



# MANUAL TRANSMITTAL

Department of the Treasury  
Internal Revenue Service

8.21.6

DECEMBER 20, 2021

## EFFECTIVE DATE

(12-20-2021)

## PURPOSE

- (1) This transmits revised IRM 8.21.6 *Appeals Statute Responsibility- Statute Information on TEFRA Cases*

## MATERIAL CHANGES

- (1) Revised IRM 8.21.6.3.2, Appeals Technical Employees (ATE) Statute Responsibility for TEFRA Key Cases to incorporate Interim Guidance Memorandum AP-08-0621-0019, Reissuance of Interim Guidance on Initial Conference Procedures for Liability, Penalty Appeals and Innocent Spouse Cases - 06/30/2021.
- (2) Clarified IRM 8.21.6.2.2, Partnership Items Converted to Nonpartnership Items.
- (3) Clarified IRM 8.21.6.3.2.1, Protecting the Statute during Appeals Consideration.
- (4) Revised IRM 8.21.6.3.1, Account and Processing Support (APS) Statute Responsibility for TEFRA Key Cases, corrected there must be at least 365 days remaining on the statute.
- (5) Revised IRM 8.21.6.4.5.1, Appeals Technical Employee (ATE) Actions on Consent, removed references to Form 872-I and Form 872-IA. The forms are obsolete.
- (6) Added new IRM section, Program Scope and Objectives, and its related subsections to comply with the Deputy Commissioner of Services and Enforcement and Operations Support memo, dated September 14, 2016, entitled Heightened Awareness, Sensitivity and Understanding of Internal Controls.
- (7) Added new IRM section, Related Resources, information on the Taxpayer Bill of Rights (TBOR), based on guidance from the Division Counsel/Associate Chief Counsel (National Taxpayer Advocate Program) and Branch 3 of the Associate Chief Counsel (Procedure and Administration).
- (8) Updated references to Campus TEFRA Function (CTF), Partnership Control System (PCS) and TEFRA Coordinator to Campus Pass-through Function (CPF), Pass-through Control System (PCS) and Pass-through Coordinator throughout.

## EFFECT ON OTHER DOCUMENTS

IRM 8.21.6. dated April 19, 2016 is superseded. Incorporated Interim Guidance Memorandum AP-08-0621-0019, Reissuance of Interim Guidance on Initial Conference Procedures for Liability, Penalty Appeals and Innocent Spouse Cases - 06/30/2021.

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8.21.6

Statute Information on TEFRA Cases

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8.21.6.1 (12-20-2021) <b>Program Scope and Objectives</b>	<ol style="list-style-type: none"> <li>(1) Purpose: This IRM section describes the statute processes and procedures for working TEFRA Key and Partner Cases in the IRS Independent Office of Appeals (Appeals).</li> <li>(2) Audience: Appeals Technical Employees and Appeals Team Managers that work TEFRA cases</li> <li>(3) Policy Owner: Appeals Technical Guidance is under the Director, Specialized Examination Programs and Referrals</li> <li>(4) Program Owner: Appeals Technical Guidance is the program office responsible for providing technical and Procedural Guidance to Appeals employees for TEFRA issues.</li> <li>(5) Contact Information: Appeals employees should follow established procedures on <i>How to Contact an Analyst</i>. Other employees should contact the Product Content Owner shown on the Product Catalog Information Page for this IRM.</li> </ol>
8.21.6.1.1 (12-20-2021) <b>Background</b>	<ol style="list-style-type: none"> <li>(1) TEFRA was passed in 1982 to allow examinations and statutes to be controlled at the partnership level. This eliminated the need to control each individual partner statute.</li> </ol>
8.21.6.1.2 (12-20-2021) <b>Authority</b>	<ol style="list-style-type: none"> <li>(1) Internal Revenue Code sections 6229, Period of Limitations for Making Assessments, 6501, Limitations on Assessment and Collection, and the TEFRA act of 1982 are the primary sources of authority, in addition to applicable Internal Revenue Manual (IRM) Sections.</li> <li>(2) Section 1101 of the Bipartisan Budget Act (BBA) of 2015 repealed TEFRA partnership and Electing Large Partnership (ELP) provisions beginning with tax years beginning 1/1/2018 and replaced it with a new centralized partnership audit regime. The new regime provides for determination, assessment and collection of underpayments at the partnership level unless certain elections are made by the partnership.</li> </ol>
8.21.6.1.3 (12-20-2021) <b>Responsibilities</b>	<ol style="list-style-type: none"> <li>(1) The author of this IRM is shown on the Product Catalog Page as the originator.</li> </ol>
8.21.6.1.4 (12-20-2021) <b>Program Reports</b>	<ol style="list-style-type: none"> <li>(1) Policy, Planning, Quality, and Analysis (PPQA) provides trend and data analyses and detailed summary reports for Appeals.</li> </ol>
8.21.6.1.5 (12-20-2021) <b>Terms and Acronyms</b>	<ol style="list-style-type: none"> <li>(1) See IRM 8.1.1-1, Common Terms Used in Appeals, for common terms and definitions used in IRM Part 8. Terms listed in this exhibit are not included in this section.</li> </ol>
8.21.6.1.6 (12-20-2021) <b>Related Resources</b>	<ol style="list-style-type: none"> <li>(1) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see <a href="https://www.irs.gov/taxpayer-bill-of-rights">https://www.irs.gov/taxpayer-bill-of-rights</a>.</li> </ol>

8.21.6.2  
(10-31-2013)  
**General Rules For IRC  
6229**

- (1) The enactment of the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 partnership rules resulted in a code section relating to the statute of limitations for TEFRA partnerships. IRC 6229 provides a minimum period for assessment of any deficiencies resulting from partnership items.
- (2) Partnerships are generally not taxable entities. Assessments are generally made at the partner level. Before the TEFRA unified proceedings were enacted, it was necessary to secure statute extensions for each partner. This created a heavy administrative burden for the Service, especially for returns that had more than ten partners or had pass-thru partners.
- (3) The TEFRA unified proceedings did not alter the principle that the assessments were made at the partner level. It created a means to reduce the administrative burden caused by the need for individual statute extensions. IRC 6229 allows for a single extension to be secured at the TEFRA key case level. In contrast, a statute extension must still be secured from each partner in a non-TEFRA key case.
- (4) The general assessment provisions of IRC 6501 continue to control the statute of limitations for partners. IRC 6229 supplements the IRC 6501 statute by setting forth a minimum period for assessment of the tax at the partner level. IRC 6229 provides:
  - a. a minimum period for assessment based upon the filing of the key case return;
  - b. rules for the extension by agreement of the minimum period for assessment;
  - c. a minimum period for assessment after the conversion of partnership items to nonpartnership items;
  - d. rules for the suspension of the period for assessment; and
  - e. rules that extend the minimum period for assessment in special circumstances (i.e., fraud, substantial omission, no return, or unidentified partner).
- (5) The IRC 6229 statute should be the only statute considered for purposes of protecting the statutory period. This fosters protection against expired statutes. If the IRC 6229(a) statute has expired with respect to partnership items, but the IRC 6501 period remains open for one or more partners, contact associate area counsel to determine whether the proceeding may continue.

**Caution:** IRC 6229(b)(3) requires that any agreement to extend the statute under IRC 6501(c)(4) must expressly provide that the agreement applies to tax attributable to partnership items. The Service should rely on the IRC 6501 statute only when the partner return is in its original statute period, unless the extension includes special language specifically including the adjustments flowing through from TEFRA partnerships. Consent Form 872 and Form 872-A with revision dates of October 2009 and later contain the specific language extending the period for assessing partnership items.
- (6) The TEFRA unified procedures must still be followed if the statute is open under IRC 6501 but not IRC 6229. For example, a Notice of Beginning of Administrative Proceeding (NBAP) must be issued, and a Notice of Final Partnership Administrative Adjustment (FPAA) must be issued if the partners do not enter into settlement agreements.

8.21.6.2.1  
(12-20-2021)  
**Exceptions to General  
Rule for IRC 6229**

- (1) IRC 6229 provides for an extended statute in special circumstances.
  - a. IRC 6229(c)(2) extends the statutory period of limitations for assessments from 3 years to 6 years if the TEFRA partnership omits from gross income more than 25 percent of the amount that was reported.
  - b. If a TEFRA partnership failed to file a return for any taxable year, the tax attributable to that year's partnership items (or affected items) may be assessed against the partners at any time pursuant to IRC 6229(c)(3).
  - c. If the Service files a substitute for return for the TEFRA partnership under IRC 6020, it is treated as if no return was filed (IRC 6229(c)(4)).
- (2) In case of fraud, IRC 6229(c)(1) sets out two distinct provisions.
  - a. If any partner has, with the intent to evade tax, signed or participated directly or indirectly in the preparation of a TEFRA partnership return that includes a false or fraudulent item, in the case of such participating partner(s), any assessment of partnership items (or affected items) may be made at any time with respect to that partner and
  - b. In the case of all other partners in that TEFRA partnership, the statutory period of limitations will be 6 years instead of 3 years.

8.21.6.2.2  
(12-20-2021)  
**Partnership Items  
Converted to  
Nonpartnership Items**

- (1) In certain situations, partnership items are converted to nonpartnership items. The conversion removes the assessment of tax attributable to partnership items from the purview of IRC 6229(a). (See IRM 8.19.1.6.6.4, IRC 6229(a) Statutory Period of Limitations-TEFRA Partnership Key Case).
- (2) The statute of limitations on converted partnership items is governed by IRC 6229(f). The period for assessing any tax attributable to partnership items or any affected items will not expire before one year from the date of the conversion. This statute may be extended.
- (3) For partial settlements executed after August 5, 1997, the period for assessment shall be determined as if the agreement had not been entered into. See IRC 6229(f)(2).

**Caution:** Regarding 2(a) above, a defaulted FPAA or a court decision does not convert partnership items to nonpartnership items. The statute on the partner return is governed by IRC 6229(d).

- (4) The one-year period for assessment mentioned in paragraph (2)(a) is often referred to as the one-year statute date or one-year assessment date or one-year date.

8.21.6.2.3  
(12-20-2021)  
**Suspension of the  
Statute by FPAA**

- (1) The statutory period of limitations for assessments of tax attributable to partnership items is suspended when the Secretary mails an FPAA to the Tax Matters Partner (TMP) (IRC 6229(d)). The statute is suspended for the period in which a petition may be filed (150 days) and, if a petition is filed, until the decision of the Court is final (including the period for appeal), and for one year thereafter.
- (2) The one-year period for assessment mentioned in paragraph (1) is often referred to as the one-year statute date or one-year assessment date or one-year date.

8.21.6.3  
(10-31-2013)  
**Statute Procedures for  
TEFRA Key Cases**

- (1) IRC 6229 provides a minimum period for assessment at the partner level of any deficiencies resulting from partnership items. IRC 6229 also allows for a single extension to be secured at the TEFRA key case level.
- (2) For a complete discussion of the statute of limitations for TEFRA partnerships, see IRM 8.19.1.6.6.

8.21.6.3.1  
(12-20-2021)  
**Account and Processing Support (APS) Statute  
Responsibility for  
TEFRA Key Cases**

- (1) Account and Processing Support (APS) statute responsibility for TEFRA key cases is the same as covered in IRM 8.21.2. Whenever a TEFRA key case consent is signed by a POA, a notation should be made in the notes section of the Case Summary Card (CSC) alerting the ATM and the Appeals Technical Employee (ATE) of this fact.
- (2) The statute of limitations must be verified on new case receipts. There must be **at least** 365 days remaining on the statute of non-docketed TEFRA key cases before Appeals will accept them.
- (3) If the ATE inputs a change to the statute critical data field(s) to correct the statute of a newly assigned case, and the AIMS indicator = **Y**, the ATE must update that statute date and/or code on ACDS, using the AIVP Statute Validation System (SVS). The ATE will select the PTM (Processing Team Manager) from the available menu options to submit the request to APS for assignment of the APS TE for the AIMS update. Once the request is routed to the PTM, it is assigned to an APS TE to make the change on AIMS, using Command Code AMSTUB. This automatically changes PCS.

8.21.6.3.1.1  
(10-31-2013)  
**Settlement Agreements**

- (1) APS has statute responsibility for the partner statutes for agreement forms executed in the Appeals office until an acknowledged Form 3210, Document Transmittal, is received from the Campus Pass-through Function (CPF).
- (2) If the TEFRA key case is not controlled on PCS and Appeals executes the agreement forms, APS has statute responsibility for the partner statutes until an acknowledged Form 3210 is received from the IRS function with jurisdiction of the partner returns.
- (3) APS should monitor the Forms 3210 transmitting TEFRA settlement agreements to the CPF or the IRS function with jurisdiction over the partner return until the acknowledged Form 3210 is received.

8.21.6.3.1.2  
(10-31-2013)  
**Issuing an FPAA**

- (1) If Appeals issues a Final Partnership Administrative Adjustment (FPAA) to the TMP, update ACDS as provided in IRM 8.19.12.7.2, Updating ACDS Controls.
- (2) If the CPF issues an FPAA to the TMP, monitor the FPAA as explained in IRM 8.19.12.7.2, Updating ACDS Controls. After receiving verification of the acknowledged Form 3210 and a copy of the Certified Mailing List from the key case CPF that the FPAA has been mailed to the TMP, follow the instructions in IRM 8.19.12.7.2, Updating ACDS Controls.
  - a. Statute responsibility for the TEFRA key case statute where the CPF issues the FPAA remains with APS until receipt of the acknowledged Form 3210 and a copy of the Certified Mailing List.



8.21.6.3.1.3  
(10-31-2013)  
**Defaulting an FPAA**

- (1) Monitor the docket lists using the Docketed Inventory Management System (DIMS). If a petition has not been identified within 180 days, APS will default the case, following the procedures in the following IRM sections:
  - a. IRM 8.19.12.11, Defaulted Cases (No Petition Filed)
  - b. IRM 8.19.12.11.1, Preparing Administrative File for Default
  - c. IRM 8.19.12.11.2, Closing the Case after FPAA Defaults
  - d. IRM 8.20, Appeals Case Processing Manual
- (2) Statute responsibility for the partner cases whose deficiencies are determined by the defaulted FPAA remains in APS until the acknowledged Form 3210 has been received from the key case CPF or IRS function with jurisdiction over the partner return.

8.21.6.3.1.4  
(10-31-2013)  
**FPAA Petitioned**

- (1) APS responsibilities for an FPAA petitioned to the Tax Court are detailed in IRM 8.19.12.12, Petitions to the Tax Court.
  - a. After the decision of the Tax Court becomes final (generally 90 days after the Tax Court entered the decision) follow the procedures in IRM 8.19.13.2.13, Tried Cases or Counsel Settlement.
  - b. When a Tax Court decision is appealed to the circuit courts, after the decision becomes final, follow the procedures in IRM 8.19.13.2.14, Tax Court Decision Appealed.
  - c. After the appealed Tax Court decision becomes final, follow the procedures in IRM 8.19.13.2.15, Final Decision from Appeal of Tax Court Decision.
  - d. APS responsibilities are also found in IRM 8.20.
- (2) Follow the case processing instructions in IRM 8.19.13.3, Department of Justice Cases, when a decision of a Federal District Court, U.S. Court of Federal Claims or other court becomes final and the Department of Justice returns the case to Appeals to notify the CPF.

8.21.6.3.1.5  
(10-31-2013)  
**Additional IRM Sections on Statutes**

- (1) For additional information on consents secured for non-docketed TEFRA key cases see IRM 8.19.10.3.2, Non-Docketed Cases.
- (2) Statute of limitations information about Administrative Adjustment Requests (AAR) cases received in Appeals is found in IRM 8.19.7.2.8, Statutes-Period of Limitations-AAR
- (3) A general discussion about the statute of limitations and the forms used to extend the statute is found in IRM 8.19.10.3.5, Statute of Limitations.

8.21.6.3.2  
(10-31-2013)  
**Appeals Technical Employees (ATE) Statute Responsibility for TEFRA Key Cases**

- (1) Appeals Technical Employees' statute responsibility for TEFRA key cases is the same as covered in IRM 8.21.3, General Guidelines for Appeals Technical Employees.
- (2) Refer to IRM 8.19.1.6.6 and IRM 8.19.10.5.5 for guidelines in determining the expiration date for the statute of limitations. The ATE is responsible for verifying the accuracy of the statute determination on the ACDS generated CSC within 5 workdays of receipt of the case.
- (3) The ATE makes an entry in the Case Activity Record (CAR) stating that statute verification was made and the CSC is accurate or the CSC is inaccurate. When the statute of limitations on the CSC is inaccurate, the ATE must update

that statute date and/or code on ACDS, using the AIVP Statute Validation System (SVS). If the AIMS indicator = Y, the ATE will select the PTM from the available menu options to submit the request to APS for assignment of the APS TE for the AIMS update. Once the request is routed to the PTM, it is assigned to an APS TE to make the change on AIMS, using Command Code AMSTUB. This automatically changes PCS.

- (4) A TEFRA key case should not be accepted in Appeals unless there are **at least** 365 days remaining on the statute.

8.21.6.3.2.1  
(12-20-2021)  
**Protecting the Statute  
during Appeals  
Consideration**

- (1) Guidelines for protecting the statute of limitations for TEFRA key cases are the same as covered in IRM 8.21.3.2.3.1, Protecting Statutes, General Guidelines. However, an FPAA is prepared instead of issuing a Statutory Notice of Deficiency (SND). Also a work request for preparation of an FPAA should be withdrawn if a settlement agreement is secured from all partners remaining in the TEFRA proceeding.
- (2) IRM 8.19.1.6.6, Statute of Limitations for TEFRA Partnerships, provides guidelines for determining the statute of limitations. IRM 8.19.1.6.6.8, Statute Extensions-Partnerships, contains information on extending the statute of limitations and IRM 8.19.1.6.6.8.1, Partnership Level Extensions, explains the forms which may be used to extend the statute of limitations.

**Caution:** The preferred way to extend a statute from a TEFRA partnership is for the TMP and the Service to execute the appropriate consent form. Refer to IRM 8.19.1.6.6.8.1.2 for guidelines when a non-TMP will be executing the consent. The TMP must be determined for each tax year (IRM 8.19.1.6.5.3).

- (3) Solicit a statute extension no later than 150 days before expiration of the statutory period.
- (4) The ATE will make timely follow-ups to ensure the consent is received **at least** 120 days before the statute expires. If no consent is secured within 120 days before statute expiration, initiate preparation of an FPAA.
- (5) When the statute consent form is executed by Appeals, the ATE will input the correct statute date(s) in the Statute Validation System and submit the validation in ACDS, noting the change as a normal update. This should be done within five (5) days of execution. See IRM 8.21.2.5 for a discussion of actions taken by APS.
- (6) The ATE selects the PTM from the AIVP SVS menu, which generates a request to APS for the AIMS update of the statute, if required, within 5 workdays of receipt of the executed consent by the ATE.
- (7) If the ATE does not receive confirmation of the AIMS update within 5 workdays, the ATE will contact the PTM who received the original update request for resolution.
- (8) Once the consent form has been executed by all parties, attach a copy to the reverse side of the first page of each affected tax return.

If ...	And ...	Then ...
The taxpayer is a partnership	the Tax Matters Partner signs the consent form	attach only the executed consent to the reverse side of the first page of each affected tax return. See Note below.

- (9) For partnerships, it is no longer a requirement to attach Letter 967 to each affected return since the taxpayers' notice of rights is located directly above the signature lines of the consent form.
- (10) It is strongly recommended that the TMP or authorized person (Treas. Reg. 301.6229 (b)-1) sign all statute extensions. If someone other than the TMP or authorized person is signing the extension, for example the POA, it is advised to contact your Area Counsel.
- (11) Annotate the Case Activity Record (CAR) that the consent form, Letter 967 and Publication 1035, Extending the Tax Assessment Period were sent to the taxpayer and representative, if applicable.

#### 8.21.6.3.2.2 (10-31-2013)

##### **Settlement Agreements**

- (1) The ATE has statute responsibility for the partner statutes for settlement agreements executed in the Appeals office, until they are executed by the ATM (if applicable). If the ATE executes the settlement agreements in accordance with Delegation Order 4-19, the ATE is responsible for the partner statutes until the case is submitted to APS.
- (2) When unexecuted settlement agreements are received in the Appeals office, the ATE will follow the procedures in IRM 8.19.11.9.2, Receiving/Accepting Agreement Forms, for key cases without penalties or affected items and the procedures in IRM 8.19.11.10, Agreement Forms with Penalties or Affected Items, for key cases with penalties or affected items.

#### 8.21.6.3.2.3 (04-19-2016)

##### **Issuing an FPAA**

- (1) The Appeals Technical Employee (ATE) must request the assistance of the ATT for preparation of the FPAA. Follow the work request procedures in IRM 8.19.1.1.1, Appeals TEFRA Team (ATT). Also see detailed procedures for using the ATT on their *ATT SharePoint site*. A link to the site is found on the *Appeals TEFRA website*.
- (2) After completion of the work request by the ATT and TCS, the ATE will submit the package to the ATM (if applicable), or to APS requesting issuance of the FPAA.
- (3) The responsibility for the TEFRA key case statute remains with the ATE until the case is submitted to the ATM (if applicable) or when APS receives the request for issuance of the FPAA with the proper statute in ACDS and on the Form 5402, Appeals Transmittal and Case Memo.
- (4) If the TEFRA key case statute will expire in less than 180 days, it is considered a short statute case. See IRM 8.21.1.3, Statutes Expiring Within 180 Days. The ATE should place the file in a red folder (Form 10364-A, Statute Expiration Case Notice), or in lieu of Form 10364-A, use a plain red folder with

an attached completed fillable Form 10364-A, Statute Expiration Case Notice. Attach a pink expedite tag to the folder.

8.21.6.3.2.4  
(10-31-2013)  
**Final Tax Court  
Decisions**

- (1) When Counsel settles a case or the decision of the Tax Court becomes final (generally 90 days after the Tax Court enters the decision) APS will update the statute on ACDS (Normal Update) using the AIVP Statute Validation System (SVS) and submit the update to ACDS for updates in **real time**. After updating the statute, the APS employee will return the case to the ATE.
- (2) The ATE is responsible for verifying the statute on the updated Case Summary Card as noted in IRM 8.21.3.1.1, New Receipts and Transfers.
  - a. Follow the procedures in IRM 8.19.13.2.13, Tried Cases or Counsel Settlement, to notify the CPF or IRS function with jurisdiction over the partner that a decision of the court is final.
  - b. The statute responsibility for the partner deficiencies remains with the ATE assigned the TEFRA key case until an acknowledged Form 3210, notifying of a final court decision, is received from the key case CPF or IRS function.
- (3) If the ATE is no longer available, APS will give the case to the ATM. The statute responsibility for the partner deficiency remains with the ATM of the unavailable ATE assigned the TEFRA key case until an acknowledged Form 3210, notifying of a final court decision, is received from the key case CPF or IRS function.
- (4) If the case was never assigned to an ATE, APS will give the case to an ATM or other designated technical employee located on-site. The statute responsibility for the partner deficiency remains with the ATM or designated technical employee until an acknowledged Form 3210, notifying of a final court decision, is received from the key case CPF or IRS function.
- (5) When a Tax Court decision becomes final after an appeal to the circuit courts, follow the procedures in IRM 8.19.13.2.15, Final Decision from Appeal of Tax Court Decision.

8.21.6.3.2.5  
(10-31-2013)  
**Department of Justice  
Cases**

- (1) If the Department of Justice returns a case to Appeals after a decision of a federal district court, the U.S. Court of Federal Claims or other court is final, the APS TE will update the statute on ACDS (Normal Update) and forward the case to the Appeals TEFRA Team (ATT).
- (2) The ATE in the ATT is responsible for verifying the statute on the updated CSC as noted in IRM 8.21.3.2.1, New Receipts and Transfers.
- (3) Follow the procedures in IRM 8.19.13.3, Department of Justice Cases, to notify the CPF or IRS function with jurisdiction over the partner that a decision of the court is final. The statute responsibility for the partner deficiencies remains with the ATE in the ATT assigned the TEFRA key case until an acknowledged Form 3210, notifying of a final court decision, is received from the key case CPF or IRS function.

- 8.21.6.3.3  
(10-31-2013)  
**Appeals Team Manager (ATM) Responsibility for TEFRA Key Case Statutes**
- (1) ATM's responsibility for TEFRA key cases is the same as covered in IRM 8.21.4, Appeals Management Statute Responsibility. However, unlike a Statutory Notice of Deficiency (SND), an FPAA cannot be rescinded, therefore the guidelines in IRM 8.21.4 do not apply to TEFRA key cases.
  - (2) While the ATE is primarily responsible for the statute on the TEFRA key case until it is submitted to APS, the ATM should generally monitor TEFRA key cases with a statute on ACDS of less than 90 days to ensure that a timely FPAA is issued or that the CPF or IRS function with jurisdiction of the partner is notified of a final court decision.
- 8.21.6.3.3.1  
(08-17-2007)  
**Settlement Agreements**
- (1) If the ATM executes the settlement agreements, the Appeals team manager has statute responsibility for the partner statutes until the case is submitted to APS.
- 8.21.6.3.3.2  
(10-31-2013)  
**Issuing an FPAA**
- (1) If the ATM signs the FPAA letters, the ATM has statute responsibility for the partner statutes until APS receives the request for issuance of the FPAA with the proper statute in ACDS and on the Form 5402.
- 8.21.6.4  
(10-31-2013)  
**Statute Procedures For TEFRA Partner Cases**
- (1) Generally the returns of partners in TEFRA partnerships are not sent to Appeals with the TEFRA key case return. The partner cases are held in suspense and are controlled at the key case Campus Pass-through Function (CPF). Ogden is generally the key case CPF for LB&I cases while Brookhaven is generally the CPF for SB/SE cases.
  - (2) The returns of partners are often examined for other (non-TEFRA) issues, and come to Appeals when issues are not resolved in Compliance.
  - (3) For CIC (Coordinated Industry Case) corporations, Joint Committee, or other corporate specialty cases, tax computations, assessments, and statute controls on the TEFRA linkages are the responsibility of Appeals *if Appeals has jurisdiction over the partner case* (i.e., for non-TEFRA issues).
- Note:** Other corporate specialty cases are: (a) Forms 1120 followed by a letter (for example, Form 1120-L (life insurance company); however, Form 1120-A, Form 1120-S, and Form 1120-X are not corporate specialty cases; and (b) All corporations with AIMS activity codes of 219 or higher.
- (4) If Appeals has jurisdiction over the partner case and the case is not a CIC corporation, Joint Committee, or other corporate specialty case, the partner CPF has the responsibility for tax computations, assessments, and statute controls on the TEFRA linkages.
- Note:** Appeals does not have jurisdiction over the partner case for statute control purposes if the case is received under the early referral, fast-track mediation, or fast-track settlement Appeals Dispute Resolution (ADR) programs.
- 8.21.6.4.1  
(10-31-2013)  
**APS Responsibility for TEFRA Partner Cases**
- (1) Upon receipt of an income tax case (other than a case referred to Appeals under the early referral, fast-track mediation, or fast-track settlement ADR programs), the APS employee will check the AMDIS and/or AMDISA to determine if there is a PICF Code 4 or 5 on the Pass-Through Control System (PCS), indicating a TEFRA partnership linkage. See IRM 8.19.10.4.4.2, Partnership Inventory Control File (PICF) Indicator.

- a. The Pass-Through Control System (PCS) is a separate data base for flow-through entity information. PCS interfaces with Master File and AIMS.
  - b. Information in PCS includes TEFRA and non-TEFRA information for linked flow-through entities and their partners. See IRM 8.19.10.4, Pass-Through Control System (PCS), for an overview of PCS and references to complete PCS information.
- (2) If there is a PICF Code 4 or 5 and the case is either a CIC corporation, Joint Committee, or other corporate specialty case, APS will obtain a TSUMYI to determine if there is an open TEFRA linkage (the one-year statute date field is either blank or contains an eight digit date). The one-year statute date field appears in the column with the heading **1YR-ST/P**.
- (3) If TSUMYI reflects **11111111** in the one-year statute date field, the assessment has been made and that TEFRA partnership linkage will not need to be input on ACDS.
- (4) If the TSUMYI reflects an open TEFRA linkage (the one-year statute date field is either blank or contains an eight digit date), the TEFRA partnership will be input on ACDS as a REF (reference) return to the case and a Case Summary Card (CSC) will be generated.
  - a. Refer to IRM 8.19.6.4, Appeals Centralized Database System (ACDS) Processing, for instructions for carding TEFRA partner cases with an open TEFRA linkage.
  - b. If there is an open TEFRA linkage, the APS employee will also input type code TEFRAI for the TEFRA partner case on ACDS. A sample CSC for a REF return is shown in IRM Exhibit 8.19.6-5.
- (5) The APS employee will include the CSC on the case, together with the AMDIS or AMDISA and the TSUMYI and any REF CSCs on the open TEFRA linkages, along with the case file when it is forwarded to the ATM.
- (6) Appeals generally will not accept a case with less than 365 days remaining on the statute, including a one-year statute date for a TEFRA partner. If the case is either a CIC corporation, Joint Committee, or other corporate specialty case, and there is an eight digit date in the **1YR-ST/P** field of the TSUMYI that has less than 180 days remaining, or the eight digit date has expired, the APS employee will notify the ATM by secure email on the same day the statute information is discovered.
  - a. The email should include the name of the taxpayer, the tax years, the number of linkages, the one-year statute date(s), and the Employee Group Code (EGC) of the case.
  - b. If the ATM decides to accept the case in Appeals, the reply email will be included in the case file along with the CSC, the AMDIS or AMDISA, the TSUMYI, and the REF CSCs when the case is forwarded to the ATE.
  - c. If the ATM decides to return the case to Compliance, the reply email will also be included in the case file, which will be returned to Compliance no later than the next workday (using Form 3210, Document Transmittal). The TEFRA one-year statute date(s) will be clearly identified on a transmittal memorandum to the Case Manager/Team Manager.
- (7) APS will update the statute on AIMS within 5 workdays of the receipt of the update request from the ATE.



8.21.6.4.2  
(10-31-2013)  
**Appeals Technical  
Employee Responsibility  
for TEFRA Partner  
Statutes**

- (8) APS is responsible for the TEFRA one-year statute date until the case is received by the ATM (if Appeals will retain the case) or is returned to Compliance (if Appeals will not be retaining the case).
- (1) Upon receipt of the case and CSCs from the ATM, review the file to determine that all open TEFRA linkages (the one-year statute date field is either blank or contains an eight digit date) are correctly shown on ACDS, including verifying the accuracy of the CSCs.
- a. The review should include comparing the AMDIS (or AMDISA) and the TSUMYI against the REF CSCs of the TEFRA partnership.
- (2) If the TSUMYI shows a one-year statute date of **11111111**, and the TEFRA key case was not a no-change, verify that the assessment was made. This will require securing a transcript and reviewing the administrative file for a closing package. The closing package will contain the following items:
- a. Legal document authorizing the assessment (the signed settlement agreement, entered court decision, or defaulted FPAA).
  - b. Form 4605-A, Examination Changes-Partnerships, Fiduciaries, Small Business Corps. & Domestic Intl. Sales Corp., reflecting the adjustments to the TEFRA partnership return.
  - c. Form 886-Z, TEFRA Partners' Shares of Income, reflecting each partner's share of the corrected items.
- (3) If the TSUMYI shows an eight digit one-year statute date, any additional tax due must either be assessed by this date (see "Assessing Tax from TEFRA Issues" below) or the one-year statute date will have to be extended with a consent (see "Securing and Processing Consents" below).
- (4) Corrections to the CSC, including corrections to the TEFRA one-year statute date, must be completed using the AIVP Statute Validation System (SVS), and a validation that the statute critical data fields are accurate must be submitted in ACDS.
- (5) If the case is not a CIC corporation, Joint Committee, or other corporate specialty case, notify APS in writing that Appeals does not have responsibility for the TEFRA aspects and request that the REF records on ACDS be removed.
- a. In making this determination, there may be an "A" or "R" in the RP column of the TSUMYI. RP stands for **Report Package Received**.
  - b. An "A" stands for **Appeals** and an "R" stands for **Returned to Compliance Function**. The presence of an "A" or an "R" in the RP column on the TSUMYI means that Appeals is responsible for the TEFRA statutes if Appeals has jurisdiction of the partner case.

**Caution:** Absence of an "A" or "R" does not automatically mean that Appeals is not responsible. Often the applicable CPF does not update this column.

- (6) In the event of an improper identification of a TEFRA partner case, the ATE should check AMDIS or AMDISA upon the receipt of any income tax case for PICF Code 4 or 5. This excludes a case referred to Appeals under the early referral, fast-track mediation, or fast-track settlement ADR provisions.

- (7) If there is a PICF Code 4 or 5 and the case is either a CIC corporation, Joint Committee, or other corporate specialty case, check TSUMYI to determine if there is an open TEFRA linkage (the one-year statute date field is either blank or contains an eight digit date) that is presently not controlled on ACDS as a REF return. If so, promptly notify APS to input the linkage on ACDS using the instructions in IRM 8.19.6.4.1.

**Note:** When cases with an open TEFRA linkage are properly carded on ACDS as REF returns, those with an eight-digit one-year statute date will appear along with any other cases as part of the ATE's monthly statute report that is generated from ACDS.

- (8) Refer to IRM 8.19.6.17.1.1(7) for the responsibilities of ATEs upon receipt of a case with a TEFRA linkage. See IRM 8.21.6.4.4 for statute controls on TEFRA partner cases by ATEs.
- (9) The ATE remains responsible for the TEFRA one-year statute until the case is received by the ATM for approval (if applicable); is received by APS for assessment of the tax relating to the issues with the one-year statute; or is sent for final closing of the case to either Counsel or Compliance.
- The ATE must continue to monitor the statutes on the case as long as it remains in their jurisdiction on ACDS, including while a case is assigned to an AQMS reviewer.
  - Follow-up within 20 calendar days should be initiated if a case has been sent to the ATM, APS or another function and no action has been taken on their part to move the case to the next step.

8.21.6.4.3  
(10-31-2013)

**Appeals Team Manager  
Responsibility for  
TEFRA Partner Statutes**

- (1) Upon receipt of the case from APS, there may be TEFRA one-year statute dates that either have less than 180 days remaining and/or have expired.
- (2) When determining whether to accept jurisdiction, the ATM should consider if these TEFRA one-year statute dates have been extended, or if they relate to no-change examinations which Compliance has not updated on PCS.
- (3) The Compliance Case Manager/Team Manager as well as the examining agent may need to be contacted before determining whether the case will be retained by Appeals.

**Note:** If any one-year statute dates need to be updated on PCS, it is strongly recommended that Compliance assume this responsibility.

- (4) If a case has one or more one-year statute dates with less than 180 days remaining, the ATM will notify APS by secure email as to whether the case will be retained by Appeals. Any discussions between the ATM and Compliance will be summarized and included in the secure email that is sent to APS. The secure email will be included with the case file when it is assigned to the ATE.
- (5) If the case is not retained by Appeals in whole or in part because of the TEFRA one-year statute date(s) with less than 180 days, APS will return the case immediately to Compliance. Every effort should be made to return the case no later than the next workday (using controlled correspondence).
- (6) The ATM will call the Case Manager/Team Manager to alert them that the case is being returned. The file should be documented accordingly.



8.21.6.4.4  
(10-31-2013)  
**Statute Control by  
Appeals Technical  
Employees (ATE)**

- (7) The ATM is responsible for the TEFRA one-year statute dates while the case is assigned to his or her team or group.

- (1) ATEs should individually monitor the TEFRA one-year statute dates on cases assigned to them.
- (2) Every six months (March and September), research all cases assigned that have TEFRA linkages controlled on ACDS (including cases now in Part III Counsel jurisdiction) and "TFINV" in the STATCD field to determine if a TEFRA one-year statute date appears on the TSUMYI.

**Note:** The research can be done more often than every six months at the discretion of the ATE, and periodic research is highly recommended where there are several open TEFRA linkages.

- a. Request that the Appeals TEFRA Team (ATT) generate an Ad Hoc report based on STATCD = TFINV to assist in this determination.
  - b. If an open TEFRA linkage appears on the TSUMYI (the one-year statute date field is either blank or contains an eight digit date), which is not controlled on ACDS, a correction to ACDS should be submitted to APS. Within ten (10) workdays from submitting the request, verify that the correction has been made.
  - c. If the TEFRA partner case is no longer in Appeals jurisdiction (i.e., it is now in Counsel, the Compliance Field Group, or the Appeals Quality Measurement Staff), follow the procedures contained in IRM 8.21.6.4.4.2, Open TEFRA Linkages on Cases Previously Closed by Appeals.
- (3) The ATE will review any PCS statute reports received from the ATT. When a PCS statute report is received, review the report for accuracy, including securing a current TSUMYI (if desired), and direct any questions about the report to the ATT.
- a. If it is determined that there is a case on the report with an open TEFRA linkage (the one-year statute date field is either blank or contains an eight digit date), that is presently not controlled on ACDS as a REF return, promptly notify APS to input the linkage on ACDS using the instructions in IRM 8.19.6.4.
  - b. If the TEFRA partner case is no longer in Appeals jurisdiction (i.e., is now in Counsel, the Compliance Field Group, or the Appeals Quality Measurement Staff), follow the procedures contained in IRM 8.21.6.4.4.2

**Note:** Although the information contained in the PCS statute report is prepared by the ATT, the ATE is primarily responsible for the TEFRA statutes on any of their cases in Parts I or II, despite what information is reflected in the PCS statute report.

8.21.6.4.4.1  
(10-31-2013)  
**Appeals TEFRA Team  
(ATT) Assistance**

- (1) The ATT assists ATEs in identifying one-year statute dates on TEFRA partner cases. The reports that are discussed below are provided as a courtesy.
- (2) The ATE remains responsible for any one-year statutes on TEFRA partner cases that are either CIC corporations, Joint Committee cases or other corporate specialty cases. Under no circumstances is the ATT responsible for one-year statutes on TEFRA partner cases assigned to another ATE.

- (3) The ATT will generate a Pass-Through Control System (PCS) statute report (Package Indicator: All) on a monthly basis for all the Appeals Office Codes (AOC). The PCS statute reports will be checked for cases in Appeals jurisdiction which have TEFRA linkages.
- (4) The ATT will send a PCS statute report to each ATE that has a TEFRA partner case with an eight digit one-year statute date. A copy of the report will also be sent to the ATE's ATM.
- (5) There is no particular format for the report as long as it includes information necessary for the ATE to properly identify the taxpayer, the tax year(s), the linkage information, and the one-year statute date(s). The report may also include a transmittal with generic instructions. All reports sent by the ATT for a particular month may also be sent to the Area Director (or Technical Advisor if so designated).
- (6) If it is determined that a case with an eight digit one-year statute date is either: (1) assigned to an ATE who is no longer an Appeals employee; (2) not yet carded in on ACDS; or (3) carded in on ACDS, but not yet assigned, then the ATT will send the report to the Area Director (or Technical Advisor if so designated) with a brief explanation. The Appeals Area Director (or Technical Advisor) will determine the proper ATM to receive the report.
- (7) All PCS statute reports sent to ATEs, ATMs, Area Directors, or Technical Advisors, must be sent by secure email. There is no follow-up required by the ATT but they will promptly respond to any questions that are posed by ATEs about cases appearing in the report.
- (8) If a case found on the PCS statute report is erroneously being controlled by another appeals office, or a case needs to be controlled by another Appeals office, the ATT will contact the APS manager for the office assigned the case and ask that the AIMS AOC be transferred to the correct office. The APS manager for the transferring office will promptly notify the receiving office of the transfer.

8.21.6.4.4.2  
(10-31-2013)  
**Open TEFRA Linkages  
on Cases Previously  
Closed by Appeals**

- (1) ATEs may learn that a case that was assigned to them and was closed to another function (Counsel, Compliance, a Campus Pass-through Function or Appeals AQMS), now has an open TEFRA linkage (the one-year statute date field is either blank or contains an eight digit date).
- (2) This would most likely occur during the 6-month monitoring requirement (See IRM 8.21.6.4.4, Statute Control by Appeals Technical Employees (ATE), ) or by receiving a PCS statute report from the ATT (IRM 8.21.6.4.4.1, Appeals TEFRA Team (ATT) Assistance).
- (3) This section provides guidelines in handling these situations, including notifying the affected function of the open TEFRA linkage.

8.21.6.4.4.2.1  
(10-31-2013)  
**Counsel Jurisdiction**

- (1) If the TEFRA partner case is a CIC corporation, Joint Committee, or other corporate specialty case with an open TEFRA linkage (the one-year statute date field is either blank or contains an eight digit date) and was previously transferred to Counsel and it is now in Counsel's jurisdiction (Part III), the ATE will take the following actions:

- a. Send a secure email to the Counsel attorney notifying them of the open TEFRA linkage and Counsel's responsibility for any tax assessments.

**Note:** The Counsel attorney is responsible for the TEFRA one-year statute once Appeals sends the secure email.

- b. Follow-up by secure email or a telephone call to the Counsel attorney when the one-year statute date field contains an eight-digit date that will expire within 90 days. The case activity record must be annotated accordingly.
- c. Assist the Counsel attorney in coordinating the assessment of any tax related to the adjustments by: securing the closing package; sending the case to a TCS for a tax computation; securing a statute extension, (See IRM 8.21.6.4.5, Securing and Processing Consents on TEFRA Partner Cases); or by sending the file to APS for the assessment (See IRM 8.21.6.4.6, Assessing of Tax from TEFRA Issues).

- (2) If a TEFRA partner case is a case other than a CIC corporation, Joint Committee or other corporate specialty case with an open TEFRA linkage (the one-year statute date field is either blank or contains an eight digit date) and it is now in Counsel's jurisdiction (Part III), the applicable Campus Pass-through Function (CPF) is responsible for any assessments. However, dialogue may be required between the ATE and the CPF to coordinate the starting point for any tax computations.

#### 8.21.6.4.4.2.2

(10-31-2013)

#### Compliance Field Group Jurisdiction

- (1) If the TEFRA partner case with an open TEFRA linkage (the one-year statute date field is either blank or contains an eight digit date) was previously sent back to Compliance because it was determined to be a premature referral, but the case still appears in an Appeals status code because AIMS has not been updated, the ATE will take the following actions:

- a. Send a secure email to the Compliance Field Group Case Manager/Team Manager notifying them of the open TEFRA linkage and that Compliance is responsible for any tax assessment.

**Note:** Compliance is responsible for the TEFRA one-year statute once Appeals releases jurisdiction of the case. However, as noted above, the Appeals Technical Employee will notify the Case Manager/Team Manager of any open TEFRA linkages where the case has not as yet been updated to Compliance status.

- b. Follow-up by secure email or a telephone call to the Case Manager/Team Manager when the one-year statute date field contains an eight-digit date that will expire within 90 days. The case activity record must be annotated accordingly.
- c. Contact APS to ensure that the status code on AIMS is updated to a Compliance status code and taken out of an Appeals status code.

- (2) If a TEFRA partner case is a CIC corporation, Joint Committee, or other corporate specialty case and was previously returned to the Compliance field group because Appeals had completed consideration of all non-TEFRA issues and there were TEFRA linkages where the one-year statute date field was blank, an eight digit one-year statute date now exists, and the case has not been updated on AIMS to a Compliance status, the ATE will take the following actions:

- a. Send a secure email to the Compliance Field Group Case Manager/Team Manager notifying them of the eight digit one-year statute date and that Compliance is responsible for any tax assessment.

**Note:** Compliance is responsible for the TEFRA one-year statute date once Appeals releases jurisdiction of the case. However, as noted above, the ATE will notify the Case Manager/Team Manager of any one-year statutes where the case has not as yet been updated to Compliance status.

- b. Follow-up by secure email or a telephone call to the Case Manager/Team Manager when the one-year statute date field contains an eight-digit date that will expire within 90 days. The case activity record must be annotated accordingly.
- c. Contact APS to ensure that the status code on AIMS is updated to a Compliance status code and taken out of an Appeals status code.

8.21.6.4.4.2.3  
(10-31-2013)

**Campus Pass-through  
Function (CPF)  
Jurisdiction**

- (1) If the TEFRA partner case is not a CIC corporation, Joint Committee, or other corporate specialty case, and was previously returned to the applicable Campus Pass-through Function (CPF) because Appeals had completed consideration of all non-TEFRA issues and there were open TEFRA linkages (the one-year statute date field was either blank or contained an eight digit date) and the case has not been updated on AIMS to the CPF, the ATE will take the following actions:

- a. Send a secure email to the Pass-through Coordinator at the CPF notifying them of the open TEFRA linkages and that the CPF is responsible for any tax assessment.

**Note:** The CPF is responsible for the TEFRA one-year statute on cases other than CIC corporations, Joint Committee cases, and other corporate specialty cases. However, as noted above, the ATE will notify the Pass-through Coordinator at the CPF of any open TEFRA linkages where the case has not as yet been updated to the CPF.

- b. Follow-up by secure email or a telephone call to the Pass-through Coordinator when the one year statute date field contains an eight-digit date that will expire within 90 days. The case activity record must be annotated accordingly.
- c. Contact APS to ensure that the status code on AIMS is updated to the CPF and taken out of an Appeals status code.

8.21.6.4.4.2.4  
(10-31-2013)

**Appeals Quality  
Measurement Staff  
(AQMS) Jurisdiction**

- (1) If the TEFRA partner case is a CIC corporation, Joint Committee or other corporate specialty case with a TEFRA linkage that contains a blank one-year statute date field, and the case is selected for AQMS review after being closed, APS will notify the ATE.
- (2) The ATE remains responsible for any TEFRA one-year statute dates for a CIC corporation, Joint Committee, or other corporate specialty case while the TEFRA partner case is in AQMS jurisdiction.
- (3) If a one-year statute date is triggered while the case is being reviewed by AQMS, the ATE can call the Director AQMS, who will exempt the case from AQMS review and expedite the return of the administrative file to the ATE by controlled mail.

- (4) The ATE should secure the closing package and have any tax due based on the one-year statute date computed and assessed. A Form 8339, PCS Change, should also be completed and sent for processing to ensure the necessary changes are made to PCS. The ATE will then have APS either close the case if there are no other blank one-year statute date fields or forward the case to Compliance if there are additional blank one-year statute date fields.
- (5) If a TEFRA partner case is other than a CIC corporation, Joint Committee, or other corporate specialty case, the applicable CPF is responsible for any assessments relating to TEFRA linkages. However, dialogue may be required between the ATE and the CPF to coordinate the starting point for any tax computations.

8.21.6.4.5  
(10-31-2013)  
**Securing and  
Processing Consents on  
TEFRA Partner Cases**

- (1) Depending on what triggered the TEFRA one-year statute date, the TEFRA one-year statute date may be extended. Refer to IRM 8.19.6.5, Assessment of TEFRA Partnership Issues, for complete guidelines on assessment of issues from TEFRA partnerships, including securing consents, updating ACDS with the new statute date, and processing Form 8339 to update the statute on the PCS.

**Caution:** Refer to IRM 8.19.6.7 for guidelines when a power of attorney will be executing the consent.

8.21.6.4.5.1  
(12-20-2021)  
**Appeals Technical  
Employee (ATE) Actions  
on Consents**

- (1) The ATE will determine if a TEFRA one-year statute date requires protection, no later than 150 days before the statutory period for assessment expires.
- (2) When statute protection is necessary and it is determined that an assessment will not be made at the present time, a consent will be solicited no later than 150 days before the TEFRA one-year statute date will expire.
- (3) For new cases assigned with fewer than 150 days remaining on a TEFRA one-year statute date, a consent (if applicable) will be solicited within five workdays of receipt.
- (4) When the TEFRA one-year statute date appears after assignment of the case and there are fewer than 150 days remaining by the time it is discovered, a consent (if applicable) will be solicited within five workdays of the discovery. A follow-up will be made within 20 calendar days, or fewer if the statute dictates.
- (5) If no consent is secured within 30 calendar days, or fewer if the statute dictates, the assessment of any tax owed will be initiated (See IRM 8.21.6.4.6, Assessing the Tax from TEFRA Issues).
- (6) Timely follow-ups should be made to ensure receipt of the consent within 120 days before statute expiration. Depending on the circumstances, a TEFRA one-year statute date can be extended with a Form 872, Form 872-A, or Form 872-F,
  - a. Form 872 (Revision 10-2009 and later) or Form 872-A (Revision 10-2009 and later) will extend the statute for the partner named on the form, provided it is properly signed by the partner, and is dated and executed by the appropriate IRS official. These consents have been modified to specifically provide that they extend the period for assessment of tax attributable to partnership and affected items. See IRM 8.19.1.6.6.8.2, Partner Level Extensions of Partnership Items.

- b. Form 872-F will extend the statute for items that have been converted from partnership items to non-partnership items. It cannot be used to extend the statute for defaulted FPAA's or court decisions. See IRM 8.19.1.6.6.8.2, Partner Level Extensions of Partnership Items.

**Note:** For partnership years beginning after August 5, 1997, interest is suspended 30 days after a settlement agreement is signed. Weigh the risks of the complexities and cost of computing tax resulting from a partnership adjustment against the permanent loss of interest on the assessment from 30 days after settlement until the assessment is made.

- (7) When an acceptable, signed consent is received, the ATE or other delegated individual will execute the consent and update the statute on ACDS (Normal Update) using the AIVP Statute Validation System (SVS). A validation will be submitted confirming that the statute critical data fields are accurate in ACDS.

**Note:** Normally, faxed signatures are not valid; however, Counsel has advised that in certain circumstances faxed signatures may be valid. Consult Area Counsel if you receive an executed consent via fax.

- (8) Form 8339 or Form 8344 should also be completed and submitted to APS for updating the statute on PCS.

**Note:** PCS currently is not programmed to accept either open-ended statute dates (Form 872-A) or statute dates more than 32 months in the future. In these instances, it is recommended that a statute date no later than 32 months in the future be used for PCS purposes, which will necessarily cause the one-year statute date on PCS to differ from that on ACDS.

- (9) A copy of the executed consent must be attached to each affected tax return. Letter 967, Letter Transmitting Consent Extending Period of Limitation, is no longer required to be attached to each affected return since the taxpayer's notice of rights is located directly above the signature lines on the consent form.

**Note:** When the designated individual shown on the Power of Attorney signs the consent form on behalf of the taxpayers, attach a copy of the Letter 967 mailed to the taxpayer to the returns along with the executed consent form. Retain a copy of the letter in the file to show that the taxpayers were notified of their rights.

- (10) The Case Activity Record should be annotated that the consent form, Letter 967 and Publication 1035, Extending the Tax Assessment Period, were sent to the taxpayer and representative, if applicable.
- (11) These procedures must be followed each time a consent is solicited.
- (12) Consideration should be given to seeking advice from Counsel when unusual or complex consent/statute questions arise, including any questions concerning whether a TEFRA one year statute can be or was properly extended.



8.21.6.4.5.2  
(10-31-2013)

**Account and Processing  
Support (APS) Actions  
on Consents**

- (1) If a valid consent is received while the case is in APS, the APS employee will update ACDS to reflect the receipt of Form 872, Form 872-A, or Form 872-F for any TEFRA one-year statute date that has been extended. See IRM 8.19.6.8, Assessment of TEFRA Partnership Issues and IRM 8.20, Appeals Case Processing Manual.
- (2) Update, changes, or modifications to statute critical data fields of tax period, statute date and/or statute code must be completed using the AIVP Statute Validation System (SVS), APS TE Menu. Corrections, including corrections to the TEFRA one-year statute date, must be submitted as a Normal Update (N) when the case is in APS. A validation of the statute critical data fields must also be completed in ACDS.
- (3) Form 8339 or Form 8344 should also be completed and submitted to local APS for updating the statute on PCS.

**Note:** PCS currently is not programmed to accept either open-ended statute dates (Form 872-A) or statute dates more than 32 months in the future. In these instances, it is recommended that a statute date no later than 32 months in the future be used for PCS purposes, which will necessarily cause the one-year statute date on PCS to differ from that on ACDS.

8.21.6.4.6  
(10-31-2013)

**Assessing the Tax from  
TEFRA Issues**

- (1) The ATE will secure a closing package on any TEFRA one-year statute that contains an eight-digit date in the one-year statute date field as soon as possible.
- (2) When Appeals has a case in inventory that has linkages to a TEFRA partnership and, the partnership case is resolved, Appeals should receive a closing package from the CPF that contains the documents showing the resolution of the TEFRA partnership issues.
- (3) Occasionally the administrative file received from Compliance has one or more closing packages that had been received from the CPF, or were related to a TEFRA partnership that was assigned to the ATE.
- (4) If there is a TEFRA one-year statute date but no closing package in the file, the package should be requested from the applicable CPF as soon as possible.
- (5) The closing package contains the legal document authorizing the assessment (the signed settlement agreement, entered court decision, or defaulted FPAA), as well as the Form 4605-A and Form 886-Z that reflects the adjustments to the TEFRA partnership return and each partner's share of the corrected items.
- (6) There should be a TEFRA one-year statute date for each closing package. The date will either show **11111111** (assessment has been made) or contain an eight-digit date reflecting the date that the assessment must be made by (or extended by, if applicable).
- (7) For each TEFRA one-year statute date that the ATE determines will not (or cannot) be extended, they will request a computation from a TCS to reflect the tax generated by the TEFRA adjustments from the completed TEFRA proceeding. The TEFRA adjustments will be processed as a partial agreement if there are non-TEFRA issues still under Appeals consideration or if there are other (unresolved) TEFRA issues.

- (8) When forwarding a case to a TCS for a tax computation, the TEFRA one-year statute date(s) will be clearly identified on the Form 3608, Request for TCS Service, and the case clearly marked as a **Priority** if it either has a short statute or where interest is suspended because of the applicability of the provisions of IRC 6601(c).
  - a. The TCS will follow the procedures in IRM 8.19.6, to prepare TEFRA tax computations on TEFRA partner cases.
  - b. Once the tax computation is completed, the ATE will submit the case to the Appeals Team Manager (if applicable) or to APS for the assessment to be made.
- (9) The ATE is responsible for the statute, including TEFRA partner one-year statutes, until the statute is identified in writing to the Appeals Team Manager or APS on Form 5402 (or an attachment).
- (10) Form 8339 should be completed and provided to APS in order for the statute to be updated on PCS once the assessment has been made.

8.21.6.4.7  
(10-31-2013)

**Account and Processing  
Support (APS) Closing  
TEFRA Partner Cases**

- (1) Upon receipt of a TEFRA partner case, APS will use the procedures found in the following sections to make an assessment of the tax from the TEFRA adjustments:
  - IRM 8.19.6.8, Assessment of TEFRA Partnership Issues
  - IRM 8.19.6.11, Investor Case Closings
  - IRM 8.19.6.20, Closing the CIC Corporation, Joint Committee, or Other Corporate Specialty Investor Case
  - IRM 8.20, Appeals Case Processing Manual
- (2) After the assessment has been made, the Form 8339 that was completed by the ATE should be submitted to APS in order that the statute can be updated on PCS.
- (3) APS has responsibility for the statute, including TEFRA one-year statutes, on a cases in APS jurisdiction when the statute is identified in writing on the Form 5402 and updated on ACDS.
- (4) A TEFRA partner case may be closed to several different functions. Unless all of the one-year statute dates reflect assessments (the TSUMYI reflects **11111111** for all of the one-year statute dates), the case cannot be fully closed from AIMS. When closing a TEFRA partner case with an open TEFRA linkage (the date is either blank or contains an eight digit date), it is essential that the TEFRA one-year statute date(s) be clearly identified on any transmittals, and precise instructions for protecting the statute(s) be provided.
- (5) Procedures will vary depending upon whether the case is being fully closed on AIMS after the assessments are made and whether the case is a CIC corporation, Joint Committee, or other corporate specialty case. Detailed processing procedures are found in the IRM sections listed in paragraph (1) above.
- (6) If the TEFRA partner case will be forwarded to either the Compliance Field Group or a CPF after any assessments are made, the transmittal Form 3210 will clearly identify any remaining open TEFRA linkages (the one-year statute date field is either blank or contains an eight digit date).



- (7) If a TEFRA partner case will be forwarded to Counsel when the non-TEFRA issues are unagreed (either upon petition of a notice of deficiency or transmitting a case for trial preparation), and the case is either a CIC corporation, Joint Committee, or other corporate specialty case, the Form 3210 will clearly identify any remaining open TEFRA linkages (the one-year statute date field is either blank or contains an eight digit date).
- (8) If a TEFRA partner case will be forwarded to the Appeals Quality Measurement Staff (AQMS), and the case is either a CIC corporation, Joint Committee, or other corporate specialty case, APS will notify the ATE. (See IRM 8.21.6.4.4.2.4, Appeals Quality Measurement Staff (AQMS) Jurisdiction).
- (9) APS is responsible for the TEFRA one-year statute until the tax is assessed (if an assessment is required) or the case is transferred to either Counsel or Compliance. When a case is forwarded to another office or function using a transmittal Form 3210, APS should ensure the case has been acknowledged.

8.21.6.4.7.1  
(10-31-2013)  
**Appeals Technical  
Employees Closing  
TEFRA Partner Cases**

- (1) When closing a TEFRA partner case that is a CIC corporation, Joint Committee case or other corporate specialty case to an ATM (which includes closing for approval of a settlement of non-TEFRA issues), or to APS (which includes processing a partial assessment of the tax related to TEFRA one-year statute dates), the Form 5402 should clearly identify any remaining TEFRA linkages (where the one-year statute date field is blank), and provide instructions for processing the case.

**Note:** Any TEFRA linkages where the one-year statute date field contains an eight digit date should have any tax assessed and the one-year statute date field updated to 11111111 before closing the case.

- (2) The case should be identified on ACDS as type code **TEFRAI**, which will allow the ATE to generate a Form 5402 that will include special prompts and instructions depending on whether the case will be forwarded to APS, a CPF, the Compliance Field Group, or Counsel.
- (3) The ATE is responsible for the statute, including TEFRA partner one-year statutes, until the statute is identified in writing to the ATM (if applicable) or APS on Form 5402 (or an attachment). The ATE is also responsible for any one-year statutes that arise while the case is in AQMS Jurisdiction.

