



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

SMALL BUSINESS/SELF-EMPLOYED DIVISION

Date: October 22, 2025

Control Number: SBSE-04-1025-0037

Expiration Date: October 22, 2027

Impacted IRM(s): 4.24.23 and 4.24.24

MEMORANDUM FOR: ALL EXCISE TAX EXAMINATION EMPLOYEES AND
PERSONNEL AT THE CENTRALIZED SPECIALTY TAX
OPERATIONS (CSTO)

FROM: Heather J. Yocum, /s/ *Heather J. Yocum*
Acting Director, Specialty Examination Policy

SUBJECT: Interim Guidance on Contested Denials and Revocations of Form
637 Registrations

Purpose: To provide guidance on contested denials and revocations of Form 637 Registrations until IRM 4.24.23, Operational Procedures and Responsibilities for Form 637 Excise Tax Registrations and Secure Airport Terminals (SATs), and IRM 4.24.24, Form 637 Registration Files: Administrative Procedures for Initial Applications and Case Reviews, are revised.

Background/Source(s) of Authority: Contested denials and revocation cases are those where the registrant objects in writing to the revocation of the registration and has provided a written appeal within 10 calendar days from the date Letter of Revocation was issued. Currently the designated Lead Technician (LT) in the Form 637 Registration Group documents the receipt of the registrant's appeal into the IMS case file. Uploads the appeal into the IMS case file and forwards to the registration group manager to review.

Procedural Change: Effective immediately, contested denials or revocation cases will be held at the group level until the appeal period has ended and registrations will not be denied or revoked until a final determination is made.

Effect on Other Documents: This guidance will be incorporated into IRM 4.24.23 and IRM 4.24.24, within two years of issuance.

Effective Date: October 22, 2025

Contact: If you have any questions concerning this guidance, please contact Diane Williams, Excise Tax Policy Analyst.

Attachment: A – IRM 4.24.23 Updates
B – IRM 4.24.24 Updates

Distribution: IRS.gov (<https://www.irs.gov>)

Attachment A – IRM 4.24.23 Updates

The following changes for IRM 4.24.23 are effective immediately upon issuance.

4.24.23.7.1, Excise Group Manager Responsibilities and Procedures (only the following items in paragraph 1 are revised as follows)

- e. Signing and issuing the appropriate registration letter to the applicant or registrant based on the examiner's recommendation.
Note: The registration group manager does not issue letters for excise group cases unless the determination is appealed and group manager has reviewed the appeal and determined a revocation or denial should proceed.
- g. Confirming the examiner prepared and faxed Form 2363, Master File Entity Change to Centralized Case Processing on approved, as well as uncontested revoked registrations.
- i. Updating the IMS case file to Status 90 in IMS for approved, continued, uncontested denials or revocations.
- j. Updating the IMS case file to Status 70 in IMS when a change in ownership occurs or when a contested denial or revocation case is appealed, and the examiner and group manager recommend denying the appeal.

4.24.23.9, Procedures Relating to Denials or Revocations of Registrations (paragraph 7, 9, 13, and 15 - 20 are revised as follows)

(7) The group manager will:

- a. Review the IMS case file and detail concurrence and the basis for the denial or revocation on the Case Level Activity Record in IMS. If the group manager does not concur with the denial or revocation, then they will return the IMS case file to the examiner for further action.
- b. Prepare, sign, and mail Letter 3685, Denial of Excise Tax Registration, or Letter 3691, Letter of Revocation, to the applicant or registrant. Letters will include the group manager's address and contact information.
- c. Refer to IRM 4.24.24.5.1 for additional information.
- d. Document all actions taken on the Case Level Activity Record in IMS.
- e. Update to Status 90 in IMS.
- f. Close the case on ERCS.

(9) The group manager will:

- a. Review the IMS case file and detail concurrence and the basis for the denial or revocation on the Case Level Activity Record in IMS. If the group manager does not concur with the denial or revocation, then they will return the IMS case file to the examiner for further action.
- b. Offer a conference with the applicant or registrant to discuss the unagreed issues.
- c. Document the Case Level Activity Record in IMS that a conference was offered to the applicant or registrant, the outcome of the conference, if applicable, and concurrence with the examiner's recommendation.
- d. Prepare, sign and mail Letter 3685 or Letter 3691 to the applicant or registrant and include the Form 886-A prepared by the examiner. Letter 3685 and Letter 3691 will include the group manager's address and contact information.
- e. Upload a signed copy of letter into the IMS case file.
- f. Document all actions taken on the Case Level Activity Record in IMS.

- g. Hold the case file for 15 days to see if an appeal is received.

(13) If an applicant or registrant appeals a denial or revocation, then the group manager for field cases or designated LT for registration group cases must document and upload the receipt of the applicant's or registrant's appeal in the IMS case file.

(15) If the group manager concurs with the appeal the following actions will be taken:

- a. Prepare and issue Letter 3689, Approval of Excise Tax Registration or Letter 3690, Final Determination of Appeal for Revocation of Excise Tax Registration to the registrant indicating approval or continuation of the registration.
- b. Upload a copy of the signed Letter into IMS.
- c. Document all actions taken on the Case Level Activity Record in IMS.
- d. Approve or continue the registration in IMS.
- e. Update the case to Status 90 (Complete) in IMS.
- f. Close the case on ERCS.

(16) If the group manager does not concur with the appeal, then the case will be processed as a denial or revocation case and the following actions will be taken:

- a. Upload a copy of the appeal into IMS.
- b. Document all actions taken on the Case Level Activity Record in IMS including concurrence with the revocation.
- c. Update the case to Status 70 (LT Review from Field) in IMS.
- d. Close the case on ERCS.

(17) The IMS case file will be forwarded to the registration group manager to review prior to meeting with the Chief, Estate & Gift/Excise Tax Exam.

(18) If the Chief, Estate & Gift/Excise Tax Exam, concurs with the denial or revocation, then the applicant or registrant will be issued Letter 3684 or Letter 3690 indicating denial or revocation of the registration accordingly. Once the appropriate letter has been signed by the Chief, Estate & Gift/Excise Tax Exam, the letter will be forwarded to the registration group manager to be issued and uploaded into the IMS case file.

(19) If the Chief, Estate & Gift/Excise Tax Exam determines the registration should be granted or continued, then the IMS case file will be updated to the designated LT who will update the IMS Form 637 Registration status to "approved" or "continued." The designated LT must issue Letter 3689 or Letter 3690 indicating approval or continuance of the registration and ensure the Form 637 indicator is updated on the BMF account in IDRS if applicable. The designated LT must document the Case Level Activity Record in IMS and upload a copy of the letter into the IMS case file.

(20) In non-contested revocations, Form 2363 will be used to remove the Form 637 indicator from the BMF account in IDRS. This action shall be documented on the Case Level Activity Record in IMS.

Attachment B – IRM 4.24.24 Updates

The following changes for IRM 4.24.24 are effective immediately upon issuance.

4.24.24.3, Form 637 Registration Group – IMS Process

(paragraph 5 is revised as follows)

(5) IMS is utilized by group managers to:

- a. Assign cases to examiners.
- b. Review cases currently in process.
- c. Approve the examiner's recommendation regarding an applicant or registrant.
- d. Prepare Letter 3689, Approval of Excise Tax Registration, Letter 3696, Form 637 Compliance Review Summary, and/or Letter 5023, Change in Form 637 Registration Number.
- e. Prepare Letter 3684, Final Denial of Appeal for Registration, Letter 3685, Denial of Excise Tax Registration, Letter 3690, Final Denial of Appeal for Revocation of Excise Tax Registration, or Letter 3691, Letter of Revocation.
- f. Return the IMS case file to the examiner, if warranted.
- g. Return the IMS case file to the LT, if warranted.

4.24.24.4.5.2, Status 65 - Required Actions to Deny Applications or Revoke Registrations for Form 637 Registration Group Cases (paragraphs 2, 6 and 7 are revised as follows)

(2) The LT or the TE will:

- a. Prepare and issue Letter 3685 or Letter 3691 to the applicant or registrant with reasons for the denial or revocation.
- b. Upload a copy of the signed letter into the IMS case file.
- c. If the denial or revocation is contested, hold the case for 15 days to see if an appeal is received.

(6) If after review of the appeal the LT determines the registration process should continue then they will follow procedures in IRM 4.24.24.4.7(6).

(7) If the LT determines that the registration process should not continue, then the LT will forward the IMS case file to the registration group manager who will follow the contested denials and revocations procedures found in IRM 4.24.23.9, Procedures Relating to Denials or Revocations of Registrations.

4.24.24.4.7, Status 80 Final Determination by LT – Procedures (paragraphs 3 and 4 are revised as follows, and paragraphs 5, 6 and 7 are added as follows)

(3) When an IMS case file is assigned to Status 80 for a final disposition, the LT (or delegate) will:

- a. Prepare the applicable Form 637 Registration letter(s) or other correspondence to the applicant or registrant and sign the registration group manager's name or stamp the registration group manager's name using a signature stamp, if available.
- b. Scan and upload signed letter(s) into the IMS case file under "Administrative Issue" section and mail original letter to the applicant or registrant.
- c. If the case is a contested denial or revocation case, hold the case for 15 days to see if an appeal is received.
- d. If the case is not a contested denial or revocation case, input or remove the Form 637 Indicator from the BMF account in IDRS, change the IMS case status to "Complete Review" and update to Status 90.

(4) If an appeal is not received on a contested denial or revocation case, the LT will:

- a. Change the IMS case status to "Complete Review."
- b. Update the case to Status 90.

- c. Remove the Form 637 Indicator from the BMF account in IDRS, if applicable.
- (5) If an appeal is received on a contested denial or revocation case, the LT will:
- a. Upload a copy of the appeal into IMS.
 - b. Review and address the appeal within 14 days.
- (6) If the LT concurs with the appeal, the following actions will be taken:
- a. Prepare and issue Letter 3689, Approval of Excise Tax Registration or Letter 3690, Final Determination of Appeal for Revocation of Excise Tax Registration to the registrant indicating approval or continuation of the registration.
 - b. Upload a copy of the signed Letter into IMS.
 - c. Document all actions taken on the Case Level Activity Record.
 - d. Approve or continue the registration in IMS.
 - e. Update IMS case file to Status 90
- (7) If the LT does not concur with the appeal, then the LT will document the Case Level Activity Record in IMS with reason for non-concurrence and forward the case file to the registration group manager.

4.24.24.4.8, Status 85 Final Disposition by TE – Procedures (paragraphs 1 and 2 are revised as follows, and paragraph 3 is added as follows)

- (1) Once the final determination has been made by the LT to approve a registration or the registration group manager to deny or revoke a registration, applicable Form 637 Registration correspondence will need to be prepared and sent to the applicant or registrant. The TE assigned to an IMS case file in IMS Status 85 will:
- a. Prepare the applicable Form 637 Registration letter(s) or other correspondence to the applicant or registrant and sign the registration group manager's name or stamp the registration group manager's name using a signature stamp, if available.
 - b. Scan and upload signed letter(s) into the IMS case file under "Administrative Issue" section and mail original letter to the applicant or registrant.
 - c. If the case is a contested denial or revocation case, hold the case for 15 days to see if an appeal is received.
 - d. If the case is not a contested denial or revocation case, Forward Form 2363, request to have the Form 637 indicator added or removed from the BMF account. Refer to IRM 4.24.24.5.1 for additional information.
 - e. Document all actions taken on the Case Level Activity Record in IMS.
- (2) If the case is an approval, denial, or revocation that is not appealed, the TE will update the IMS case file to Status 90. The IMS case file is now finalized in IMS.
- (3) If an appeal is received on a contested denial or revocation, the TE will:
- a. Upload a copy of the appeal into IMS.
 - b. Document that an appeal was received on the Case Level Activity Record in IMS.
 - c. Update the case to status 80.