

ID: CCA_2016101815064644

UILC: 6501.00-00

Number: **201650018**

Release Date: 12/9/2016

From: [REDACTED]

Sent: Tuesday, October 18, 2016 3:06:46 PM

To: [REDACTED]

Cc: [REDACTED]

Bcc:

Subject: RE: Statute on Delinquent & SFR Procedures on File

Hi ,

This email summarizes the phone discussion that we had with [REDACTED] and [REDACTED] on Friday 10/14. Let me know if you have any questions.

Thanks,

SB/SE has expressed concern over a paragraph in its procedures for voluntarily allowing a normal statute of limitations to expire. The procedure at issue provides that

Even though a Group Manager and Territory Manager have approved the expiration of the normal statute of limitations when the special conditions specified above are present, a Statute Expiration Report (Form 3999) is still required to be submitted if the decision to allow the normal assessment statute to expire results in a barred deficiency.

Legally, it is acceptable for Examination to allow the statute of limitations on a Form 720 excise tax to expire. Examination must use their reasonable discretion and experience to determine when it is necessary to voluntarily allow a statute to expire. This discretion may be used as a cost effective measure to preserve resources and workload when Examination believes the return has a low likelihood of a subsequent barred deficiency. If an agent and group manager use their discretion to allow a statute to expire and such return later results in a barred deficiency, a Statute Expiration Report (Form 3999) at this later date is unnecessary. Such extra workload undermines the reasonable discretion of Examination to voluntarily allow a statute to expire.

Examination should attempt to revise the procedure at issue to ensure that this extra workload is not imposed, and additional costs and resources are not spent on hindsight decisions.