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JUN 19 2002

CC:GLS:131805-02  
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MEMORANDUM FOR IRENE E. CAIN

FROM:

Neil B. Worden   
Chief, Claims, Labor, and Personnel Law Branch (GLS)

SUBJECT:

Section 1204 Review of DRIPS Guidance

This memorandum addresses the questions posed in your June 14, 2002, email message regarding the attached "Proposed Guidance on Use of ROTERS and Non ROTER Dollar Information to Support Driver of Resource Improvement Program (DRIP) Requests" and the attached proposed DRIP template. Our responses are as follows:

Question 1

Is this presentation method of Tax Exposure data consistent with Section 1204/Regulation 801 since the footnote states that the purpose is financial planning and this data cannot be used to evaluate any employee or to impose or suggest production quotas or goals?

Question 2

Do you concur that Tax Exposure is not a ROTER because it describes the universe of work available and not how much we plan to actually do?

Response to Questions 1 & 2:

"Tax Exposure," according to your message, is the amount of tax dollars impacted by tax shelter activity, i.e. the potential amount of additional tax due if tax shelters are disapproved. This is an estimate of the amount of additional taxes potentially due in an industry segment, in general, and is not a measure of any IRS activity. We concur that it is not a ROTER, thus its use is not constrained by Section 1204/Regulation 801. Even if it were considered to be a ROTER, its proposed use is clarified in footnote 1 of the template

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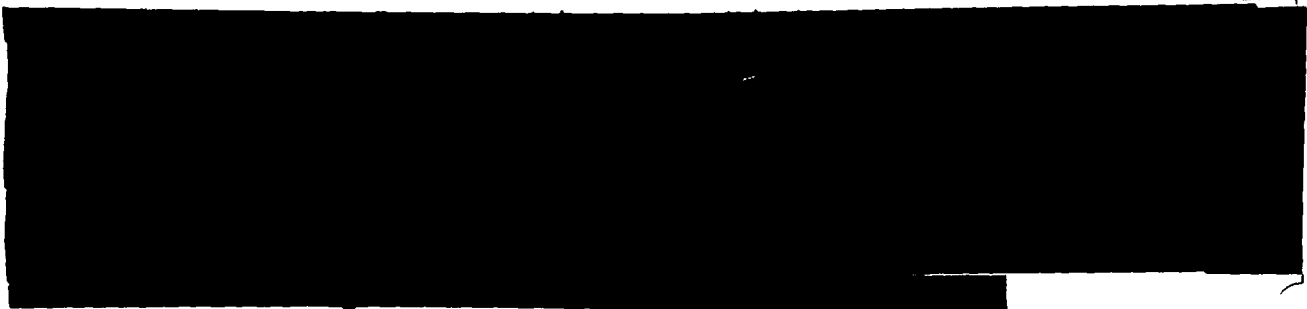
as being for the purpose of financial planning and resource management decisions, not as a performance measure. Such use is permissible under Regulation 801. (See IRM 1.5.2.14).

### Question 3

Would it be acceptable to designate a ROTER as a Resource Justification Indicator and include these footnotes in other budget justifications?

### Response to Question 3:

Under Regulation 801.6(e) ROTERS may be used for "purposes such as forecasting, financial planning, resource management, and the formulation of case selection criteria." If a "Resource Justification Indicator" (here Dollars Recommended) is used as a forecast of what tax enforcement results would be expected from a proposed level of funding or FTEs, then that Resource Justification Indicator would appear to be a ROTER, but the proposed use would be permissible under Regulation 801.



DP

If you have any questions regarding this matter, please contact Mark Wines at (202) 283-7900.

Attachments (2)