



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

30.4.5

AUGUST 5, 2026

EFFECTIVE DATE

(08-05-2026)

PURPOSE

- (1) This transmits revised CCDM 30.4.5, Personnel Administration, Training, and Equal Employment Opportunity; Labor and Employee Relations.

BACKGROUND

- (1) CCDM 30.4.5 is being revised to provide current policy and procedures on disciplinary and adverse actions, and Employee Tax Compliance.

MATERIAL CHANGES

- (1) CCDM 30.4.5.1-4 was revised to provide current policy and procedures on disciplinary and adverse actions, and Employee Tax Compliance.

EFFECT ON OTHER DOCUMENTS

CCDM 30.4.5 dated 5-22-2006 is superseded.

AUDIENCE

Chief Counsel

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30.4.5

Labor and Employee Relations

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30.4.5.1

(03-18-2026)

Labor and Employee Relations in the Office of Chief Counsel

- (1) This section provides information on employee conduct and ethics, disciplinary actions and adverse actions, and employee tax compliance.

30.4.5.2

(03-18-2026)

Disciplinary Actions

- (1) For the purposes of this Policy, disciplinary actions are defined as admonishments, written reprimands, and suspensions of fourteen (14) days or less.
- (2) This Policy applies to employees (including excepted service employees who have completed two years of continuous service in a permanent position) who have completed their probationary or trial period.
- (3) Discipline will be administered in as timely a manner as possible. For example, the Office of Chief Counsel will make a timely decision following any employee response to a proposed disciplinary action and communicate that decision in writing to the employee and his/her representative, if a representative has been designated.
- (4) No employee will be subject to discipline except for such cause as will promote the efficiency of the service.

30.4.5.2.1

(03-18-2026)

Procedures

- (1) When the Office of Chief Counsel proposes to suspend an employee for fourteen (14) days or less, the following procedures will apply:
 - a. The Office of Chief Counsel will provide the employee with at least twenty (20) days advance written notification of the proposed suspension stating the specific reasons for the proposed action;
 - b. The employee may be represented by an attorney or other representative consistent with 5 C.F.R. § 752.203; and,
 - c. An employee has the right, but is not obliged, to make an oral and/or written reply provided that:
 1. if the employee wishes to make an oral reply, he or she requests to do so within ten (10) days of the employee's receipt of the letter of proposed action; and,
 2. the oral and/or written reply must be received by the Office of Chief Counsel within a reasonable period of time after the employee's receipt of the letter of proposed action;
 - d. The oral reply will be postponed until the information referred to in CCDM 30.4.5.2.3 below (material relied upon and the investigative report, if any) is furnished to the employee. If the employee has timely requested this information, the employee will have a reasonable amount of time, not less than three (3) workdays, to review the information; and
 - e. The Office of Chief Counsel will issue a final decision after the receipt of the oral and/or written reply, and/or the termination of the twenty (20) day notice period.
- (2) At the conclusion of the oral reply, the employee may provide a written statement of all factual disputes to be addressed in the decision letter.
- (3) If the employee elects to make an oral reply, the Office of Chief Counsel will prepare a written summary of the oral reply and will provide a copy to the employee.

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30.4.5.2.2
(03-18-2026)

Factors for Consideration

- (1) In deciding what disciplinary action may be appropriate, the Office of Chief Counsel will give due consideration to the relevance of any mitigating and/or aggravating circumstances. The following factors, included herein for purposes of illustration, are neither meant to be exhaustive nor intended to be applied mechanically, but to encourage thorough consideration of relevant factors when determining a reasonable disciplinary penalty:
 - a. The nature and seriousness of the offense, and its relation to the employee's duties, position, and responsibilities, including whether the offense was intentional or technical and inadvertent, or was committed maliciously or for gain, or was frequently repeated;
 - b. The employee's job level and type of employment, including supervisory or fiduciary role, contacts with the public, and prominence of the position;
 - c. The employee's past disciplinary record;
 - d. The employee's past work record; including length of service, performance on the job, ability to get along with fellow workers, and dependability;
 - e. The effect of the offense upon the employee's ability to perform at a satisfactory level and its effect upon the supervisor's confidence in the employee's ability to perform assigned duties;
 - f. Consistency of the penalty with those imposed upon other employees for the same or similar offenses;
 - g. The notoriety of the offense or its impact upon the reputation of the Office of Chief Counsel;
 - h. The clarity with which the employee was on notice of any rules that were violated in committing the offense, or had been warned about the conduct in question;
 - i. Potential for the employee's rehabilitation;
 - j. Mitigating circumstances surrounding the offense such as unusual job tensions, personality problems, mental impairment, harassment, or bad faith, malice or provocation on the part of others involved in the matter; and
 - k. The adequacy and effectiveness of alternative sanctions to deter such conduct in the future by the employee or others.

30.4.5.2.3
(03-18-2026)

Evidence File

- (1) An employee will, upon request, be furnished a copy of all written documents, reports, data, transcripts, video or audio tapes or any other material relied on by the Office of Chief Counsel that form the basis for any disciplinary action.
- (2) If the discipline is based on an investigative report, the entire report and any attached documents, data, transcripts, video or audio tapes, or exhibits that are provided to the Office of Chief Counsel will be furnished to the employee upon request.

30.4.5.2.4
(03-18-2026)

Official Time

- (1) When Office of Chief Counsel employees receive a proposed disciplinary action, employees will be allowed a reasonable amount of official duty time for reviewing the evidence relied on to support the reason(s) in this notice, if requested, preparing a written reply, securing affidavits, and for making a personal reply. Arrangements for the use of official time should be made with their immediate supervisor.

30.4.5.2.5
(03-18-2026)
Off-duty Misconduct

- (1) In cases where a suspension is proposed for reasons of off-duty misconduct, the Office of Chief Counsel's written notification will contain a statement of the nexus between the off-duty misconduct and the efficiency of the service.
- (2) The Office of Chief Counsel may amend or change its nexus statement at any time before the issuance of a decision letter. If the Office of Chief Counsel elects to change or modify its nexus statement, the employee will be informed of such changes or modifications in writing.

30.4.5.2.6
(03-18-2026)
Decision

- (1) The deciding official will issue a decision after considering the reasons and specifications of the proposal notice and any reply made by the employee or their representative. If the proposed reasons and specifications are sustained, the official who sustains the proposed reasons and specifications against an employee in a disciplinary suspension will set forth findings with respect to each reason and specification against the employee in the notice of decision. Such notice will also address factual issues, if any, raised by the employee's reply by stating the reasons why each factual dispute was rejected.
- (2) If the deciding official decides that an employee will be suspended for a period of fourteen (14) days or less, the suspension will take effect as soon as possible after the receipt by the employee of the final decision, but no sooner than seven (7) days after receipt by the employee of the decision.

30.4.5.3
(03-18-2026)
Adverse Actions

- (1) An adverse action, for the purpose of this policy, is defined as a removal; a suspension for more than fourteen (14) calendar days, including indefinite suspensions; a reduction in grade; a reduction in pay, and a furlough of thirty (30) days or less of a full-time employee. This Policy does not apply to any action listed as non-applicable in 5 USC 7512, including actions based on unacceptable performance.
- (2) This Policy applies to employees (including excepted service employees who have completed two years of continuous service in a permanent position) who have completed their probationary or trial period.
- (3) No employee will be subject to an adverse action except for such cause as will promote the efficiency of the service.

30.4.5.3.1
(03-18-2026)
Procedures

- (1) In all cases of proposed adverse action, the employee will be given written notice stating the specific reasons for the proposed action at least thirty (30) calendar days in advance of the action, except as provided in CCDM 30.4.5.3.1(3) below. The employee may be represented by an attorney or other representative consistent with 5 C.F.R. § 752.404.
- (2) In all cases of proposed adverse action, except as provided in CCDM 30.4.5.3.1(3) below, the employee will be given the opportunity, but will not be obligated to respond orally and/or in writing to the written notice before a decision is issued. An employee is entitled to at least 7 days to furnish a reply. Employees must request an oral reply within fifteen (15) days of receipt by the employee of the letter of proposed action. The Office of Chief Counsel will determine the time to reply in the notice and will consider any requests by the employee to extend the time.
- (3) In cases of proposed removal or indefinite suspension where the Office of Chief Counsel has reasonable cause to believe the employee has committed a

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crime for which a sentence of imprisonment may be imposed, the employee will be given written notice stating the specific reason(s) for the proposed action seven (7) days in advance of the action. The employee will be given the opportunity but will not be obliged to respond orally and/or in writing to the proposed action before a decision is provided; however, the employee's oral and/or written reply must be received by the Office of Chief Counsel within seven (7) days of receipt by the employee of the written notice.

- (4) If an employee requests the evidence file described in CCDM 30.4.5.3.3 below, the Office of Chief Counsel will not schedule an oral reply or deadline for a written reply until the employee has a reasonable amount of time, not less than five (5) days, to review the information.
- (5) If the employee elects to make an oral reply, the Office of Chief Counsel will prepare a transcript of the oral reply and will provide a copy to the employee upon completion of the transcript.
- (6) At the conclusion of the oral reply, the employee may provide a written statement of all factual disputes to be addressed in the decision letter.

30.4.5.3.2 (03-18-2026) **Factors for Consideration**

- (1) In deciding what action may be appropriate, the Office of Chief Counsel will give due consideration to the relevance of any mitigating and/or aggravating circumstances. The following factors, included herein for purposes of illustration, are neither meant to be exhaustive nor intended to be applied mechanically, but to encourage thorough consideration of relevant factors when determining a reasonable penalty:
 - a. The nature and seriousness of the offense, and its relation to the employee's duties, position, and responsibilities, including whether the offense was intentional or technical and inadvertent, or was committed maliciously or for gain, or was frequently repeated;
 - b. The employee's job level and type of employment, including supervisory or fiduciary role, contacts with the public, and prominence of the position;
 - c. The employee's past disciplinary record;
 - d. The employee's past work record, including length of service, performance on the job, ability to get along with fellow workers, and dependability;
 - e. The effect of the offense upon the employee's ability to perform at a satisfactory level and its effect upon supervisor's confidence in the employee's ability to perform assigned duties;
 - f. Consistency of the penalty with those imposed upon other employees for the same or similar offenses;
 - g. The notoriety of the offense or its impact upon the reputation of the Office of Chief Counsel;
 - h. The clarity with which the employee was on notice of any rules that were violated in committing the offense, or had been warned about the conduct in question;
 - i. Potential for the employee's rehabilitation;
 - j. Mitigating circumstances surrounding the offense such as unusual job tensions, personality problems, mental impairment, harassment, or bad faith, malice or provocation on the part of others involved in the matter; and
 - k. The adequacy and effectiveness of alternative sanctions to deter such conduct in the future by the employee or others.

- (2) Absent statutory authority, the Office of Chief Counsel will not adopt or maintain a policy that imposes the penalty of removal for any particular infraction or offense.

30.4.5.3.3
(03-18-2026)
Evidence File

- (1) An employee will, in any adverse action and upon request, be furnished a copy of all written documents, reports, data, transcripts, video or audio tapes or any other material relied on by the Office of Chief Counsel that form the basis for the reasons and specifications. The Office of Chief Counsel will not require an employee to furnish any answer to the proposed action but if the employee so chooses to furnish an answer, they may do so within a reasonable amount of time, but not less than 7 days.
- (2) If the adverse action is based on an investigative report, the entire report and any attached written documents, data, transcripts, video or audio tapes, or exhibits will be furnished to the employee.
- (3) Nothing in this Policy is to be construed as a waiver of the employee's right to request additional information under other authorities such as the Freedom of Information Act, Privacy Act, or Civil Service Reform Act.

30.4.5.3.4
(03-18-2026)
Official Time

- (1) When Office of Chief Counsel employees receive a proposed adverse action, employees will be allowed a reasonable amount of official duty time for reviewing the evidence relied on to support the reason(s) in this notice, if requested, preparing a written reply, securing affidavits, and for making a personal reply. Arrangements for the use of official time should be made with their immediate supervisor.

30.4.5.3.5
(03-18-2026)
Off-Duty Misconduct

- (1) In cases where an adverse action is proposed for reasons of off-duty misconduct, the Office of Chief Counsel's written notification will contain a statement of the nexus between the off-duty misconduct and the efficiency of the service.
- (2) The Office of Chief Counsel may amend or change its nexus statement at any time before the issuance of a decision letter. If the Office of Chief Counsel elects to change or modify its nexus statement, the employee will be informed of such changes or modifications in writing.

30.4.5.3.6
(03-18-2026)
Decision

- (1) The deciding official will issue a decision after considering the reasons and specifications of the proposal notice and any reply made by the employee or their representative. If the proposed reasons and specifications are sustained, the official who sustains the proposed reasons and specifications against an employee in an adverse action will set forth findings with respect to each reason and specification against the employee in the notice of decision. Such notice will also address factual disputes, if any, raised by the employee's reply by stating the reasons why each factual dispute was rejected.

30.4.5.4
(03-18-2026)
**Employee Tax
Compliance (ETC)**

- (1) Each Office of Chief Counsel employee has a personal responsibility to fully meet their tax obligations and to do so in a manner reflecting favorably on organizational integrity. Complying with the tax laws means timely and accurately filed returns and timely payment of taxes. This is the same obligation that applies to all taxpayers, not just Counsel employees. The Office of Government Ethics Regulations at 5 CFR § 2635.101(b)(12) and 2635.809 state that

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employees are to "...satisfy in good faith their obligations as citizens including all just financial obligations, especially those such as Federal, State or local taxes that are imposed by law..."

- (2) Office of Chief Counsel employees retain all their rights as taxpayers under the Internal Revenue Code and IRS guidance, including the right to request extensions of time to file, the right to pay taxes in installments, the right to contest liabilities proposed by the Government, and requirements regarding the retention of tax records. In exercising these rights, employees must follow all applicable rules under the Internal Revenue Code. Notwithstanding the rights articulated herein, employees may be subject to discipline for failure to follow the tax rules when exercising these rights.

30.4.5.4.1 (03-18-2026) **Screening**

- (1) It is the Office of Chief Counsel's current practice to screen employee tax compliance matters through the IRS Employee Tax Compliance (ETC) Unit. Cases screened through the IRS ETC will be screened following whatever processes and procedures are in place for the IRS ETC at the time that the cases are screened.

30.4.5.4.2 (03-18-2026) **Official Time**

- (1) When Office of Chief Counsel employees receive contact letters alleging non-compliance from the IRS ETC Unit, employees will be provided a reasonable amount of official time to respond to the IRS ETC Unit. Arrangements for the use of official time should be made with their immediate supervisor.

30.4.5.4.3 (03-18-2026) **Referrals from IRS ETC**

- (1) If the IRS ETC screening process does not resolve a case and the case is referred to the Office of Chief Counsel, employees will be informed in writing at the time that the referral is made. At that time, employees will be provided with a copy of any tax transcripts and transcript summaries provided to the Office of Chief Counsel.