



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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INTERNAL REVENUE SERVICE
NATIONAL OFFICE TECHNICAL ASSISTANCE

MEMORANDUM FOR SHIRLEY KELLY

OP:IN:D:C:C:HQ(12) GROUP MANAGER, COLLECTION
ASSISTANT COMMISSIONER (INTERNATIONAL)

FROM: W. Edward Williams
Senior Technical Reviewer, Branch 1
Associate Chief Counsel (International)

SUBJECT: Collection Statute of Limitations and Installment Agreements

This Technical Assistance responds to your request dated August 30, 1999. Technical Assistance does not relate to a specific case and is not binding on Examination or Appeals. This document is not to be cited as precedent.

ISSUE

You requested our views regarding extensions of the statute of limitations on collection under I.R.C. § 6502(a), as amended by the I.R.S. Restructuring and Reform Act of 1998, P.L. 105-206, § 3461(a)(1)-(2) (July 22, 1998). Specifically, you ask whether the Service's policy of limiting extensions of the collection statute of limitations to one 5-year period, for purposes of an installment payment agreement, applies to the Assistant Commissioner (International).

CONCLUSION

Section 6502(a), as amended, does not proscribe limitations on extensions for installment agreements. Service policy, however, restricts installment agreements to 15 years (10 years plus one 5-year extension). This policy applies to the Assistant Commissioner (International).

DISCUSSION

Prior to amendment by the Restructuring and Reform Act of 1998 ("RRA '98"), section 6502(a) provided that extensions to the statute of limitations for collection after assessment were permissible so long as such agreements were entered into prior to the expiration of the period previously agreed upon. Aside from requiring the agreement to be entered into during the previous period, there were no statutory restrictions as to the duration of the extensions, or the circumstances under which the Service could enter into an extension.

As amended by RRA '98, section 6502(a)(1) provides for a 10-year statute of limitations on collection for all taxes imposed by Title 26 of the United States Code. I.R.C. § 6502(a)(1). Effective January 1, 2000, extensions to the statute of limitations are permitted for (1) installment agreements and (2) the release of a levy by the Service. I.R.C. § 6502(a)(2); H. Rep. No. 105-599, 105th Cong., 2d Sess. (June 24, 1998). Extensions for installment agreements exceeding the 10-year period require a Form 900 waiver from the taxpayer.

Under the new provisions to section 6502(a), the statute of limitations on collections is 10 years. The statute includes a provision permitting extensions beyond the 10-year period for installment agreements. I.R.C. § 6502(a)(1) and (2)(A); H. Rep. No. 105-599, at 286. Section 6502(a) is now written so as to only permit extensions beyond the 10-year period in cases of installment agreements or levy releases after the 10-year period expires. I.R.C. § 6502(a)(2).

The amendment in the final Conference Committee Bill was a compromise between the House and Senate Bills. The House Bill merely required the Service to advise a taxpayer of his/her right to refuse to extend the collection statute of limitations or to limit the extension to particular issues. The Senate Bill eliminated extensions of the collection statute altogether.

The Conference Committee followed the Senate amendment

except that extensions of the statute of limitations on collection may be made in connection with an installment agreement; the extension is only for the period for which the waiver of the statute of limitations entered in connection with the original written terms of the installment agreement extends beyond the end of the otherwise applicable 10-year period, plus 90 days.

H. Rep. No. 105-599, at 286.

The General Explanation of Tax Legislation Enacted in 1998, prepared by the Staff of the Joint Committee On Taxation, JCS-6-98 (Nov. 24, 1998), includes the following with respect to the amendment to section 6502(a):

Congress believed that the IRS should collect all taxes within 10 years, and that such statute of limitations should not generally be extended.

Although section 6502(a), as amended by RRA '98, does not proscribe any restrictions or time limits on extensions associated with installment agreements, it is Service policy to restrict installment agreements to 15 years (10 years plus one 5-year extension).

Section 6502(a) does not explicitly restrict extensions on installment agreements to five years. However, it is the Service's policy that installment agreements be limited to a total period of 15 years; and we know of no legal or technical reason that the policy statements issued by the Deputy Commissioner of Internal Revenue and the Chief Operations Officer should not apply to International.

If you have any further questions please contact Leslie Rubenstein at (202) 622-3880.