



OFFICE OF  
CHIEF COUNSEL

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

JUN 23 2000

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SPR-110936-00

MEMORANDUM FOR THOMAS R. HULL  
NATIONAL DIRECTOR, SPECIALTY TAXES

ATTENTION: THOMAS R. BURGER  
DIRECTOR, OFFICE OF EMPLOYMENT TAX  
ADMINISTRATION AND COMPLIANCE

FROM: Mary Oppenheimer *MO*  
Assistant Chief Counsel  
(Exempt Organizations/Employment Tax/  
Government Entities)

SUBJECT: Modification of CSP Agreement

This memorandum proposes a change in the standard Classification Settlement Program (CSP) agreements, made available in 1996, to reflect the adoption of Code section 7436, effective August 5, 1997.

CSP agreements are pro forma settlement agreements for use in examinations in employment tax cases involving issues of worker classification and treatment under section 530 of the Revenue Act of 1978 (section 530).

Section 7436 gives taxpayers a right to Tax Court review of a determination by the IRS, as part of an examination, that one or more individuals performing services for that person are employees for purposes of subtitle C or that treatment under section 530 does not apply.

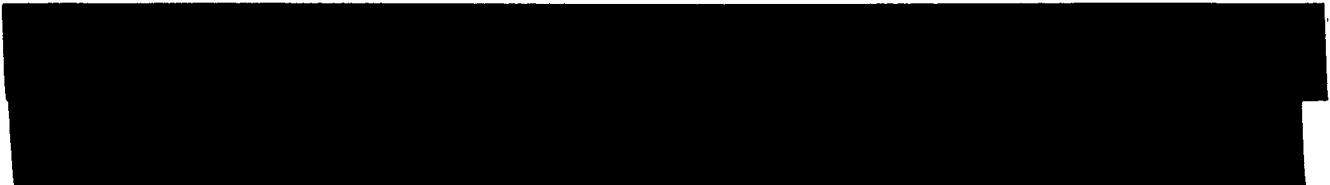
After the adoption of section 7436, the IRS announced new procedures for processing employment tax cases involving worker classification and section 530. Notice 98-43, 1998-33 I.R.B. 13. Notice 98-43 states that if, in connection with an examination, a taxpayer wishes to settle the issues of worker classification and section 530, the taxpayer must formally waive the restrictions on assessment contained in sections 7436(d)(1) and 6213(a). The Notice contains waiver language for inclusion in agreed settlements:

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I understand that, by signing this agreement, I am waiving the restrictions on assessment provided in sections 7436(d) and 6213(a) of the Internal Revenue Code of 1986.

Notice 98-43 states that the IRS will not assess employment taxes attributable to worker classification or section 530 issues unless the IRS has issued a Notice of Determination to the taxpayer and the 90-day period for filing a Tax Court petition has expired or, alternatively, the taxpayer has waived the restrictions on assessment.



R-C

If you have any questions, please call me at 622-6010 or Elizabeth Edwards at 622-6040.