a brief statement on the nature of the taxpayer's business and the economic reasons for the overpayment following the Introduction section.

8.7.9.8.3.4 (09-27-2013) **Consolidated Returns**

- (1) In any case involving consolidated returns:
- The JC report will be prepared in the name of the affiliate to which the refund is to be paid.
 - If the refund results from a carryback or carryforward to a consolidated return year, or is a refund for a consolidated return loss year, the JC report will reflect the name of the common parent for the group for the

refund year, with the addition of the words “and Subsidiaries” to alert the JCT that it is dealing with consolidated returns.

- c. Any reference to an affiliated corporation will disclose, with the initial mention of that corporation, the degree of affiliation and whether that firm is a member of the consolidated return group for any of the years affecting the JC report.
- (2) If the refund is a tentative carryback adjustment to a separate return year and is payable under 26 CFR 1.1502-78(c), ex. (4) to the subsidiary to which the loss or credit is apportioned under 26 CFR 1.1502-79, the report will be prepared only in the name of that subsidiary, but will contain the customary report on the source year of the loss or credit, including information identifying the consolidated loss or credit year(s), the name of the common parent of the group, the amount of the total loss or credit for each year, and the amount or amounts allocable to the subsidiary to which the refund is to be paid.
- (3) In any case in which a refund or tentative allowance is to be paid to an affiliate other than the one to which the loss or credit is attributable (other than refund or tentative allowance resulting from a carryback or carryforward from one consolidated return year to another consolidated return year of the same group), the report should state the reason or authority for payment to the other affiliate. For example: 26 CFR 1.1502-78(c)“, ex. (3), states that any tentative carryback adjustment from a separate return year to a consolidated return year is to be paid to the common parent of the group in the carryback year.”

8.7.9.8.3.5
(11-09-2007)
**Statement Regarding
Agreements Secured**

- (1) Add a statement to the JC report regarding which agreement forms or waivers were secured from the taxpayer.

8.7.9.8.3.6
(09-27-2013)
Statute of Limitations

- (1) Add information to the JC report about the statute of limitations dates (regular and special) for each refund year and source year. A table may be used to show the information. See Exhibit 8.7.9-1, **Appeals Joint Committee Case Report Package Checklist**, below for an example.

Year	Original Statute or As Extended*	Special Statute
1999	Expired	6/30/07
2000	Expired	6/30/07
2001	* 12/31/07	
2002	* 12/31/07	
2003	* 12/31/07	

Figure 8.7.9-1

- 8.7.9.8.4
(12-27-2017)
Assembly of JC Reports
- (1) For consistency purposes, the documents submitted to the JCT as part of the JC report and attachments, must be assembled and submitted in a specific order as detailed in IRM 8.7.9.8.4.1, **Refund Reports Assembly**, and IRM 8.7.9.8.4.2, **Large Deficiency Case Reports Assembly**.
 - (2) For additional information and description of the attachments, see IRM 8.7.9.8.4.4, **Attachments to JC Report**.
 - (3) See Exhibit 8.7.9-1, **Appeals Joint Committee Case Report Package Checklist**. This checklist will aid in the assembly of the report package.
- 8.7.9.8.4.1
(09-27-2013)
Refund Reports Assembly
- (1) For refund reports, place the documents in the following order from front to back:
 1. Self-addressed return envelope. **Do not use a window type envelope.**
Note: The JCT uses the envelope to return the date stamped Form 4081 as acknowledgement of receipt.
 2. 1 copy of Form 4081, **(Do not substitute Form 3210, Document Transmittal, for Form 4081. Form 3210 is not required.)**
 3. 1 extra copy of page one of the "Expedite Refund" report (if applicable)
 4. Original **signed** and **dated** JC letter
 5. Regular Tax Spreadsheet
 6. AMT Spreadsheet
 7. Additional spreadsheets as necessary
 8. Power of Attorney
 9. Form 5402
 10. Appeals Case Memo (ACM)
 11. Schedule of Adjustments
 12. Settlement computations
 13. Copy of Form 870 /Form 870–AD, Form 890 /Form 890–AD, or closing agreement. **(Do not send the originals)**
 14. Other attachments as necessary
 - (2) **Do not send the JC Case Netting Spreadsheet in place of or in addition to the other spreadsheets. It is used to help determine the jurisdictional amounts and for internal use only.**
- 8.7.9.8.4.2
(09-27-2013)
Large Deficiency Case Reports Assembly
- (1) For large deficiency case reports, place the documents in the following order from front to back:
 1. Self-addressed return envelope. **Do not use a window type envelope.**
Note: The JCT uses the envelope to return the date stamped Form 4081 as acknowledgement of receipt.
 2. 1 copy of Form 4081. **(Do not substitute Form 3210 for Form 4081. Form 3210 is not required.)**
 3. Original **signed** and **dated** JC letter
 4. Form 5402
 5. Appeals Case Memo (ACM)
 6. Schedule of Adjustments
 7. Settlement computations
 8. Copy of Form 870 /Form 870–AD, Form 890 /Form 890–AD, or closing agreement. **(Do not send the originals)**
 9. Other attachments as necessary

- (2) The power of attorney and spreadsheet attachment requirements do not apply for large deficiency case reports.

8.7.9.8.4.3
(01-03-2024)
JC Report

- (1) The first page of the JC report is prepared in the format shown in the IRM exhibits or in the templates provided on the Appeals JC web site. Link to web site is: *Pages - Joint Committee*
- (2) A particular format is used for the heading, address, salutation, body, and signature on all reports with the exceptions noted for the Large Deficiency Case Report. See Exhibit 8.7.9-3, **Sample of Regular Joint Committee Report**, for sample of a regular JC report. Also see IRM 8.7.9.8.1.6, **Large Deficiency Case Report**, for discussion of the large deficiency case report.
- (3) All JC reports **must** be **dated** when signed. The date is placed on the first page of the report.
- (4) Signatures on the JC report:
 - a. All reports prepared by an Appeals Officer will be signed by the Appeals Team Manager (ATM).
 - b. All reports prepared by an Appeals Team Case Leader will be signed by the Appeals Team Case Leader.
 - c. An electronic (digital) signature is allowable.

8.7.9.8.4.4
(12-27-2017)
Attachments to JC Report

- (1) Attach the following documents to the report:
 - a. Spreadsheets (prepared by the TCS) for regular tax and AMT/ environmental tax, **unless it is a one-year case with no carrybacks or a large deficiency case report.**
 - b. Additional spreadsheets will be prepared if the taxpayer has credits carried from numerous years. Separate spreadsheets will also be prepared for Foreign Tax Credits involving different categories or baskets. See IRM 8.7.9.9.2, **Attachments to the JC Report.**
 - c. A copy of the power of attorney if applicable.

Note: The power of attorney attachment requirements do not apply for large deficiency case reports.

 - d. Form 5402
 - e. Appeals Case Memo (ACM)
 - f. Schedule of Adjustments
 - g. Settlement computations
 - h. One copy of Form 870/Form 870–AD, Form 890/Form 890–AD, or closing agreement. (Requirements for Closing Agreements are covered in a previous subsection. See IRM 8.7.9.6.6, **Closing Agreements Related to JC Cases.**) **DO NOT SEND ORIGINAL AGREEMENT FORMS OR CLOSING AGREEMENTS.**
 - i. A copy of any cited document(s) such as a technical advice memorandum, action on decision, prior ACM, any document(s) cited in a prior ACM which explains issues currently under JC review, etc. Be sure to include office memoranda, private letter rulings, general counsel memorandum, and other IRS National Office documents relied upon in settling the case. Do not forward published documents such as revenue rulings.
 - j. A copy of any agreements (e.g., merger agreements, buy-sell agreements) involving those issues over \$100,000 which are being reported.

- (2) If the file contains attachments in addition to the spreadsheets and Power of Attorney, it is helpful to use dividers to identify each attachment.
- (3) Staples, fasteners, or binder clips can be used to hold together attachments.
- (4) See the following IRM sections for report assembly instructions.
 - Refund Reports - IRM 8.7.9.8.4.1
 - Large Deficiency Cases - IRM 8.7.9.8.4.2

8.7.9.8.5
(12-27-2017)

**Review and Approval by
Appeals JC Program
Analyst (AJCPA)**

- (1) Once the refund or large deficiency report has been completed, but prior to mailing, use encrypted e-mail to send electronic copies of the following documents to the Appeals JC Program Analyst (AJCPA) for review and approval:
 - JCT report
 - Spreadsheets, if applicable
 - Form 4081
 - Form 5482, *Record of Disclosure*, if applicable. See IRM 8.7.9.6.8, **Disclosure Provisions for JC Cases - Form 5482**.
- (2) The AJCPA will review the report.
 - If no problems are noted, the AJCPA will respond by return e-mail with permission to ship the JC package directly to the JCT.
 - If problems with the content of the JC report are noted, the AJCPA will respond by return e-mail with recommended changes.
 - After the corrections have been made, return the revised report to the AJCPA for review.
 - If no further problems are noted, the AJCPA will respond by return e-mail with permission to ship the package directly to the JCT.
- (3) Notify the AJCPA of the shipped date when the package is prepared for shipping. This and other information from the report are captured and input into a database. From the database, the AJCPA will create and send an export file to the JCT on or before they receive the JCT package. This information will be maintained on an Excel spreadsheet on the Joint Committee SharePoint site.
- (4) See IRM 8.7.9.8.7, **Mailing of JC Reports**, for addresses and shipping instructions.
- (5) The AJCPA will also address questions concerning JC issues and procedures. The AJCPA will document all questions on a separate email that will include:
 - a. Date of question
 - b. Name of the case
 - c. Name of ATE
 - d. Facts presented
 - e. Items reviewed
 - f. Recommended actions to resolve issue
 - g. Copy of recommended actions emailed to ATE with a copy to the Appeals Exam policy and Analytics Manager
- (6) The AJCPA will run periodic reports to monitor all JC cases in Appeals to ensure all cases subject to JC procedures are submitted timely to the JCT.

8.7.9.8.6
(12-27-2017)
Distribution of All JC Reports

- (1) Once the AJCPA has reviewed the report (refund and large deficiency) and granted permission to ship, the report will be **signed and dated**. The JC package will be assembled in accordance with IRM 8.7.9.8.4, **Assembly of JC Reports**.
- (2) The contact name, telephone and fax numbers and return mailing address of the ATE submitting the case are included on Form 4081. The form can be generated in APGOLF, and is also available on the publishing catalog website.
 - A self-addressed envelope should be included with the package. The JCT will use the envelope to return the date stamped Form 4081 to acknowledge receipt. DO NOT use a window type envelope.
 - **DO NOT** use Form 3210 for transmittal of a JC report. The Form 4081 is an approved replacement and is sufficient.
- (3) The Form 4081 is addressed with the same address as the shipping label. See IRM 8.7.9.8.7.1, **Form 4081 Transmittal Memorandum**.
- (4) The JC report address is similar, but different from the shipping address because the report address includes the appropriate title for the Joint Committee on Taxation:
 - “The Chairman” for regular, expedite and supplemental reports.
 - “Chief of Staff” for large deficiency case reports.

Note: See IRM 8.7.9.8.7.2, **Addresses for JC Reports and Shipping Label**, for additional information on addresses.
- (5) Following submission of a report to the JCT, the ATE named in the report as the contact person will keep a copy of the JC report and any related papers such as the ACM and the examiner’s report until notified that the JCT has released the case.
- (6) Generally, the JCT **does not** return any submitted information back to Appeals once they have completed their review of a case. Therefore, if any case related item, document, file, etc., such as an original agreement form or the return, is provided to the JCT and is vital to processing and closing the case, either:
 - Determine if the JCT staff can work from a copy prior to submitting the report with the additional information; or
 - **Attach a request that it be returned and to whom and where it should be returned** when submitting the original document .

8.7.9.8.7
(01-03-2024)
Electronic Submission of JC Reports

- (1) This subsection covers the ATE and AJCPA procedures for submitting JC reports, including the preparation of Form 4081..

8.7.9.8.7.1
(09-27-2013)
Form 4081 Transmittal Memorandum

- (1) Form 4081 is used as a cover sheet for reports going to the JCT. This form is used instead of Form 3210.
- (2) Form 4081 must contain the following information:
 - a. Transmittal date
 - b. Taxpayer’s name and TIN

- c. Years covered in the report
- d. Mailing address of office submitting report
- e. Report writer's name, phone and fax number
- f. Any additional information deemed necessary

(3) For a large deficiency case, Form 4081 will be clearly marked with the words "LARGE DEFICIENCY CASE."

(4) Address to be used on Form 4081:

Joint Committee on Taxation, Refund Office
 Senior Refund Counsel, Attention: C:JC:3565/IR
 1111 Constitution Avenue, NW
 Washington DC, 20224

8.7.9.8.7.2
 (01-03-2024)

**Address and Electronic
 Procedures for JC
 Report Submission**

(1) Use the following address on all JC reports (refund and large deficiency):

The Chairman (substitute "Chief of Staff" for "The Chairman" in the large deficiency reports)
 Joint Committee on Taxation
 Attn: Sr. Refund Counsel
 C:JC:3565/IR
 1111 Constitution Avenue, NW
 Washington DC, 20224

(2) All reports will be electronically submitted to the JCT through the AJCPA via secure email using a password protected zip file.

a. When the ATE receives the email from AJCPA notifying that the package is ready to be submitted, the ATE will:

1. Create a new folder within the case folder named "JCT File," and move all electronic documents that are required in the JC package into the "JCT File." Do not include SBU or PII data in the filenames.
2. Organize the files in the "JCT File" folder numerically as they would be organized if mailing the documents. The ATE's email address should be included on Form 4081.

Note: If the file name is green, it means the file is encrypted. To decrypt it, hover over the filename, right click and hit decrypt.

3. Right click on the "JCT File" folder and scroll down to the "Secure Zip" feature and left click on Zip and Email New "JCT File.zip". A pop up screen will appear as follows: "Please enter the passphrase for Encryption".
4. Contact the AJCPA for the passphrase naming convention.
5. Type in the AJCPA's email address when a pop-up to a new email appears.
6. Send the AJCPA a second encrypted email with the password. For security purposes, the passphrase must be sent separately from the JCT file.

8.7.9.9
(12-27-2017)
**Computations Prepared
by the Tax Computation
Specialist (TCS)**

- (1) The TCS will prepare the usual settlement computations, notice of deficiency statements, etc. for JC cases. A tax computation form such as Form 5278, **Statement - Income Tax Changes**, Form 4549, **Report of Income Tax Examination Changes**, Form 4549-A, **Report of Income Tax Examination Changes (Without Taxpayer Signature)**, etc. is required for JC cases.

Note: AMT schedules generated by the BNA or RGS programs must be included with the JC computations for all years even if there is no AMT. If there is no actual AMT tax liability, RGS will sometimes not generate an AMT schedule. If this happens, corrected Form 6251, *Alternative Minimum Tax - Individuals*, or Form 4626, *Alternative Minimum Tax - Corporations*, should also be included with the Joint Committee computations.

- (2) In addition, the TCS will prepare computations to assist the ATE in the preparation of the JC report, as discussed below:
- a. Information for the JC report: See IRM 8.7.9.9.1, **Information for the JC Report** - The TCS will provide the information the ATE must include in the JC report. Exhibit 8.7.9-14, **Information for Joint Committee Report**, illustrates an example of the JC computations required. This exhibit involves a case with IRC 6405(a) and IRC 6405(b) refunds and deficiencies in years other than the refund years.
 - b. Attachments to the JC report: See IRM 8.7.9.9.2, **Attachments to the JC Report** - The TCS will also prepare spreadsheets which the ATE will attach to the JC report. See Exhibit 8.7.9-16, **Joint Committee Spreadsheet for Regular Tax**, and Exhibit 8.7.9-17, **Joint Committee Spreadsheet for Alternative Minimum Tax**.
- (3) For procedures where the taxpayer's return involves both TEFRA and non-TEFRA issues, see IRM 8.7.9.6.1.1, **Investor Cases/TEFRA Key Cases**.

8.7.9.9.1
(12-27-2017)
**Information for the JC
Report**

- (1) The TCS will prepare computations to determine jurisdictional limits under IRC 6405(a), IRC 6405(b), and IRC 6405(c) as follows:
- a. Prepare a table listing the deficiencies, refunds, and credits under IRC 6405(a), IRC 6405(b), and IRC 6405(c) and net refunds and credits. Include the table in the administrative file as an exhibit that the ATE assigned the case will use to prepare the JC report. See Exhibit 8.7.9-14, **Information for Joint Committee Report**, for sample format.
 - b. Foreign Tax Credits (FTC) carrybacks that have been erroneously refunded by the Campus on the basis of Form 1139, *Corporation Application for Tentative Refund*, should be reported as IRC 6405(a) refunds. Any other refunds prematurely allowed should also be included in the IRC 6405(a) column of the table.
- (2) The JC report must specify the basis for refunds or credits. So to the extent refunds or credits result from carrybacks and carryovers, the TCS will prepare a list of net operating loss deductions, alternative tax net operating loss deductions, capital loss carrybacks and credit carrybacks in an exhibit. See Exhibit 8.7.9-14, *Information for Joint Committee Report*, for illustration.
- a. Include this information in the administrative file as an exhibit which will be used by the ATE assigned the case to prepare the JC report.

8.7.9.9.2
(09-27-2013)
Attachments to the JC Report

- (1) TCS will prepare a spreadsheet for regular tax.
 - a. Additional spreadsheets should be prepared as necessary (e.g., credits carried from several years, different categories of baskets for foreign tax credit purposes, etc.).
 - b. For cases with life/non-life insurance groups, spreadsheets should be modified to include separate columns for the life insurance groups and the non-life insurance groups.
- (2) The TCS will also prepare a spreadsheet for AMT tax even if AMT does not apply.
- (3) These spreadsheets are not required for:
 - a. A one year case with no carrybacks.
 - b. A large deficiency case report.

8.7.9.9.3
(01-03-2024)
JC Resources

- (1) *Pages - Joint Committee* has the following Excel spreadsheets available:
 - “Case Netting Spreadsheet” for use in determining whether refunds are reportable.
 - “Regular Tax Spreadsheet”
 - “Alternative Minimum Tax Spreadsheet”
- (2) The Appeals JC web site also has a link to the LB&I Joint Committee website: *Exam Procedures Knowledge Base - JointCommitteeCases*.
- (3) The LB&I Joint Committee web site has Excel spreadsheets available, located at *Joint Committee Spreadsheet*:
 - Corporate Spreadsheet - Includes spreadsheets for regular tax, AMT and credits.
 - Individual Spreadsheet- Includes spreadsheets for regular tax, AMT, NOLD and AMT NOLD computations.
 - Life Non Life JC Spreadsheet.
- (4) The LB&I Joint Committee web site also has a tutorial on how to prepare the regular tax JC spreadsheet, and a JC CPE Centra session is also available.

8.7.9.9.4
(12-27-2017)
Settlement Computation Special Features

- (1) If Appeals closes a JC case without waiting for a loss/unused credit year to be examined, and a carryback from that loss/unused credit year is provisionally allowed, the settlement computation should contain the following modification: “The net operating loss deduction or other loss or credit carryback reflected herein which gave rise to the tentative allowance of \$_____ is provisionally allowed and is subject to change upon examination of the returns of the loss year or unused credit year.”

Note: See IRM 8.7.9.6.1.3, **Appeals/Compliance Case Procedures**, IRM 8.7.9.6.1.4, **Expedite Closing - Cases with Refunds Less than \$5,000,000 (Tentative Allowances Not Yet Examined)**, and IRM 8.7.9.6.1.5.1, **Informal Review - Cases with Refunds in Excess of \$5,000,000 (Tentative Allowances Not Yet Examined)**, for additional information.

- (2) For any refund or credit where expedited refund procedures are applicable, include the following paragraph in the settlement computation: **Any refund or credit contained in these findings may be assessed as a deficiency**

without issuing the notice referred to in IRC 6212(a) and collected if the Service should redetermine tax liability after Joint Committee review.

Note: See IRM 8.7.9.8.1.1, **Expedite Refund Request Report**, for additional information.

8.7.9.10
(09-27-2013)
**Communication Between
JCT Staff and Appeals**

- (1) This subsection covers the different types of communication between JCT Staff and Appeals:
 - a. Informal inquiries
 - b. Formal inquiries - Staff Review Memorandum (SRM)
 - c. Disclosure provisions for Freedom of Information Act requests for JCT records
 - d. Withdrawal of cases from JCT

8.7.9.10.1
(12-27-2017)
**Informal Inquiries from
the JCT**

- (1) There are times when it may be necessary for the JCT staff attorney to contact the Appeals employee who submitted the JCT report for additional information or clarification regarding items in the report. When this type of contact is made by telephone or e-mail, it is considered an informal inquiry.
- (2) These inquiries will be treated with the highest priority. Appeals will cooperate with the staff attorney to the fullest extent to resolve any questions raised. Responses may be made by telephone or by e-mail. E-mail responses should be encrypted. Do not use the taxpayer's name in the "Subject" line. The taxpayer's name should only appear in the body of the message.
- (3) Normally, this type of response does not involve a significant delay and will not require contact with the taxpayer. A premature contact with the taxpayer could convey the impression that the JCT is having serious problems with reviewing and clearing the JC report. However, see IRM 8.7.9.10.2.1, **SRM Procedures and Tracking - Response Required**, paragraph (6), if a lengthy delay may be involved.

8.7.9.10.1.1
(12-27-2017)
**Tracking Informal
Inquiries**

- (1) When the ATE receives a phone call or e-mail from a JCT staff attorney with an informal inquiry regarding a JC report they submitted, they must provide the following information to their ATM and the AJCPA:
 - Date of the inquiry
 - Nature of the inquiry
 - Issue(s)/concerns raised
- (2) The ATE will notify their ATM and the AJCPA by e-mail when and how the inquiry was finally resolved. This information will be notated on the JC Share-Point site.
- (3) All Follow-up contacts/questions to the initial inquiry need to be recorded with a copy emailed to the AJCPA.

8.7.9.10.2
(12-27-2017)
**Formal Inquiries from
the JCT - Staff Review
Memorandum(SRM)**

- (1) Occasionally, the JCT will issue a Staff Review Memorandum (SRM). This is a formal inquiry from the Chief of Staff, JCT to the Chief, Appeals and may or may not require a formal response from the Chief, Appeals back to the Chief of Staff, JCT.
- (2) There are various reasons for issuance of SRMs which may include:

- Follow-up to informal inquiry
- Request for reconsideration of settlement
- Inconsistent settlement of Issue

- (3) The SRM will indicate whether any action is required. The ATE must consider and respond to all issues raised by the JCT even if the case is currently in Counsel's jurisdiction. If the JCT expects a reply, the memo will include the following or similar statement: "We will keep our file open and await your reply before final disposition of this case." See IRM 8.7.9.10.2.1., **SRM Procedures and Tracking - Response Required**.
- (4) If the JCT staff identifies an issue not worked in Appeals, Appeals will notify the originating function by notating in the "Remarks" section of the Form 5402 the issues and concerns raised by the JCT: "Note to Examining Function: the JCT in its SRM raised a new issue that was not considered by Appeals. See Note in the attached Appeals Case Memo for your future consideration. No response to Appeals is required."
- (5) If the JCT has completed their review and does not expect a reply, the memo will include this statement: "No reply is requested, and we are closing our files on this case." This is a form of a release/clearance letter and Appeals may close or process its case when received.

8.7.9.10.2.1
(12-27-2017)

**SRM Procedures and
Tracking - Response
Required**

- (1) The JCT issues a SRM to the AJCPA by e-mail in electronic format. Upon receipt, the AJCPA will log the SRM on the Joint Committee Spreadsheet on the Examination SharePoint site. The AJCPA will e-mail a copy to the ATE who submitted the report as well as the ATM.
- (2) The ATE assigned the JC case will:
 - a. Consider the JCT's concerns;
 - b. Prepare a draft response addressing those concerns;
 - c. Forward the draft response through the ATM to the Area Director(AD) for review.
- (3) If a statutory notice of deficiency or a statutory notice of claim disallowance is issued as a result of a SRM, include a copy of the notice with the draft response to the AD. Similarly, if the taxpayer signs a waiver of statutory notice of claim disallowance, follow the same procedures.
- (4) If coordinated issues or issues involving Technical Specialist assignment are present, the AD coordinates with the Director, International Operations.
- (5) The AD will finalize the draft response making changes as necessary. This will include input from the Director, International Operations when coordinated issues or issues involving Technical Specialist assignment are present.
- (6) The AD will e-mail the final draft response to the appropriate Area Executive along with any necessary comments and background material for their final consideration. The AD will also forward it to the Director, Specialized Examination Programs and Referrals when coordinated issues or issues involving Technical Specialist assignment are present. If warranted, the parties may plan a conference call to discuss.

- (7) The Area Executive will e-mail the final draft response including a copy of the original SRM, any necessary technical papers or write-ups, to the Executive Assistant (EA) for final review and signature by the Chief, Appeals. The e-mail must clearly indicate:
 - The attached response is the final draft;
 - The attached response was reviewed and approved by the Area Executive and, when applicable, the Director, Specialized Examination Programs and Referrals;
 - The response is ready for final review and signature by the Chief, Appeals.
- (8) Once the Chief, Appeals approves and signs the final memo, the Executive Assistant will forward the response to the Chief of Staff, JCT. The Executive Assistant will also scan the signed memo and e-mail a copy to the appropriate Area Executive and the AJCPA.
- (9) The AJCPA will e-mail a copy of the signed memo to the JCT Senior Refund Counsel.
- (10) If, as a result of the concerns/issues raised by the JCT in the SRM, a revised JC report must be submitted, the ATE should contact the AJCPA. The AJCPA will coordinate submission of the revised report to the JCT along with the copy of the signed memo.
- (11) The AJCPA will maintain an Excel spreadsheet which captures the receipt, final distribution, and issue settlement. On a monthly basis, the AJCPA will update the JC SharePoint site with this information.

8.7.9.10.2.2
(12-27-2017)
**SRM Procedures and
Tracking - No Response
Required**

- (1) The JCT may issue a SRM that expresses concern regarding a reported Appeals settlement but which approves the release of the refund requested in the JC report. Generally, no response to the JCT is required.
- (2) The AJCPA will forward the SRM to the ATE in the same manner as a clearance letter. Once the SRM release letter has been received, the case may be processed or closed. The AJCPA will update the Excel spreadsheet on the JC SharePoint site.

8.7.9.10.3
(12-27-2017)
**Disclosure of
Correspondence with
the Joint Committee**

- (1) Generally, any IRS records generated during an examination or other process giving rise to the credit or refund should be considered agency records subject to the Freedom of Information Act (FOIA).
- (2) Informal or formal correspondence, including e-mail, from the JCT should also be considered agency records subject to FOIA but should not be released to the taxpayer without the permission of the JCT. If the JCT communication contains a legend that says the document should be treated a Congressional record and is beyond the scope of FOIA, it should be treated as such.
- (3) See IRM 11.3.13.3.4, , *Joint Committee on Taxation*, for further information.

8.7.9.10.4
(12-27-2017)
**Withdrawal of Cases
from JC**

- (1) If Appeals requests on its own initiative withdrawal of a report from JC consideration, the request should be sent to the AJCPA. Reasons for request to withdraw after a report has been submitted may include:

- a. A suit for refund has been filed in the United States District Court causing the case to come under Department of Justice jurisdiction.
 - b. While under JCT review, Appeals or the JCT has determined that the case was incorrectly reported.
- (2) If the views of the JCT expressed in a formal or informal request are adopted by Appeals and result in adjustments (or proposed adjustments) which reduce the proposed refund or credit to \$2,000,000(\$5,000,000 for C corporations) or less, the case will still be under JC jurisdiction. In this case, submit a supplemental JC report explaining that the refund is now below the jurisdictional amount and wait for JC clearance of such report. It cannot be withdrawn. If a notice of deficiency is prepared, follow procedures previously discussed. See IRM 8.7.9.6.9.4, **Unagreed Deficiency JC Cases** and IRM 8.7.9.10.2, **Formal Inquiries from the JCT - Staff Review Memorandum(SRM)**.

8.7.9.11
(01-03-2024)
**Other
Research/Information
Resources**

- (1) LB&I JC website - *Exam Procedures Knowledge Base - JointCommitteeCases*
- (2) Appeals JC website - *Pages - Joint Committee*
- (3) House of Representatives Joint Committee website - *<http://www.jct.gov/>*
- (4) Compliance IRM's: through
 - a. IRM 4.36.1, *Joint Committee Process Overview*
 - b. IRM 4.36.2, *Identification of Joint Committee Cases*
 - c. IRM 4.36.3, *Examination Team Responsibilities*
 - d. IRM 4.36.4, *Joint Committee Review Team Procedures*
 - e. IRM 4.36.5, *Reports*
- (5) Counsel's IRM is called the Chief Counsel Directives Manual, or CCDM. Counsel CCDM resources are listed below:
 - a. *CCDM 35.5.4, Settlement of Joint Committee Cases*
 - b. *CCDM 34.8.2.8, Joint Committee Cases*
- (6) TEFRA investor procedures - IRM 8.19.6.14, *Closing Joint Committee Partner Cases*
- (7) Regulation 601.108

Exhibit 8.7.9-1 (12-27-2017)

Appeals Joint Committee Case Report Package Checklist

Assembly of Joint Committee Report Package	IRM Reference	Check Box
1. Self-addressed return envelope - Mailing address and return address completed. Do not use window type envelope.	IRM 8.7.9.8.6	
2. Original Form 4081 - Only 1 form is required (Do NOT use Form 3210)	IRM 8.7.9.8.6	
3. Original Joint Committee Report - signed and dated . Must include TP's name, SSN or EIN, city, and state. Do not include TP's mailing or street address. (Enclose an additional copy of page one of the JC report for Expedite Refund requests)	IRM 8.7.9.8.3.2	
4. Attachments to the Joint Committee Report:	IRM 8.7.9.8.4.4	
a. Regular tax spreadsheet	IRM 8.7.9.9.2(1)	
b. AMT spreadsheet	IRM 8.7.9.9.2(2)	
c. Additional spreadsheets as warranted (e.g. credits from several years or different categories of baskets for foreign tax credit purposes)	IRM 8.7.9.9.2(1)	
d. Spreadsheets are not required for: 1) One year case with no carrybacks 2) Large deficiency case reports	IRM 8.7.9.9.2(3)	
e. Power of Attorney (NOT required for large deficiency case reports)	IRM 8.7.9.8.4.4	
f. Form 5402, ACM with Schedule of Adjustment and settlement computation	IRM 8.7.9.8.4.4	
g. One copy of Form 870-AD/890-AD or one copy of Form 870/890	IRM 8.7.9.8.4.4	
If Form 870-AD/890-AD is used, the form is ordinarily modified by adding the following statement: "Accepted as of the date the Joint Committee on Taxation completes its review without objection or the date accepted for the Commissioner, whichever is later."	IRM 8.7.9.6.5	
If Form 870/890 is used, the form is ordinarily modified by adding the following statement: This agreement is submitted to take effect on the date the Joint Committee on Taxation completes its review without objection.	IRM 8.7.9.6.5	
Do NOT obtain Form 2297 until the JC has released the case unless the Form 2297 is modified as follows: "This waiver takes effect on the date the agreement form (fill in the appropriate form number) used in this case becomes effective."	IRM 8.7.9.6.5	

Exhibit 8.7.9-1 (Cont. 1) (12-27-2017)**Appeals Joint Committee Case Report Package Checklist**

Assembly of Joint Committee Report Package	IRM Reference	Check Box
h. One copy of any closing agreement as to determination of tax liability; a determination covering specific matters; or a combined agreement. (Do NOT execute any closing agreement prior to JC review and concurrence.)	IRM 8.7.9.6.6 IRM 8.7.9.8.4.4	
i. Copy of any cited document such as technical advice memorandum, action on decision prior ACM, document cited in prior ACM which explains issue currently under JC review, etc. Be sure to include office memorandum, private letter rulings, general counsel memorandum, and other IRS National Office documents relied upon in settling the case. Do not forward published documents such as revenue rulings.	IRM 8.7.9.8.4.4	
j. One copy of any agreements (e.g. merger agreements, buy-sell agreements) involving those issues over \$100,000 which are being reported.	IRM 8.7.9.8.4.4	
Privacy Act - Form 5482 - If Applicable	IRM 8.7.9.6.8	
1. a. Completed Form 5482 is forwarded to the Appeals Joint Committee Program Analyst via encrypted e-mail	IRM 8.7.9.6.8 (6)	
b. Copy of Form 5482 is retained in the administrative file	IRM 8.7.9.6.8 (7)	
Addresses for Joint Committee Report Package		
1. Address for Form 4081 and shipping label:	IRM 8.7.9.8.7.1 IRM 8.7.9.8.7.2	
a. All reports (Refund and Large Deficiency Case):		
Joint Committee on Taxation, Refund Office Senior Refund Counsel, Attention: C:JC:3565/IR 1111 Constitution Ave., NW Washington, DC 20224		
Send via UPS overnight or 2nd day. DO NOT use US Postal Service	IRM 8.7.9.8.7.2	
2. Address for Joint Committee Report Letters	IRM 8.7.9.8.7.2	
a. Refund Report Letters:	IRM 8.7.9.8.7.2	
The Chairman Joint Committee on Taxation Attn: Sr. Refund Counsel C:JC:3565/IR 1111 Constitution Ave., NW Washington, DC 20224	Exhibit 8.7.9-3	
b. Large Deficiency Case Report Letter:	IRM 8.7.9.8.7.2	

Exhibit 8.7.9-1 (Cont. 2) (12-27-2017)**Appeals Joint Committee Case Report Package Checklist**

Assembly of Joint Committee Report Package	IRM Reference	Check Box
Chief of Staff Joint Committee on Taxation Attn: Sr. Refund Counsel C:JC:3565/IR 1111 Constitution Ave., NW Washington, DC 20224	Exhibit 8.7.9-8	
Joint Committee Reports		
1. All JC reports should be dated and signed by ATM for AO cases or ATCL for ATCL cases	IRM 8.7.9.8.4.3	
2. Types of Reports:		
a. Expedite Refund Report (See Exhibit 8.7.9-2)	IRM 8.7.9.8.1.1	
b. Regular Refund Report (See Exhibit 8.7.9-3)	IRM 8.7.9.8.1.2	
c. Regular Refund Report with provisionally allowed unexamined tentative refund (See Exhibit 8.7.9-4)	IRM 8.7.9.8.1.2	
d. Supplemental Report (See Exhibit 8.7.9-5)	IRM 8.7.9.8.1.3	
e. Estate Tax Case Refund Report (See Exhibit 8.7.9-6)	IRM 8.7.9.8.1.4	
f. Foreign Sales Corporation (FSC) Report (See Exhibit 8.7.9-7)	IRM 8.7.9.8.1.5	
g. Large Deficiency Case Report (See Exhibit 8.7.9-8)	IRM 8.7.9.8.1.6	
h. Expedite Refund on Unexamined or Unsurveyed Years - Modified Expedite Refund Report (See Exhibit 8.7.9-9)	IRM 8.7.9.8.1.7	

Exhibit 8.7.9-2 (12-27-2017)**Sample Expedite Refund Request Report**

Internal Revenue Service
 Appeals Office
 (Office Location or address)

Date:

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

Refer Reply to: (Contact Office Symbols)

Related Case(s): (use only if submitting related case for simultaneous JCT review)

The Chairman
 Joint Committee on Taxation
 Attention: Sr. Refund Counsel
 C:JC:3565/IR
 1111 Constitution Avenue, NW
 Washington, D. C. 20224

EXPEDITE REFUND REQUEST

Dear Mr. Chairman:

As required by Section 6405 of the Internal Revenue Code, the following refunds or credits of income taxes are reported in favor of Taxpayer Company, Inc. EIN xx-xxxxxxx, of City, State:

<u>Years</u>	<u>Deficiency</u>	<u>Proposed Refunds</u> <u>Section 6405(a)</u>	<u>Tentative Allowances</u> <u>Section 6405(b)</u>	<u>Net Refund</u> <u>or Credit</u>
2001*		\$ 790,000		\$ 790,000
2002		\$ 500,000	\$27,450,000	\$27,950,000
2003	\$1,275,000		\$54,325,000	\$53,050,000
2004	_____	<u>\$2,100,000</u>	<u>\$12,425,000</u>	<u>\$14,525,000</u>
Totals	\$1,275,000	\$3,390,000	\$94,200,000	\$96,315,000

Note: Use only those columns that are applicable. For example, if there is no deficiency for any year, the Deficiency column should not be included in the table. Likewise, if there are no reportable 6405(a) or 6405(b) refunds, then the applicable columns would not be included.

* The 2001 refund is not entitled to expedite treatment. Statute open solely on timely filed claim. **(Use only if applicable - See IRM 8.7.9.8.1.1)**

Exhibit 8.7.9-2 (Cont. 1) (12-27-2017)
Sample Expedite Refund Request Report

In addition, there is a deficiency for tax year 2000 of \$10,000. ***(Use a similar sentence if applicable for deficiencies and refunds that are not reportable, but instead are mentioned in the narrative below the table.)***

The refunds result primarily from the carryback of a net operating loss deduction (NOLD) and unused general business credit. The taxable income and tax liability reported on the returns and the taxable income as finally determined prior to allowance of the NOLD are reflected on an attached spreadsheet.

Net operating loss deduction allowed:

<u>Year</u>	<u>Amount</u>	<u>Carryback From</u>
2002	\$705,130	2006
2003	\$833,340	2006
2004	\$4,102,500	2006

Additional General business credits:

<u>Year</u>	<u>Amount</u>	<u>Carryback From</u>
2001	\$175,000	2006*

* The NOL carryback from 2006 to 2002 released a general business credit which was carried back to 2001.

The taxpayer manufactures, sells, and rents farm machinery.

The principal causes for the 2006 loss were the competition of foreign products, a prolonged strike by the production employees in 2006, the subsidiary's erroneous projection of research and development costs, and the market's demand for a new product.

RAR dated June 30, 2009 (2000-2003)

RAR dated May 21, 2010 (2004)

Agreement was obtained by Form 870-AD waiver, a copy of which is enclosed. The overassessments are approved.

The periods of limitations are as follows:

<u>Year</u>	<u>Original or as Extended*</u>
2000	* 12/31/2011
2001	* 12/31/2011
2002	* 12/31/2011
2003	* 12/31/2011
2004	* 12/31/2011

Exhibit 8.7.9-2 (Cont. 2) (12-27-2017)
Sample Expedite Refund Request Report

(Submit an extra copy of page one of this report to the JCT)

Sincerely,

(USE APPROPRIATE OFFICIAL'S NAME
AND TITLE)

Enclosures: *(Include appropriate spreadsheets, copy of POA, ACM and 5402, and other items listed in IRM 8.7.9.8.4.4. This report is similar to a regular report or supplemental report and should follow the instructions in IRM 8.7.9.8.4.1 and IRM 8.7.9.8.4.4. Send the complete package using Form 4081 as per IRM 8.7.9.8.7.1.)*

Exhibit 8.7.9-3 (12-27-2017)**Sample of Regular Joint Committee Report**

Internal Revenue Service
 Appeals Office
 (Office Location or address)

Date:

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

Refer Reply to: (Contact Office Symbols)

Related Case(s): (use only if submitting related case for simultaneous JCT review)

The Chairman
 Joint Committee on Taxation
 Attention: Sr. Refund Counsel
 C:JC:3565/IR
 1111 Constitution Avenue, NW
 Washington, D. C. 20224

Dear Mr. Chairman

As required by Section 6405 of the Internal Revenue Code, the following refunds or credits of income taxes are reported in favor of Taxpayer Company, Inc., EIN xx-xxxxxxx, of City, State:

<u>Year</u>	<u>Deficiency</u>	<u>Refunds or Credits</u>	
		<u>Tentative Allowance Section 6405(b)</u>	<u>Net Refund or Credit</u>
2003		\$450,000	\$450,000
2004		325,000	325,000
2005	\$175,000	1,600,000	1,425,000
TOTALS	\$175,000	\$2,375,000	\$2,200,000

Note: Use only those columns that are applicable. For example, if there is no deficiency for any year, the Deficiency column should not be included in the table. Likewise, if there are no reportable 6405(a) or 6405(b) refunds, then the applicable columns would not be included. In this example, there are no reportable 6405(a) refunds, therefore, the "Proposed Refunds Section 6405(a)" column is not necessary and has been excluded from the table. There is an IRC Section 6405(a) refund that is not reportable, and it is mentioned below the table:

In addition, there is a proposed refund for tax year 2002 in the amount of \$23,759.

The refunds results primarily from the carryback of a net operating loss deduction (NOLD) and unused general business credit. The taxable income and tax liability reported on the returns and the taxable income as finally determined prior to allowance of the NOLD are reflected on an attached spreadsheet.

Exhibit 8.7.9-3 (Cont. 1) (12-27-2017)
Sample of Regular Joint Committee Report

Net operating loss deduction allowed:

<u>Year</u>	<u>Amount</u>	<u>Carryback From</u>
2003	\$705,130	2006
2004	\$833,340	2006
2005	\$4,102,500	2006

Additional general business credits:

<u>Year</u>	<u>Amount</u>	<u>Carryback From</u>
2005	\$55,000	2006 *

The taxpayer manufactures, sells, and rents farm machinery.

The principal causes for the 2006 loss were the competition of foreign products, a prolonged strike by the production employees in 1998, the subsidiary's erroneous projection of research and development costs, and the market's demand for a new product.

RAR dated June 30, 2009 (2001 – 2004)

RAR dated May 21, 2010 (2005)

Agreement was obtained by Form 870–AD waiver, a copy of which is enclosed. The overassessments are approved.

Sincerely,

(USE APPROPRIATE OFFICIAL'S NAME
AND TITLE)

Enclosures: *(Include appropriate spreadsheets, copy of POA, ACM and 5402, and other items listed in IRM 8.7.9.8.4.4. Send the complete package using Form 4081 as per IRM 8.7.9.8.7.1.)*

Exhibit 8.7.9-4 (12-27-2017)**Sample Regular Report with Provisionally Allowed Tentative Refunds**

Internal Revenue Service
 Appeals Office
 (Office Location or address)

Date:

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

Refer Reply to: (Contact Office Symbols)

Related Case(s): (use only if submitting related case for simultaneous JCT review)

The Chairman
 Joint Committee on Taxation
 Attention: Sr. Refund Counsel
 C:JC:3565/IR
 1111 Constitution Avenue, NW
 Washington, D. C. 20224

Dear Mr. Chairman:

As required by Section 6405 of the Internal Revenue Code, the following refunds or credits of income taxes are reported in favor of Taxpayer Company, Inc., EIN xx-xxxxxxx, of City, State:

<u>Year</u>	<u>Deficiency</u>	<u>Refunds or Credits</u>	
		<u>Tentative Allowances Section 6405(b)</u>	<u>Net Refund or Credit</u>
2003		\$2,450,000	\$2,450,000
2004		2,325,000	2,325,000
2005	\$175,000	1,600,000	1,425,000
TOTALS	\$175,000	\$6,375,000	\$6,200,000

Note: Use only those columns that are applicable. For example, if there is no deficiency for any year, the Deficiency column should not be included in the table. Likewise, if there are no reportable 6405(a) or 6405(b) refunds, then the applicable columns would not be included. In this example, there are no reportable 6405(a) refunds, therefore, the "Proposed Refunds Section 6405(a)" column is not necessary and has been excluded from the table. There is an IRC Section 6405(a) refund that is not reportable, and it is mentioned below the table:

In addition, there is a proposed refund for tax year 2002 in the amount of \$23,759.

The refunds results primarily from the carryback of a net operating loss deduction (NOLD) and unused general business credit. The taxable income and tax liability reported on the returns and the taxable income as finally determined prior to allowance of the NOLD are reflected on an attached spreadsheet.

Exhibit 8.7.9-4 (Cont. 1) (12-27-2017)**Sample Regular Report with Provisionally Allowed Tentative Refunds**

Net operating loss deduction allowed:

<u>Year</u>	<u>Amount</u>	<u>Carryback From</u>
2003	\$705,130	2006
2004	\$833,340	2006
2005	4,102,500	2006

Additional general business credits:

<u>Year</u>	<u>Amount</u>	<u>Carryback From</u>
2005	\$55,000	2006

The taxpayer manufactures, sells, and rents farm machinery.

The principal causes for the 2006 loss were the competition of foreign products, a prolonged strike by the production employees in 2006, the subsidiary's erroneous projection of research and development costs, and the market's demand for a new product.

(In addition, the Joint Committee is hereby advised that there is a tentative carryback in the amount of \$3,041,200 to tax year 2003. This is due to a capital loss incurred in 2005 and carried back to tax year 2003. The 2005 (source year) is currently under examination and will not be completed within a reasonably short period of time.

In accordance with IRM 8.7.9.6.1.3, a supplemental report on the section 6405(b) refund will follow after examination of the taxpayer's 2005 year is completed.)

[Note: Add paragraphs similar to the above two paragraphs as necessary when tentative allowances are provisionally allowed and source year will not be completed in a reasonably short period of time.]

RAR dated June 30, 2009 (2001 – 2004)

RAR dated May 21, 2010 (2005)

Agreement was obtained by Form 870–AD waiver, a copy of which is enclosed. The overassessments are approved.

Sincerely,

(USE APPROPRIATE OFFICIAL'S NAME
AND TITLE)

Enclosures: *(Include appropriate spreadsheets, copy of POA, ACM and 5402, and other items listed in IRM 8.7.9.8.4.4. Send the complete package using Form 4081 as per IRM 8.7.9.8.7.1.)*

Exhibit 8.7.9-5 (12-27-2017)**Sample Supplemental Joint Committee Report**

Supplemental reports may have different formats depending on the reason for the report. This is just one example.

Internal Revenue Service
Appeals Office
(Office Location or address)

Date:

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

Refer Reply to: (Contact Office Symbols)

Related Case(s): (use only if submitting related case for simultaneous JCT review)

The Chairman
Joint Committee on Taxation
Attention: Sr. Refund Counsel
C:JC:3565/IR
1111 Constitution Avenue, NW
Washington, D. C. 20224

Supplemental Report

Dear Mr. Chairman:

As required by Section 6405 of the Internal Revenue Code, the following refunds or credits of income tax are reported in favor of Taxpayer Company, Inc., EIN xx-xxxxxxx, of City, State. This case was previously submitted to the Joint Committee on Taxation on February 10, 2006.

<u>Year</u>	<u>Tentative Allowances Section 6405(b)</u>
2001	\$1,427,139
2002	<u>1,635,021</u>
Total	\$3,062,160

Note: Use only those columns that are applicable. For example, if there is no deficiency for any year, the Deficiency column should not be included in the table. Likewise, if there are no reportable 6405(a) or 6405(b) refunds, then the applicable columns would not be included. In this example, there are no deficiencies and no 6405(a) refunds, therefore, the "Proposed Refunds Section 6405(a)", "Deficiency", and "Net Refund or Credit" columns are not necessary and have been excluded from the table.

Exhibit 8.7.9-5 (Cont. 1) (12-27-2017)**Sample Supplemental Joint Committee Report**

The refunds resulted primarily from the carryback of a net operating loss from tax year 200412. The taxable income and tax liabilities reported on the returns and as finally determined as shown on the enclosed spreadsheets.

The taxpayer carried back an alternative minimum tax net operating loss from the 200312 year to 200112 and 200212.

This report is being submitted as a supplemental report pursuant to the provisions of IRM 8.7.9.6.1.5.1 and IRM 8.7.9.8.1.3 dealing with tentative allowances for unexamined source years.

The taxpayer was incorporated in the state of Delaware on October 23, 1969 and has 47 subsidiaries. The taxpayer is wholly owned by a foreign company. The primary business of the taxpayer during the examination years was property and casualty insurance. Effective with the 200112 tax year the taxpayer's life insurance companies were included in the consolidated return. The company's other subsidiaries include insurance agencies, investment, annuity and risk management companies, and leasing companies.

RAR dated April 2, 2007 (2001, 2002, 2004)

RAR dated December 15, 2005 (2001, 2002)

Agreement was obtained by Form 870-AD waiver, a copy of which is enclosed. The overassessments are approved.

Sincerely,

(USE APPROPRIATE OFFICIAL'S NAME AND
TITLE)

Enclosures: *(Include appropriate spreadsheets, copy of POA, ACM and 5402, and other items listed in IRM 8.7.9.8.4.4. Send the complete package using Form 4081 as per IRM 8.7.9.8.7.1.)*

Exhibit 8.7.9-6 (12-27-2017)**Sample Joint Committee Estate Tax Case Report**

Internal Revenue Service
 Appeals Office
 (Office Location or address)

Date:

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

Refer Reply to: (Contact Office Symbols)

Related Case(s): *(use only if submitting related case for simultaneous JCT review)*

The Chairman
 Joint Committee on Taxation
 Attention: Sr. Refund Counsel
 C:JC:3565/IR
 1111 Constitution Avenue, NW
 Washington, D. C. 20224

Dear Mr. Chairman:

As required by Section 6405 of the Internal Revenue Code, we are reporting a refund or credit of estate tax in favor of the estate of Taxpayer, SSN, of City, State. The following table sets out the estate tax refund offset by the amount of the barred fiduciary income tax plus interest:

<u>Date of Death</u>	<u>Proposed Refund Section 6405(a)</u>	<u>Offset</u>	<u>Net Refund or Credit</u>
----------------------	--	---------------	-----------------------------

The refund for the estate was caused by shifting the deductions for administering the estate under IRC section 2052(a) from fiduciary income tax returns (Forms 1041) filed by the estate, to the estate tax return (Form 706). The taxpayer has agreed to an offset against the estate tax refund to the extent of barred income tax deficiencies plus interest in accordance with Revenue Ruling 81-287.

The estate tax file was previously considered by Appeals and was closed on other issues on February 8, 20XX. The taxable estate and tax liability as previously determined by Appeals and the taxable estate as finally determined are as follows:

<u>Date of Death</u>	<u>Taxable Estate</u>	<u>Tax Liability</u>	<u>Taxable Estate Finally Determined</u>
----------------------	-----------------------	----------------------	--

The estate's principal assets are undeveloped real estate in County, State.

RAR dated

RAR dated

Exhibit 8.7.9-6 (Cont. 1) (12-27-2017)**Sample Joint Committee Estate Tax Case Report**

The expedited refund procedure was not used in this case because the statute of limitations is open for this refund solely because a timely claim for refund has been filed.

Agreement was obtained by Form 890–AD waiver with conditions, a copy of which is enclosed. The overassessment is approved.

Sincerely,

(USE APPROPRIATE OFFICIAL’S NAME AND
TITLE)

Enclosures: *(Include copy of POA, ACM and 5402, and other items listed in IRM 8.7.9.8.4.4. Send the complete package using Form 4081 as per IRM 8.7.9.8.7.1.)*

Exhibit 8.7.9-7 (12-27-2017)**Sample Foreign Sales Corporation (FSC) Report**

Internal Revenue Service
 Appeals Office
 (Office Location or address)

Date:

The Chairman
 Joint Committee on Taxation
 Attention: Senior Refund Counsel
 C:JC:3565/IR
 1111 Constitution Ave., NW
 Washington, D C 20224

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

Refer Reply to: (Contact Office Symbols)

Related Case(s): *(use only if submitting related case for simultaneous JCT review)*

FSC REFUND

Dear Mr. Chairman,

In accordance with the provisions of Section 6405 of the Internal Revenue Code, there are reported the following refunds or credits of income tax in favor of Taxpayer FSC, Inc., (EIN XX-XXXXXXX), City, State:

<u>Year</u>	<u>Proposed Refunds Section 6405(a)</u>
200112	1,283,648
200212	<u>2,552,407</u>
Total	3,836,055

The refunds resulted from the adjustment of allocated and apportioned operating expenses. Corresponding adjustments have been made to the returns of the domestic parent, Taxpayer, Inc.

The above overassessments are approved.

Sincerely,

(USE APPROPRIATE OFFICIAL'S
NAME AND TITLE)

Enclosures: *(Include appropriate spreadsheets, copy of POA, ACM and 5402, and other items listed in IRM 8.7.9.8.4.4. Send the complete package using Form 4081 as per IRM 8.7.9.8.7.1.)*

Exhibit 8.7.9-8 (12-27-2017)**Sample Joint Committee Large Deficiency Case Report**

Internal Revenue Service
 Appeals Office
 (Office Location or address)

Date:

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

Refer Reply to: (Contact Office Symbols)

Related Case(s): *(use only if submitting related case for simultaneous JCT review)*

Deficiency Case Report (A1-1, A1-2, etc.)

Period ended *(03/31/XX or 09/30/XX)*

Chief of Staff
 Joint Committee on Taxation
 Attention: Sr. Refund Counsel
 C:JC:3565/IR
 1111 Constitution Avenue, NW
 Washington, D. C. 20224

Large Deficiency

Attention: Refund Counsel

As requested under the authority contained in Section 8023(a) of the Internal Revenue Code, we report the following deficiencies in income tax due from Taxpayer Company, Inc., EIN xx-xxxxxxx, of City, State:

Year	Deficiency	
	<u>Compliance</u>	<u>Appeals</u>
2004	\$4,126,421	\$3,678,019
2005	8,174,526	6,837,613
Totals	\$12,300,947	\$10,515,632

Note: Columns may be added for Compliance Penalties and Appeals Penalties if needed.

The principal causes of the deficiencies were adjustments made for partnership income, deferred interest income, investment credit on progress expenditures, advance gas payments and intangible drilling costs.

The taxpayer produces and sells natural gas and oil at wholesale.

Exhibit 8.7.9-8 (Cont. 1) (12-27-2017)**Sample Joint Committee Large Deficiency Case Report**

In a report dated February 10, 2010, covering the years 2004 and 2005, the examining officer proposed adjustments, a number of which were protested to Appeals. Enclosed are copies of the Appeals Transmittal and Case Memo and the settlement computation for your review.

The taxpayer executed a Waiver, Form 870–AD, reflecting the deficiencies shown on page 1 of this letter. The taxpayer also executed a Closing Agreement, Form 906, with respect to Issue 5 in the Appeals Case Memo. Copies of the Forms 870–AD and 906 are enclosed.

Sincerely,
(USE APPROPRIATE OFFICIAL'S NAME)

Enclosures: *(Include copy of POA, ACM and 5402, and other items listed in IRM 8.7.9.8.4.2. Send the complete package using Form 4081 as per IRM 8.7.9.8.7.1.)*

Exhibit 8.7.9-9 (12-27-2017)**Sample Request for Expedited Refund on Unexamined or Unsurveyed Year(s) — Modified Expedite Refund**

**Internal Revenue Service
Appeals Office
(Office Location or address)**

Date:

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

Refer Reply to: (Contact Office Symbols)

Related Case(s): (use only if submitting related case for simultaneous JCT review)

The Chairman
Joint Committee on Taxation
Attention: Sr. Refund Counsel
C:JC:3565/IR
1111 Constitution Avenue, NW
Washington, D. C. 20224

Modified Expedite Refund Request

Dear Mr. Chairman:

As required by Section 6405 of the Internal Revenue Code, the following refunds or credits of income taxes are reported in favor of Taxpayer Company Inc., EIN xx-xxxxxxx, of City, State:

<u>Year</u>	<u>Proposed Refund Section 6405(a)</u>
2007	\$1,632,790

The principal cause of the overpayments was the elimination of intracompany profits.

This report is submitted under the procedures contained in IRM 8.7.9.8.1.5. The taxpayer requested that refund be paid as soon as possible under this procedure. It has been determined that no disadvantage will occur to the Government in paying the refund. A decision to examine the 2007 return will not be made for at least 18 months and we are not able to anticipate a completion date of our consideration of the 2007 year. Security has been posted for the amount of the proposed refund plus accrued interest. We have enclosed copies of a Letter of Credit and Collateral Agreement for your consideration.

This is a request for an expedited refund (***Submit an extra copy of page one of this report.***) A supplemental JC report will follow.

Sincerely,

Exhibit 8.7.9-9 (Cont. 1) (12-27-2017)

Sample Request for Expedited Refund on Unexamined or Unsurveyed Year(s) — Modified Expedite Refund

**Internal Revenue Service
Appeals Office
(Office Location or address)**

Date:

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

**Refer Reply to: (Contact Office
Symbols)**

**Related Case(s): (use only if
submitting related case for
simultaneous JCT review)**

**(USE APPROPRIATE OFFICIAL'S NAME
AND TITLE)**

**Enclosure:
Copy of security agreement**

Exhibit 8.7.9-10 (12-27-2017)**Sample Request for Advance Review****Internal Revenue Service
Memorandum****Date:****To:** Senior Refund Counsel, Joint Committee on Taxation**From:** *(Appropriate ATM or ATCL)***Subject:** Request for Advance Review of Closing Agreement - Taxpayer, Inc.*(The subject of the request for advance review may be changed dependent on the particular circumstances of the case.)*

In accordance with IRM 8.7.9.6.1.5 we are requesting your office review the attached closing agreement in advance of a Section 6405 report. **[Insert concise statement as to the issue and the source of resolution. For example, "This was a COLI issue that was resolved in the Fast Track Process.]"**

If you have any questions, please call me at (123) 456-7890.

Exhibit 8.7.9-11 (12-27-2017)

Sample Informal Referral Report - Refund in Excess of \$5,000,000 (Tentative Allowances Not Examined)

Internal Revenue Service
Appeals Office
(Office Location or address)

Department of the Treasury

Person to Contact: (Name)

Employee ID Number:

Tel:

Fax:

Date

Joint Committee on Taxation
Attention: Sr. Refund Counsel
C:JC 3565/IR
1111 Constitution Avenue NW
Washington, DC 20224

Re: TP's Name

EIN:

Year(s): Insert carryback years

Request for Expedite Informal Report/Approval

Dear Mr. Chairman:

In accordance with the procedures agreed upon under IRM 8.7.9.6.1.5.1, applicable to tentative refunds under IRC section 6405(b) in excess of \$5 million, I am requesting Joint Committee review/approval of an informal report for a NOL resulting in tentative refunds under IRC section 6405(b) and which is being carried back from the taxpayer's fiscal year ending 9/30/2010, which is currently under examination. This request is made as both the taxpayer and the government would like to settle the issues for the taxpayer's 9/30/2006–9/30/2009 tax years, which result in a \$2 million deficiency before the \$8 million tentative refund generated from the taxpayer's 9/30/2010 carry back to its 9/30/2006-9/30/2009 tax years. ***(This paragraph may be modified for specific circumstances etc. for each case.)***

The taxpayer has submitted a request for relief of double taxation to Competent Authority, which will result in further delay of Compliance's examination of the taxpayer's 9/30/2010-9/30/2011 tax years. It is unknown for sure at this time whether or not the taxpayer's 2010-2011 case will be subject to Joint Committee review, but it is a possibility. A formal request for Joint Committee review will be submitted later by either Compliance or Appeals as warranted upon final resolution of the taxpayer's 2010-2011 tax years. ***(If there are no extraordinary reasons for delay of completion of the source year, the first sentence of this paragraph may be changed or omitted. Other information may be changed to reflect specific circumstances for each case)***

Exhibit 8.7.9-11 (Cont. 1) (12-27-2017)**Sample Informal Referral Report - Refund in Excess of \$5,000,000 (Tentative Allowances Not Examined)**

Enclosed are copies of the Appeals Case Memo for the taxpayer's 9/30/2006-9/30/2009 tax years, along with the relevant portion of the RAR that pertains to these issues, copies of both Form 870-AD and Form 906 signed by the taxpayer, but not signed by me, that will be used if Joint Committee approves the settlement of these issues. ***(This paragraph may be changed to reflect information specific to each case)***

If you have any questions regarding this request, please contact me at *insert phone number*. My fax number is *insert number*.

Sincerely,

(USE APPROPRIATE NAME AND TITLE)

Enclosures: *(List appropriate enclosures)*

cc: *Name, Appeals Team Manager (if appropriate)*

Exhibit 8.7.9-12 (09-27-2013)**Sample Letter 1594(CG) - JC Submission**

Internal Revenue Service
Appeals Office

Department of the Treasury

Person to Contact:

Name of Taxpayer
Attn: Name of Corporate Officer

Employee Identification Number:

Street Address - Suite/Room #
City, State, Zip Code

Telephone Number:

Fax Number:

Date:

Refer Reply to:

In Re:

Tax Period(s)

Dear Corporate Officer:

(Introduction):

We have prepared and forwarded the special report required by section 6405 of the Internal Revenue Code to the National Office Internal Revenue Service for submission to the Joint Committee on Taxation.

Payment [Choose appropriate paragraph] :

(Overpayments over \$2,000,000(\$5,000,000 for C corporations)) We cannot process your overassessment(s)/ overpayment(s) as shown in the report until after the case is released by the Joint Committee on Taxation.

(Qualified Waiver) The “qualified” Form *[Insert Form Number]* you completed and signed will become effective on the date the Joint Committee releases its jurisdiction of the case.

(Expedite Refund) When the Joint Committee on Taxation receives this report, the 30-day period, during which we are statutorily prohibited from issuing the refunds, will commence. If the Joint Committee on Taxation does not raise any concerns regarding the Service’s position, we will process the refunds as soon as possible after the expiration of this 30-day period.

(Straight Deficiency) The deficiency shown on the Form *[Insert Form Number]* you completed and signed will be assessed. If you have not paid the deficiency and interest, we will bill you.

Other:

(872-A)

This letter does not terminate Appeals consideration referred to in the consent Form 872-A, Special Consent to Extend the Time to Assess Tax, filed for the tax period(s) ended [MM/DD/YYYY].

Closing:

Exhibit 8.7.9-12 (Cont. 1) (09-27-2013)
Sample Letter 1594(CG) - JC Submission

We will let you know when the Joint Committee on Taxation completes consideration of your case. If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely,

(USE APPROPRIATE NAME AND TITLE)

Enclosures: *(List enclosures if appropriate)*
cc: Authorized Representative

Exhibit 8.7.9-13 (09-27-2013)**Sample Letter 1537(CG) - JC No Exception**

Internal Revenue Service
Appeals Office

Department of the Treasury

Person to Contact:

Name of Taxpayer
Attn: Name of Corporate Officer
Street Address - Suite/Room #
City, State, Zip Code

Employee Identification Number:

Telephone Number:

Fax Number:

Date:

Refer Reply to:

In Re:

Tax Period(s)

Dear Corporate Officer:

We have been advised that the Joint Committee on Taxation has completed its consideration of our special report (made to satisfy the requirements of section 6405 of the Internal Revenue Code) for the tax period(s) ended [MM/DD/YYYY] and has taken no exception to the conclusions reached by the Internal Revenue Service.

Additional Paragraphs *(Select as appropriate):*

This is your notice of termination of Appeals consideration referred to in consent Form(s) 872-A, *Special Consent to Extend the Time to Assess Tax*, for the tax period(s) ended [MM/DD/YYYY].

We will mail you, at a later date, your notice of termination of Appeals consideration referred to in consent Form(s) 872-A for the tax period(s) ended [MM/DD/YYYY].

We have forwarded your case to the *[Insert campus/APS location]* for processing.

The following is used and replaces the above if the refund is made before the Joint Committee on Taxation has released its jurisdiction. (*Expedite Refund Report or Modified Expedite Refund 30 day procedures followed.*)

The Joint Committee on Taxation has taken no exception to our processing of the overpayment(s) as shown on the Form [insert the waiver form number] previously furnished to you or being accepted per your amended return claim(s) on Form [1040X/1120X] previously filed by you.

Accordingly, the overpayment will soon be processed for refund or credit.

This letter is not a notification that the Joint Committee on Taxation has completed its consideration of the conclusions reached by the Service regarding these income tax returns. At a later time, we will let you know when the Joint Committee on Taxation completes such consideration.

Exhibit 8.7.9-13 (Cont. 1) (09-27-2013)
Sample Letter 1537(CG) - JC No Exception

Sincerely,

cc: Authorized Representative

Exhibit 8.7.9-14 (09-27-2013)**Information for Joint Committee Report**

Use applicable sections as needed.

Name: XYZ Corp. Inc.

EIN: 99-9999999

INFORMATION FOR JOINT COMMITTEE REPORTS

<u>Year</u>	<u>Refunds or Credits</u>		
	<u>Proposed Refund Section 6405(a)</u>	<u>Tentative Allowance Section 6405(b)</u>	<u>Net Refund or Credit</u>
2000		\$ 2,380,000	\$2,380,000
2001	<u>\$2,720,000</u>	_____	<u>2,720,000</u>
Totals	\$2,720,000	\$2,380,000	\$5,100,000

In addition to the above, deficiencies of \$170,000 and \$34,000 were determined for tax years 2002 and 2003, respectively. *(Use applicable columns. If there is no deficiency or a particular type of refund for any year, then do not include a column for that category.)*

Net Operating Loss Deduction:

<u>Year</u>	<u>Amount</u>	<u>Carryback From</u>
2000	\$ 2,000	2003
2001	\$ 1,500,000	2003
2002	\$ 7,500,000	2005

Alternative Tax Net Operating Loss Deduction:

<u>Year</u>	<u>Amount</u>	<u>Carryback From</u>
2001	\$ 1,200,000	2003
2002	\$ 6,900,000	2005

Capital Loss Carryback Allowed:

<u>Year</u>	<u>Amount</u>	<u>Carryback From</u>
2000	\$7,000,000	2003

Additional Foreign Tax Credits:

<u>Year</u>	<u>Amount</u>	<u>Carryover or Carryback From</u>
-------------	---------------	--

Exhibit 8.7.9-14 (Cont. 1) (09-27-2013)
Information for Joint Committee Report

Name: XYZ Corp. Inc.

EIN: 99-9999999

INFORMATION FOR JOINT COMMITTEE REPORTS

2001	\$ 10,000	2003*
2001	\$ 20,000	2004**

* 2000 credit was released due to a NOL carryback from 2003 to 2000.

**2002 credit was released due to a NOL carryback from 2005 to 2002.

Additional General Business Credit:

<u>Year</u>	<u>Amount</u>	<u>Carryover or Carryback From</u>
2001	\$ 60,000	2000*

*2000 credit was released due to NOL carryback from 2003 to 2000.

Additional Minimum Tax Credit

<u>Year</u>	<u>Amount</u>	<u>Carryover or Carryback From</u>
2001	\$ 46,985	2000*

* Due to the NOL carryback from 2003 to 2000.

Exhibit 8.7.9-15 (03-31-2014)

Sample Formats for Joint Committee Letter Refund Table

Example 1: 6405(a) refund - 1 year

Year	Proposed Refund Section 6405(a)
2005	\$2,500,000

Example 2: 6405(a) refund and deficiency - 1 year

Year	Deficiency	Proposed Refund Section 6405(a)	Net Refund or Credit
2005	\$250,000	\$2,500,000	\$2,250,000

Example 3: 6405(b) refund - 1 year

Year	Tentative Allowance Section 6405(b)
2005	\$2,500,000

Example 4: 6405(b) refund and deficiency - 1 year

Year	Deficiency	Tentative Allowance Section 6405(b)	Net Refund or Credit
2005	\$250,000	\$2,500,000	\$2,250,000

Example 5: 6405(a) and 6405(b) - 1 year

Year	Proposed Refund Section 6405(a)	Tentative Allowance Section 6405(b)	Net Refund or Credit
2005	\$2,500,000	\$3,000,000	\$5,500,000

Example 6: 6405(a) refund - multiple years

Year	Proposed Refunds Section 6405(a)
2005	\$2,500,000
2006	\$1,300,000
Total	\$3,800,000

Exhibit 8.7.9-15 (Cont. 1) (03-31-2014)**Sample Formats for Joint Committee Letter Refund Table*****Example 7: 6405(b) refund - multiple years***

Year	Tentative Allowances Section 6405(b)
2005	\$2,500,000
2006	\$1,300,000
Total	\$3,800,000

Example 8: 6405(a), 6405(b) and deficiency - multiple years

Year	Deficiency	Proposed Refunds Section 6405(a)	Tentative Allowances Section 6405(b)	Net Refund or Credit
2005		\$2,500,000	\$3,000,000	\$5,500,000
2006		\$1,500,000		\$1,500,000
2007	\$250,000		\$5,000,000	\$4,750,000
Total	\$250,000	\$4,000,000	\$8,000,000	\$11,750,000

Example 9: 6405(a), 6405(b) and deficiency - multiple years - deficiencies in work unit years with no offsetting refunds

Year	Proposed Refunds Section 6405(a)	Tentative Allowances Section 6405(b)	Net Refund or Credit
2005	\$2,500,000	\$3,000,000	\$5,500,000
2006	\$1,500,000		\$1,500,000
Total	\$4,000,000	\$3,000,000	\$7,000,000

In addition, there are deficiencies in the amounts of \$110,000 and \$650,000 for the years 2004 and 2007, respectively.

Example 10: 6405(b) and deficiency - multiple years - 6405(a) refunds below jurisdictional amount

Year	Deficiency	Tentative Allowances Section 6405(b)	Net Refund or Credit
2005	\$125,000	\$3,000,000	\$2,875,000
2006		\$3,500,000	\$3,500,000
Total	\$125,000	\$6,500,000	\$6,375,000

In addition, there are IRC Section 6405(a) refunds in the amounts of \$3,435 and \$7,500 for the years 2003 and 2004, respectively.

Exhibit 8.7.9-15 (Cont. 2) (03-31-2014)**Sample Formats for Joint Committee Letter Refund Table**

Example 11: 6405(a) and deficiency - multiple years - deficiencies in work unit years with no offsetting refunds: 6405(b) below jurisdictional amount

Year	Proposed Refunds Section 6405(a)
2005	\$3,000,000
2006	\$2,500,000
Total	\$5,500,000

In addition, there is a deficiency in the amount of \$50,000 for the year 2004 and an IRC Section 6405(b) refund in the amount of \$125,000 for the year 2006.

Example 12: 6405(a), 6405(b) and deficiency - multiple years - deficiency which exceeds refund in work unit year

Year	Deficiency	Proposed Refunds Section 6405(a)	Tentative Allowances Section 6405(b)	Net Refund or Credit
2005	\$125,000	\$2,500,000	\$3,000,000	\$5,375,000
2007		\$1,500,000		\$1,500,000
Total	\$125,000	\$4,000,000	\$3,000,000	\$6,875,000

In addition, there is an IRC Section 6405(b) refund for 2006 in the amount of \$1,477,312 which is eliminated by a deficiency for the same year in the amount of \$2,140,717.

Exhibit 8.7.9-16 (04-09-2010)**Joint Committee Spreadsheet for Regular Tax****ABC Inc. & Subsidiaries
EIN: 99-0000000**

Tax Year	<u>200012</u>	<u>200112</u>	<u>200212</u>	<u>200312</u>
Taxable Income/ (Loss) b/f NOLD - Per Return	8,000,000	9,000,000	5,000,000	4,000,000
Current Adjust- ments	<u>0</u>	<u>(8,000,000)</u>	<u>500,000</u>	<u>100,000</u>
Taxable Income/ (Loss) Before NOLD and CLCB	8,000,000	1,000,000	5,500,000	4,100,000
Capital loss c/b from 200312	<u>(7,000,000)</u>	<u></u>	<u></u>	<u></u>
Corrected Taxable Income/(Loss)	<u>1,000,000</u> =====	<u>1,000,000</u> =====	<u>5,500,000</u> =====	<u>4,100,000</u> =====
Corrected Tax b/f Credits	340,000	340,000	1,870,000	1,394,000
Foreign Tax Credit	0	0	0	0
General Business Credits	0	0	0	0
Prior Year Minimum Tax Credit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance of Tax Less Credits	340,000	340,000	1,870,000	1,394,000
Plus Recapture Taxes	0	0	0	0
Less: Regular Tax Before Credits Less FTC	<u>340,000</u>	<u>340,000</u>	<u>1,870,000</u>	<u>1,394,000</u>
Alternative Minimum Tax as Corrected	0	0	0	0
Alternative Minimum Tax	0	0	0	0
Plus: Environmen- tal Tax Correct	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>
Total Corrected Tax Liability	<u>340,000</u>	<u>340,000</u>	<u>1,870,000</u>	<u>1,394,000</u>

Exhibit 8.7.9-16 (Cont. 1) (04-09-2010)
Joint Committee Spreadsheet for Regular Tax

Tax Year	<u>200012</u>	<u>200112</u>	<u>200212</u>	<u>200312</u>
Total Tax Per Return	2,720,000	3,060,000	1,700,000	1,360,000
Less: Tentative Refunds	0	0	0	0
10/15/2004 - Carryback from 200312	(2,380,000)	_____	_____	_____
Tax per Return or as Previously Adjusted	<u>340,000</u>	<u>3,060,000</u>	<u>1,700,000</u>	<u>1,360,000</u>
Deficiency/ Overassessment)	0 =====	(2,720,000) =====	170,000 =====	34,000 =====

Exhibit 8.7.9-17 (04-09-2010)**Joint Committee Spreadsheet for Alternative Minimum Tax**

ABC Inc. & Subsidiaries
EIN: 99-0000000

Tax Year	<u>200012</u>	<u>200112</u>	<u>200212</u>	<u>200312</u>
Alt Taxable Income/(Loss) Per Return	8,000,000	9,000,000	5,000,000	4,000,000
Current Adjustments & Capital loss c/b:				
Adjustments & Preferences Items				
Adjustments & Preferences Items		(8,000,000)	500,000	100,000
Capital loss c/b from 200312	<u>(7,000,0000)</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Alt Taxable Income/(Loss) Before ATNOLD	1,000,000	1,000,000	5,500,000	4,100,000
ATNOL	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Corrected Alternative Taxable Income/(Loss)	1,000,000 =====	1,000,000 =====	5,500,000 =====	4,100,000 =====
ATNOLD Limitation	900,000 =====	900,000 =====	4,950,000 =====	3,690,000 =====
Tentative Minimum Tax Before Credits	200,000	200,000	1,100,000	820,000
Less: AMT Foreign Tax Credit	0	0	0	0
Tentative Minimum Tax	200,000	200,000	1,100,000	820,000
Less: Regular Tax Before Credits				
Less FTC	<u>340,000</u>	<u>340,000</u>	<u>1,870,000</u>	<u>1,394,000</u>
Alternative Minimum Tax as Corrected	0	0	0	0
Alternative Minimum Tax per Return	0	0	0	0

Exhibit 8.7.9-17 (Cont. 1) (04-09-2010)

Joint Committee Spreadsheet for Alternative Minimum Tax

Tax Year	<u>200012</u>	<u>200112</u>	<u>200212</u>	<u>200312</u>
Alternative Minimum Tax per Return	0	0	0	0
Plus: Increases/ (Decreases)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Alternative Min Tax Increase/ (Decrease)	0 =====	0 =====	0 =====	0 =====
Environmental Tax as Corrected	0	0	0	0
Environmental Tax per Return	N/A	N/A	N/A	N/A
Plus: Increases/ (Decreases)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Env Tax as Previously Adjusted	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Env Tax Increase/ (Decrease)	0 =====	0 =====	0 =====	0 =====

