



INDEPENDENT OFFICE  
OF APPEALS

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, DC 20224

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MEMORANDUM FOR DIRECTOR, EXAMINATION APPEALS  
DIRECTOR, CASE SUPPORT

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

SUBJECT: IRS Independent Office of Appeals (Appeals) Electronic Case  
Files Initiative (ECFI) for Small Business/Self-Employed (SB/SE)  
Excise Tax Cases Implementation

This memorandum provides interim guidance to Appeals employees for SB/SE excise tax cases received under ECFI. Please distribute this information to all affected Appeals employees.

**Purpose:** To provide Appeals Technical Employees (ATEs), Appeals Team Managers (ATMs), and Account and Processing Support (APS) employees the steps and procedures for paperless excise tax cases received under ECFI. These steps and procedures are necessary due to the full implementation of electronic case files (without paper files) for SB/SE Excise Tax cases. This change is now being made permanent.

**Background:** Appeals, in conjunction with SB/SE Specialty Examination, tested a paperless process to replace the current paper file system. The ECFI Pilot Program for SB/SE Excise Tax cases began in 2021. In this program, several excise tax teams used electronic case files and electronic closing procedures. Since no paper file was used, all case file documents were uploaded to Issue Management System (IMS) at the conclusion of the examining process. Therefore, the case file paperwork and documentation, previously included in the physical case files, will now be accessed through IMS.

The pilot has now been successfully completed. The change to electronic case files for SB/SE Excise Tax cases is now being permanently implemented.

Any Appeals-generated documents and correspondence will be uploaded to the Appeals Centralized Database System (ACDS) by the Appeals employee. Closed cases will be stored electronically in ACDS.

The attachment to this memorandum contains step charts for the following various roles and corresponding procedures in Appeals: APS employees, ATEs, and ATMs.

**Effective Date/Effect on Other Documents:** This guidance is effective as of the date of this memorandum and will be incorporated into the affected IRMs within two years of the date of this memorandum.

**Procedural Change:** See Attachment.

**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:** Updated Guidance

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

**Step chart for Appeals ECFI for SB/SE excise tax cases includes:**

- Procedures for returning non-docketed cases to SB/SE Specialty Tax
- Procedures for APS to card cases and ATMs to assign cases
- Procedures for ATEs to work and close cases
- Procedures for ATMs to close cases
- Procedures for APS to close cases

**Procedures for returning non-docketed cases to SB/SE Specialty Tax**

Electronic case files received by APS with less than 365 days remaining on the assessment statute will not be accepted by APS unless an exception applies. See IRM 8.20.5.3.1.2(2), Verifying Administrative File Contents. Electronic case files not meeting these criteria will be returned by APS to the Technical Services (TS) group manager and alternate. This will be done either by encrypted email or through Electronic Case Receipts (ECR) SharePoint (without email). See Technical Services Directory.

Do not attach the entire electronic case file to the encrypted email. Instead, APS will:

- State "Short Statute Case" in the subject line and body of the email.
- List electronic case file identifying information (name, Taxpayer Identification Number (TIN), Master File Tax (MFT), tax year(s), etc.).
- Follow normal case procedures per IRM 8.20.7.52.1, Jurisdiction Released on Premature or Improper Referrals.
- Return Audit Information Management System (AIMS) controls to originating function.

**Note:** Follow IRM 10.5.1.6.8, Email and Other Electronic Communications, for email security protocol.

If an ATE closes an electronic case as a premature referral, a Form 5402, Appeals Transmittal and Case Memo, will be prepared by the ATE following normal procedures. Upon receipt and processing of the Form 5402, APS will send the Form 5402 via encrypted email to the TS group manager and alternate. See Technical Services Directory. The form includes all the information needed to identify the case and understand the reason(s) it was determined to be a premature referral.

- If the taxpayer provided electronic records to Appeals, the ATE will upload those records to the IMS electronic case file.
- If the taxpayer provided paper records that were not uploaded to ACDS, those records need to be scanned. The ATE may scan the records themselves or file a request with the Shared Team of Administrative & Redaction Support (STARS) via the STARS SharePoint site. If the ATE is not located with a Case Processor and/or Administrative Support Associate, then the ATE may need to ship the documents to STARS for scanning once the request is entered. Once the documents are scanned, the ATE is responsible for uploading them to IMS.

**Procedures for APS to card cases and ATMs to assign cases**

APS will follow the normal case procedures for carding cases, but will access the electronic case receipt check sheet and the electronic case file to locate the required information, as found at the ECR SharePoint site. APS should card in all periods and related records included on the ECR check sheet. During card in, APS will make sure all periods listed as related records are controlled on ACDS and update AIMS status.

The APS Processing Team Manager (PTM) will access the ECR SharePoint site and assign the case to an APS Tax Examiner (TE) on the ECR site.

<b>Steps</b>	<b>APS Action – For protested non-docketed cases:</b>
1	For non-docketed cases, the TE will access the ECR <a href="#">site</a> page and the ECR check sheet attachment to create an ACDS Work Unit Number (WUNO).
2	The TE will enter ACDS feature code "PL" (paperless workflow), which generates a notification in ACDS 2.0 (in Notification and Tools) to the ATM when a new paperless case is available to assign.
3	If there are case-related documents attached to the ECR, the TE will attach them on ACDS.
4	The TE will perfect the ACDS record by ensuring all fields contain accurate information (including type codes, statutes, etc.).
5	The TE will enter "ECFI" in the LOC 7 Field in ACDS.
6	The ATM will review the case in IMS and assign case in ACDS to the ATE.
7	The ATE will be notified of a new case assignment in ACDS 2.0.

<b>Steps</b>	<b>APS Action – For docketed cases (to ATM for assignment):</b>
1	If the Tax Litigation Counsel Automated Tracking System (TLCATS) shows Appeals Jurisdiction and the Answer is uploaded to ACDS, these steps are followed.
2	If the skeletal record is on ACDS, the TE will perfect the ACDS record by ensuring all fields contain accurate information (including type codes, statutes, etc.). If no skeletal record is on ACDS, the TE will card in the case.
3	The TE will enter ACDS feature code "PL" (paperless workflow), which generates a notification in ACDS 2.0 (in Notification and Tools) to the ATM when a new paperless case is available to assign.
4	If there are case-related documents attached to the ECR, the TE will attach them on ACDS.
5	The TE will enter the DKTAD Original Date. <b>Note:</b> Do not enter action code "Answer" or "DCJUR" for cases being sent to the ATM for assignment.
6	The TE will enter "ECFI" in the LOC 7 Field in ACDS.
7	Forward or update the case to the ATM.

<b>Steps</b>	<b>APS Action – For docketed cases – To Counsel when administrative file is requested or if Answer was not uploaded to ACDS:</b>
1	Upon receipt of a case, the TE will identify in the ACDS notes field if

	Counsel requested the administrative file for Answer or Delayed/No consideration by Appeals. This step also applies if the "Answer" was not uploaded to ACDS.
2	The TE will perfect the ACDS record by ensuring all fields contain accurate information (including type codes, statutes, etc.). If needed, the TE enters ACDS feature code "PL" (paperless workstream), which generates a notification in ACDS 2.0 (in Notification and Tools) to the APS PTM, ATM, or ATE.
3	The TE will enter the DKTAD Original Date. If the Answer is uploaded on ACDS, then leave the action blank.
4	The TE will enter the applicable ACDS Action Code:  DCJUR – Counsel requested the administrative file for Delayed/No Consideration by Appeals.  Answer – Counsel requested the administrative file for Answer.  DCOTHER – Non-docketed related cases associated with a docketed case also updated to Counsel (i.e., MFT 31 non-petitioning spouse).  <b>Note:</b> Do not enter these action codes if the case is going to an ATM for assignment.
5	For paperless cases updated to Counsel, notification will be sent through the Chief Counsel Portal alerting them the ECFI case was received. All related documents can be found on the originator's source system (IMS).
6	The TE will enter "ECFI" in the LOC 7 Field in ACDS

**Procedures for ATEs to work and close cases**

Steps	ATE Action
1	The ATE will be notified of a new case in ACDS 2.0. The ATE will no longer receive a paper file. The ATE will access the case in IMS and will review the documents. The ATE will verify ACDS feature code "PL" (for paperless) was entered in ACDS. If not, the ATE adds this feature code.
2	The ATE will access the Employee User Portal (EUP), Integrated Data Retrieval System (IDRS), or Audit Management System (AMS) to obtain copies of tax returns, if necessary. The ATE will work the case using normal case procedures.
3	The ATE will scan, if necessary, and upload to ACDS any Appeals generated documents and correspondence, using the ACDS existing case file naming convention. For example, an Appeals Case Memorandum (ACM) is uploaded as WUNO-XXXXXXXXXX-ACM (using the actual case WUNO in place of the X's). Other attachments uploaded will have a brief descriptive name following the WUNO.
4	The ATE will close the case to the ATM.

After the ATE uploads the required closing documents to ACDS, and places the case in AC/FR status, the ATM will receive a notification in ACDS 2.0. The ATM will follow normal case closing procedures as listed below.

**Note:** If "ECFI" is not present in LOC 7, the ATE will enter "ECFI" in the LOC 7 field.

### Procedures for ATMs to close cases

Steps	ATM Actions
1	Sign and date Form 5402 and any agreement form(s) (e.g., Form 870-AD, Offer to Waive Restrictions on Assessment and Collection of Tax Deficiency and to Accept Overassessment). Sign the closing letter(s), if applicable.
2	Upload the signed and dated Form 5402, the agreement form(s), and the signed closing letter to ACDS.
3	Enter ACDS ACAP date.
4	Ensure Form 5402 and the ACM are uploaded to IMS consistent with IRM 8.7.10.19, Routing Form 5402 and ACM Feedback to SB/SE for Excise Tax Cases.

After the ATM enters the ACAP date, it will generate an ACDS 2.0 Paperless Notification to the APS PTM. The PTM will assign the case to a TE for final processing. Each TE will identify the ECFI paperless case using their ACDS 2.0 Paperless Notifications. The TE will follow the established closing procedures under IRM 8.20.7, including performing the Appeals feedback loop procedures along with the items below.

### Procedures for APS to close cases

Steps	APS Actions
1	Appeals assessments to IDRS will have a Document Locator Number (DLN) with blocking series 77X to identify them as electronic.
2	If the case is agreed/settled and non-docketed, APS will close the case in ACDS and IDRS.
3	<p>If the case is unagreed and non-docketed:</p> <ul style="list-style-type: none"> <li>• The ATE will prepare a Statutory Notice of Deficiency (SND), as needed.</li> <li>• APS will date, mail (by certified mail), and upload the SND to ACDS.</li> </ul> <p>If the taxpayer doesn't petition the Tax Court:</p> <ul style="list-style-type: none"> <li>• APS will close the case in IDRS.</li> </ul> <p>If the taxpayer petitions the Tax Court:</p> <ul style="list-style-type: none"> <li>• APS will notify Counsel via SharePoint and will update the ACDS action code to DCJUR using the "CC 42/32 update screen".</li> <li>• For Appeals issued notices (e.g., SND), Counsel will complete their work on the case (e.g., settle or try the case) and submit the case to APS via SharePoint. APS will then fully close the case in IDRS using the attorney's instructions included in the case file.</li> <li>• APS will update DKTNO, DC OFFICE, and Attorney fields - combine all</li> </ul>

	ACDS attachments to PDF File and upload it to Counsel's Portal.
4	<p>If the case is agreed/settled and docketed:</p> <ul style="list-style-type: none"> <li>• The ATE will upload signed documents in ACDS following normal case procedures. Chief Counsel will continue to upload decision documents to ACDS for Docketed EZ Close cases. Counsel will upload the Form 1734, Transmittal Memorandum, decision, and other closing documents to ACDS and submit a closing/assessment request to the APS SharePoint Portal. If Counsel has the administrative file, they will keep it.</li> <li>• APS will notify Counsel through the Counsel SharePoint site.</li> <li>• Once a decision is entered with the Tax Court, Counsel will upload closing documents to ACDS and submit an intake request for closure and assessment through the portal.</li> <li>• APS will close the case in ACDS and IDRS following normal case procedures.</li> </ul>
5	<p>If the case is unagreed and docketed:</p> <ul style="list-style-type: none"> <li>• APS will forward the case to Counsel for trial preparation via SharePoint site.</li> <li>• The closed case will be stored electronically in ACDS. Counsel will upload the Form 1734, decision, and other closing documents to ACDS, and submit a closing/assessment request to the APS SharePoint portal. If Counsel has the administrative file they will keep it.</li> </ul>
6	<p>If the case is selected for Appeals Quality Measurement System (AQMS):</p> <ul style="list-style-type: none"> <li>• APS will receive a pop-up notification advising which AQMS reviewer is assigned.</li> <li>• APS will email the selection sheet to the AQMS reviewer.</li> <li>• AQMS reviewer will access the case using IMS and ACDS.</li> <li>• APS will close case in Processing Employee Automated System (PEAS) upon confirmation of case receipt by AQMS reviewer.</li> <li>• APS will verify IDRS postings.</li> </ul>