



INDEPENDENT OFFICE  
OF APPEALS

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, DC 20224

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Affected IRM: IRM 8.22.8

MEMORANDUM FOR DIRECTOR, COLLECTION APPEALS

FROM: Steven M. Martin /s/ *Steven M. Martin*  
Director, Operations Support

SUBJECT: Collection Appeals (CA) Pilot – Working Specified Collection Due  
Process (CDP) Liability Referrals In-House

This memorandum issues guidance for CDP liability issues to be worked “in-house” to streamline the process and better serve customers. Collection Appeals Officers (AOs) will refer specified liability issues to a cadre of volunteers in CA with the requisite background and training. Please distribute this information to all affected employees within your organization.

**Purpose:** To provide guidance regarding the process Collection AOs will use to refer certain CDP liability issues to a Collection AO in the CA liability cadre (cadre member) instead of Exam Appeals.

**Background/Source(s) of Authority:** IRM 8.22.8.5.1, Referring a Liability Issue, states certain liability issues should be referred to an Exam AO for consideration during the CDP process.

**Procedural Change:**

- 1) Where IRM 8.22.8.5.1 states a liability issue will be referred to an Exam AO, the Collection AO will refer to the liability cadre issues list to determine if the issue is eligible for referral to the CA liability cadre. If the issue is eligible, the Collection AO will:
  - a. Send a request to Account and Processing Support (APS) via the Appeals Shared Programs Hub to create the liability Work Unit Number (WUNO) on Appeals Centralized Database System (ACDS).
  - b. Check the accuracy of the case summary card for the liability WUNO.
  - c. Attach all relevant documents to the liability WUNO on ACDS.
  - d. Document the case activity record with a brief summary. For example:

“This liability WUNO XXXXXXXXXXXX is related to CDP WUNO XXXXXXXXXXXX. The taxpayer is disputing (list and briefly describe the disputed issue(s) for each applicable tax period(s)).”

- e. Advise their Appeals Team Manager (ATM) the liability WUNO is ready to be reassigned.
- 2) The assigning ATM will coordinate the reassignment with the liability cadre ATM(s).
  - 3) For transfers within the same area, the assigning ATM will:
    - a. Transfer the liability WUNO to the specified cadre member.
    - b. Send a courtesy email to the originating Collection AO, the cadre member, and the cadre member’s ATM to advise of the transfer.
  - 4) For transfers to another area, the assigning ATM will provide the Collection AO with the cadre member’s information to prepare a transfer form. The Collection AO will:
    - a. Prepare Form 30/40 and secure ATM approval.
    - b. Submit a request to Shared Team of Administrative and Redaction Support (STARS) via the Appeals Shared Programs Hub to transfer the liability WUNO to the specified cadre member.
    - c. When the Collection AO is notified that STARS completed the transfer, they will advise their ATM. The ATM will send a courtesy email to the originating Collection AO, the cadre member, and the cadre member’s ATM to advise of the completed transfer.
  - 5) The cadre member will contact the taxpayer, or representative, as needed, to clarify the liability issue, request additional documents, or address any unanswered questions to make an informed decision. The originating Collection AO should follow procedures in IRM 8.22.8.5.1(7) for checking the status.
  - 6) The cadre member will make a determination regarding the liability issue. If an adjustment to the liability is warranted, the cadre member will provide Form 3870, Request for Adjustment, or appropriate form(s), and provide draft language to be incorporated in the CDP decision. The cadre member will follow procedures in IRM 8.22.8.5.1(8-10) when submitting the closure to their ATM.
  - 7) If the cadre member concludes the issues raised are beyond their skill or experience level, the liability WUNO will be referred to Exam Appeals /Specialized Examination Programs and Referrals (SEPR).

Note: The cadre member’s ATM will contact the applicable Exam Appeals/SEPR ATM to coordinate the transfer under existing case routing procedures in IRM 8.22.8.5.1. The cadre member’s ATM will send a courtesy email to the originating Collection AO and ATM to advise of the transfer, and advise Exam Appeals to

transfer the liability WUNO back to the originating Collection AO once it is completed.

- 8) Appeals employees can find the most recent lists of liability issues and cadre members by checking the Collection Appeals Liability Cadre document, which may be updated periodically.

**Effect on Other Documents:** If the pilot is successful, portions of this guidance may be incorporated into IRM 8.22.8.

**Effective Date:** This guidance is effective as of the date of this memorandum. These piloted procedure changes may be extended, modified, or made permanent, and incorporated into the IRM 8.22.8 within two years from the date of this memorandum.

**Contact:** Appeals employees should follow existing procedures to elevate questions through their management chain and follow established procedures on How to Contact an Analyst.

**Attachment:** Listing of Liability Issues

cc: [www.irs.gov](http://www.irs.gov)

**Liability issues that will be considered within CA:**

- a. Individual Retirement Account (IRA) Distributions
- b. Retirement (including the rollover procedures)
- c. Stocks (determining basis)
- d. Employee Stock Options
- e. Filing Status
- f. Exemptions (including credits, such as Child Tax Credit and Earned Income Credit)
- g. Credit
- h. Statute Denied Claims
- i. Civil Penalties (especially late filed information returns)

Exception: The cadre will not work penalty issues that should be referred to Area 10 (Estate and Gift (E&G), Tax Exempt and Government Entities (TE/GE)) or Area 11 (International).

- j. Other Miscellaneous Underreported Issues, such as Unemployment, Wages, etc.
- k. Straightforward Schedule C Expense Issues (up to three issues)
- l. Rental Property Expenses with Depreciation Not Involving Passive Activity