



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.1.9

JANUARY 3, 2025

EFFECTIVE DATE

(01-03-2025)

PURPOSE

- (1) This transmits revised IRM 4.1.9, Planning and Special Programs, International Features.

MATERIAL CHANGES

- (1) IRM 4.1.9.1: Updated to conform with IRM 1.11.2.2.4 by removing Program Goals and replacing with Primary Stakeholders. In addition, added Contact Information.
- (2) IRM 4.1.9.1.1: Updated for better readability and update the program areas.
- (3) IRM 4.1.9.1.2: Added 2 policy statements to show guidelines followed by WEIC PSP.
- (4) IRM 4.1.9.1.3: Updated to conform with IRM 1.11.2.2.4 by adding responsibilities for additional roles.
- (5) IRM 4.1.9.1.4: Updated list for parallel structure.
- (6) IRM 4.1.9.1.6: Removed CNMI and POD from the acronyms table after subsections related were removed. Added Director of Field Operations (DFO) and Exchange & Offshore Strategy (EOS) to the acronyms table.
- (7) IRM 4.1.9.1.7: Added this new subsection to conform with IRM 1.11.2.2.4.
- (8) IRM 4.1.9.2: Added "International" to the subsection title to better clarify the types of returns in WEIC PSP. Also, added note to show that DIF is not generally applicable to international returns. Updated to position title to program manager from prior titles of chief or territory manager. In addition, added link to the LB&I project codes.
- (9) Former IRM 4.1.9.2.1, Project Codes: Subsection was removed after a project codes list link was added to IRM 4.1.9.2.
- (10) Former IRM 4.1.9.4, Form 5074: Allocation of Individual Income Tax to Guam or the Commonwealth of the Northern Mariana Islands: Subsection was removed because of changes of work in WEIC PSP.
- (11) IRM 4.1.9.4: Moved former IRM 4.1.9.5.2, Special Returns, to this subsection.
- (12) IRM 4.1.9.5, Identification and Selection of International Returns: This is new information and shows additional types of work that WEIC PSP processes.
- (13) Former IRM 4.1.9.5, Special Instructions for International Returns: Subsection was removed.
- (14) Former IRM 4.1.9.5.1, DIF Returns: Subsection removed due to DIF returns generally not used for international returns. Added note to show this information in IRM 4.1.9.2.
- (15) Former IRM 4.1.9.5.2, Special Returns: Subsection was moved to IRM 4.1.9.4.
- (16) Former IRM 4.1.9.5.3, Computer Reports: Subsection removed because the information is now obsolete.
- (17) Former IRM 4.1.9.5.4, Ordering Returns: Subsection removed because the information is now obsolete.

- (18) Former IRM 4.1.9.5.5, Classification of Returns: Subsection information moved to new subsection IRM 4.1.9.6, Classification Overview.
- (19) IRM 4.1.9.6, Classification Overview: Former IRM 4.1.9.5.5, Classification of Returns, was moved to this new subsection with title update.
- (20) IRM 4.1.9.7, Delinquent Return Received After Substitute for Return (SFR) 150 Posting: This is a new subsection to provide additional guidance.
- (21) Exhibit 4.1.9-1, Applications Used in the Classification of Returns: Exhibit was added to show applications used and the entitlements required.
- (22) Updated the practice area name change throughout to Withholding, Exchange and International Individual Compliance (WEIIC).
- (23) Minor editorial changes were made throughout this IRM. Form and IRM references were reviewed and updated as necessary. Links were also updated throughout this IRM.

EFFECT ON OTHER DOCUMENTS

IRM 4.1.9 dated November 21, 2019 is superseded.

AUDIENCE

Withholding, Exchange and International Individual Compliance (WEIIC), Planning and Special Programs (PSP) employees

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4.1.9

International Features

Table of Contents

4.1.9.1 Program Scope and Objectives

4.1.9.1.1 Background

4.1.9.1.2 Authority

4.1.9.1.3 Responsibilities

4.1.9.1.4 Program Management and Review

4.1.9.1.5 Program Controls

4.1.9.1.6 Acronyms

4.1.9.1.7 Related Resources

4.1.9.2 Identification of International Returns

4.1.9.3 Foreign Information Documents

4.1.9.4 Special Returns

4.1.9.5 Identification and Selection of International Returns

4.1.9.6 Classification Overview

4.1.9.7 Delinquent Return Received After Substitute for Return (SFR) 150 Posting

Exhibits

4.1.9-1 Applications Used in the Classification of Returns

4.1.9.1
(01-03-2025)
Program Scope and Objectives

- (1) **Purpose:** This IRM section describes unique characteristics of international returns.
- (2) **Audience:** The primary users of this IRM are Withholding, Exchange and International Individual Compliance (WEIIC), Planning and Specialty Program (PSP) employees.
- (3) **Policy Owner:** LB&I Policy under the Strategy, Policy and Governance office in the Assistant Deputy Commissioner Compliance Integration (ADCCI) organization and the Director of WEIIC Practice Area.
- (4) **Program Owner:** The Director of Field Operations (DFO), Exchange & Offshore Strategy (EOS), is responsible for administering this program.
- (5) **Primary Stakeholders:** Examination teams assigned returns with international features from WEIIC PSP are the primary stakeholders of this IRM.
- (6) **Contact Information:** To recommend changes or to make any other suggestions to this IRM section, contact the IRM author or see SPDER's IMD Contacts List by referencing guidelines provided in IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside of Clearance. A request or inquiry can also be made on the *LB&I Policy Gateway*.

4.1.9.1.1
(01-03-2025)
Background

- (1) WEIIC PSP has responsibility for the classification and assignment of cases involving the following types of taxpayers:
 - U.S. citizens living and working abroad or in a U.S. Territory/Possession,
 - U.S. citizens or resident aliens who hold income producing assets in a foreign country **and** claim the foreign earned income exclusion or foreign tax credit, **or**
 - Permanent residents and non-resident aliens who have a U.S. filing requirement
- (2) WEIIC PSP area is comprised of four program areas, each with different missions and responsibilities, as follows:
 - a. WEIIC Support
 - b. WEIIC Classification
 - c. WEIIC Identification
 - d. WEIIC Claims and Referrals Processing

4.1.9.1.2
(01-03-2025)
Authority

- (1) The development, implementation, and oversight of procedures specific to WEIIC PSP are within the purview of the Director, WEIIC.
- (2) IRM 1.2.1.2.36, Policy Statement 1-236, Fairness and Integrity in Enforcement Selection, and IRM 1.2.1.5.10, Policy Statement 4-21, Selection of returns for examination, provide the basic guidelines followed by WEIIC PSP.

4.1.9.1.3
(01-03-2025)
Responsibilities

- (1) The Director, WEIIC, is responsible for the development, implementation and oversight of the foreign payments, international individual compliance, exchange of information, offshore compliance functions, and related supporting program initiatives.
- (2) The Director of Field Operations (DFO), Exchange & Offshore Strategy (EOS), is the executive responsible for the WEIIC PSP program.

- (3) The WEIIC PSP program manager is responsible for providing oversight and administration of the procedures in this IRM. The program manager supervises frontline managers and operation staff. The program manager reports progress on their respective program area level projects to the DFO, EOS.
- (4) WEIIC PSP team managers are responsible for monitoring and overseeing work of WEIIC PSP employees. Team managers provide progress reports on their team level projects to the program manager.
- (5) WEIIC PSP employees are responsible for timely completion of assigned work and should be familiar with the examination procedures and information contained in this IRM. Also, WEIIC PSP employees should be aware of the applicable procedures in other examination IRM chapters, as cited or linked.

4.1.9.1.4
(01-03-2025)

Program Management and Review

- (1) **Program Reports:** Director, WEIIC Practice Area prepares periodic briefing reports for the LB&I commissioner focusing on:
 - a. Significant accomplishments and opportunities for improvement
 - b. Implemented changes in procedures
 - c. Operational, technical, and staffing updates
 - d. Any other key information
- (2) **Program Effectiveness:** The efficiency of the classification procedures is measured through combined business results of the teams that make up the WEIIC Practice Area.

4.1.9.1.5
(11-21-2019)

Program Controls

- (1) Headquarters analyzes audit results, performs program reviews, and monitors rule-based applications used to select inventory. The results are used to make data-based decisions to improve program quality, improve case selection, and to ensure the integrity of the selection methods.
- (2) The WEIIC director identifies goals and objectives to be achieved by the organization, compiles periodic reports from the director of field operations and reports to LB&I executive management on a regular basis via the director's briefings.

4.1.9.1.6
(01-03-2025)

Acronyms

- (1) The following is a list of frequently used acronyms in this program:

| Acronym | Term |
|---------|----------------------------------|
| DFO | Director of Field Operations |
| DIF | Discriminant Index Function |
| EOS | Exchange & Offshore Strategy |
| LB&I | Large Business and International |
| PSP | Planning and Specialty Programs |
| RA | Revenue Agent |
| TCO | Tax Compliance Officer |
| TE | Tax Examiner |
| USVI | U.S. Virgin Islands |

| Acronym | Term |
|---------|---|
| WEIIC | Withholding, Exchange & International Individual Compliance |

4.1.9.1.7
(01-03-2025)
Related Resources

- (1) For information regarding EOS's current leadership team, see the WEIIC page in the LB&I Organizational Chart located under LB&I Offices on *LB&I Source*.
- (2) For additional information regarding the WEIIC Practice Area, see *LB&I Organizations - Withholding Exchange and International Individual Compliance (WEIIC)*.

4.1.9.2
(01-03-2025)
Identification of International Returns

- (1) The WEIIC PSP program manager is responsible for ensuring all returns with international characteristics are classified at the campus before sending them to the relevant examination areas.
- (2) All returns with international characteristics will be classified by WEIIC PSP teams.

Note: The mathematical discriminant index function (DIF) formulas for individual returns are not generally applicable to international returns identified for LB&I.

- (3) Individuals responsible for the classification of returns will do the following:
 - a. Identify returns they select for possible examination or those they will associate with returns already under examination as "international."
 - b. Ensure the Form 3210, Document Transmittal, sent to the examination area PSP program manager states the returns were selected for "international", and includes special instructions for returns that should be associated with the related return of another area or a return that is part of a national or area coordinated examination.
 - c. Assign the applicable project code to returns selected before sending them to the area. All LB&I project codes can be found on the *Project and Tracking Code* page of the Exam Procedures Knowledge Base.

Note: When a return involves multiple programs, refer to the table in IRM 4.1.21.2.3(2).

4.1.9.3
(11-21-2019)
Foreign Information Documents

- (1) Income tax treaties and tax coordination agreements generally provide for the exchange of routine information relating to payments made to residents of the contracting countries (foreign information documents) and cover over claims. These documents reflect payments of dividends, interest, royalties, commissions, tax refunds, federal income tax withheld, etc. LB&I receives and processes the documents. For more information see IRM 4.60.1, Exchange of Information.
- (2) Foreign information documents showing individual taxpayers, Individual Master File, as recipients are subject to processing under the Information Returns Program.

4.1.9.4
(01-03-2025)
Special Returns

- (1) The same audit codes used for all individual returns apply when identifying individual returns as “special” returns. Many codes will not apply to Form 1040-NR, Form 1040-PR, and Form 1040-SS since the criteria for identifying these special features will not be present on these returns. For valid audit codes on international returns, see IRM 3.21.3.7.6, Audit Codes.

4.1.9.5
(01-03-2025)
Identification and Selection of International Returns

- (1) For classification, storage and delivery of selected returns, see IRM 4.1.5, Case Building, Classification, Storage and Delivery.
- (2) WEIC PSP also receives the following types of work:
 - a. Returns meeting LB&I active campaign criteria
 - b. Exchange of Information (EOI) referrals
 - c. Competent Authority determinations
 - d. John Doe Summons leads
 - e. Offshore Compliance Initiative (OCI) leads
 - f. Foreign Account Tax Compliance Act (FATCA) matching and research leads

4.1.9.6
(01-03-2025)
Classification Overview

- (1) Tax examiners (TEs) from LB&I WEIC PSP will classify the following returns:
 - Form 1040NR - Schedule A expenses, moving expenses, student loan interest, erroneous refundable credits, treaty exclusions (teachers, researchers, foreign agricultural workers, gamblers)
 - Form 1040 – erroneous refundable credits, foreign earned income exclusion, treaty exclusions
 - Form 1040PR/SS – U.S. Territories underreported self-employment tax
 - U.S. Territories – Non-filed self-employment tax
- (2) Revenue agents (RAs) and tax compliance officers (TCOs) from LB&I WEIC PSP will classify the following returns:
 - Form 1040 with Form 2555 or Form 2555-EZ attached
 - Form 1040 with foreign addresses
 - Form 1040-PR
 - Form 1040-SS
 - Form 1040-NR
 - Army/Air Force Post Office/Fleet Post Office (APO/FPO) returns
 - U.S. Virgin Islands (USVI) Cover Over Claims and USVI Special Case Referrals

Note: For applications used in the classification of returns and instructions to request access, see Exhibit 4.1.9-1, Applications Used in the Classification of Returns.

4.1.9.7
(01-03-2025)
Delinquent Return Received After Substitute for Return (SFR) 150 Posting

- (1) If the TP filed a return with the campus after a substitute for return (SFR), transaction code (TC) 150 posting, a TC 976/977 will show on IDRS. TC 976/977 will also result in an -A freeze. Determine if there is an -A freeze present on the tax year.
- (2) When there **is** an -A freeze present for the tax year, determine if the case should be sent for examination. Follow the instructions on the table below for returns in status 08 or below:

| If | Then |
|--|--|
| The ASED has less than 12 months remaining (or as designated by management) | <ol style="list-style-type: none"> 1. Advise Accounts Management to process the return 2. Monitor for posting 3. Survey before assignment |
| The ASED has more than 12 months remaining (or as designated by management) | <ol style="list-style-type: none"> 1. Advise Accounts Management to process the return 2. Select the return and route to the field accordingly |
| It has been determined not to send the case for examination | <ol style="list-style-type: none"> 1. Advise Accounts Management to process the return 2. Monitor for posting 3. Survey before assignment |

- (3) When there **is not** an -A freeze present for the tax year, determine if the case should be forwarded for examination. Follow the instructions on the table below for returns in status 08 or below:

| If | Then |
|--|---|
| The ASED has less than 12 months remaining (or as designated by management) | <ol style="list-style-type: none"> 1. Input a TC 971 AC 282 using return received date in the Tran Date field. This updates the master file (MF) to show that examination secured a delinquent return. 2. Ensure a digital copy of the return is placed with the case file and the original return is sent to be processed. 3. Survey before assignment. |
| The ASED has more than 12 months remaining (or as designated by management) | <ol style="list-style-type: none"> 1. Input a TC 971 AC 282 using return received date in the Tran Date field. This updates the master file (MF) to show that examination secured a delinquent return. 2. Ensure a digital copy of the return is placed with the case file and the original return is sent to be processed. |

| If | Then |
|------------------------------------|--|
| The return was not selected | <ol style="list-style-type: none">1. Input a TC 971 AC 282 using return received date in the Tran Date field. This updates the master file (MF) to show that examination secured a delinquent return.2. Mail the original delinquent return to Submission Processing using procedures in IGM SBSE-04-0724-0044, Procedures for Nonfiler Electronic Case Files, under IRM 4.12.1.X, Delinquent Return Secured - Digitizing and Submitting, until IRM 4.12.1 is updated.3. Survey before assignment. |

Exhibit 4.1.9-1 (01-03-2025)**Applications Used in the Classification of Returns**

The following applications are used by WEIC PSP:

1. eClassifier is an application used to facilitate electronic classification and provides feedback measurements from classifiers that identify non-compliant activity. Classifiers should request entitlement **PROD USERS LBI – ECLASSIFIER CLASSIFIER (LBI WORKLOAD IDENTIFICATION SYSTEM-LWIS)** in *Business Entitlement Access Request System (BEARS)*.
2. WEIC Tracker (formerly known as FRC2 Tracker) is an application used to manage the supply of classified cases for distribution to Exam. Classifiers should request entitlement **PROD USERS LBI – FRC2TRACKER CLASSIFIER (ARL)** in BEARS.

