



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.23.23

APRIL 3, 2023

EFFECTIVE DATE

(04-03-2023)

PURPOSE

- (1) This transmits revised IRM 4.23.23, Employment Tax, Employment Tax Workload Selection and Delivery.

MATERIAL CHANGES

- (1) This transmittal reissues existing procedures. Editorial changes have been made throughout this IRM. Web page links, business unit title changes, legal references, and IRM references were reviewed and updated as necessary.

IRM Section	Material Change
4.23.23.1.3, Program Reports and Monthly Briefings	Updated procedures for ET-WSD gatekeeper establishing selected cases.
4.23.23.2.1, Examination Workplan Development	Added new Employment Tax plan category: "Employment Tax Credits"
4.23.23.3.1, Referrals	Added new internal referral work source, "COVID-19 Return Integrity & Compliance Services (RICS) Referrals"
4.23.23.3.1.1.6, Prompt Determination Requests	Updated section to include language that selected prompt determination requests are "expedite" cases.
4.23.23.3.1.1.9, Tickler File Referrals	Updated to account for the electronic delivery of referrals from Employment Tax Examination, consistent with Interim Guidance Memorandum (IGM) SBSE-04-0722-0048, Emailing Documents to Employment Tax - Workload Selection and Delivery.
4.23.23.3.1.1.10.1, Whistleblower Type A Claims	Added Whistleblower Type A tracking code for selected cases, clarified procedures for establishment and assignment of selected Whistleblower Type A cases, added disposal code for surveyed Whistleblower Type A cases, and updated procedures for rejected and denied claims.

IRM Section	Material Change
4.23.23.3.1.1.10.2, Whistleblower Type B Claims	Updated the status and source code, for Whistleblower Type B cases in SME review, added tracking code for Whistleblower Type B cases, added source code for selected Whistleblower Type B cases, included language that selected cases are “expedite” cases, and clarified survey procedures for Whistleblower Type B cases.
4.23.23.3.1.1.10.3, Form 3949-A Referrals	Updated routing of Form 3949-A referrals to Ogden Campus due to the Fresno Campus closing in 2021.
4.23.23.3.1.1.11, COVID-19 Return Integrity and Compliance Services (RICS) Referrals	New section added to provide procedures for COVID-19 RICS referrals.
4.23.23.3.1.2.3, Questionable Employment Tax Practices Referrals	Updated to account for the electronic delivery of referrals from Employment Tax Examination, consistent with IGM SBSE-04-0722-0048.
4.23.23.3.1.3.1, Classification Settlement Program Referrals	Updated to account for the electronic delivery of referrals from Employment Tax Examination, consistent with IGM SBSE-04-0722-0048.
4.23.23.3.1.3.2, Voluntary Classification Settlement Program Referrals	Updated to account for the electronic delivery of referrals from Employment Tax Examination, consistent with IGM SBSE-04-0722-0048.
4.23.23.3.1.3.3, Voluntary Closing Agreement Program Procedures	Updated to include language that selected cases are “expedite” cases.
4.23.23.3.1.4, Receipt and Tracking of Referrals	Removed language regarding the paper receipt of Tickler File referrals to account for the electronic delivery of referrals from Employment Tax Examination, consistent with IGM SBSE-04-0722-0048. Modified procedures so that electronically received referrals follow the same process as referrals received in the mail.

IRM Section	Material Change
4.23.23.3.2, Claims for Refund, Audit Reconsideration, and Doubt as to Liability	Added new claim type, "Employee Retention Credit Claims and Sick and Family Leave Claims."
4.23.23.3.2.1, Claims for Refund	Editorial changes made to provide clarity to claims for refund procedures and included language that selected cases are "expedite" cases.
4.23.23.3.2.2, Employee Retention Credit Claims and Sick and Family Leave Credit Claims	New section added to provide procedures for employee retention credit claims and sick and family leave credit claims.
4.23.23.3.2.3, Audit Reconsideration	Clarified the procedures for audit reconsideration requests and included language that selected cases are "expedite" cases.
4.23.23.3.2.4, Doubt as to Liability	Included language that selected cases are "expedite" cases.
4.23.23.3.2.5, Railroad Retirement Act Claims and Referrals	Included language that selected claim cases are "expedite" cases.
4.23.23.3.4, Leads	Added new lead work source: "COVID-19 Employer Credits"
4.23.23.3.4.5, Tip Employer Leads	Clarified ET-WSD's role in the classification of Form 8027 leads.
4.23.23.3.4.5.1, Form 4137 Tip Compliance Program Leads	Clarified the role of the ECS senior data analyst and ET-WSD compliance intelligence analyst in providing Form 4137 leads to the National Tip Compliance Reporting Program.
4.23.23.3.4.5.2, Form 8027 Leads	Clarified the role of the ECS senior data analyst and ET-WSD compliance intelligence analyst in the creation of the Form 8027 Annual Database (Single Year Tables) for End Users, and added the role of ET-WSD in the classifying of Form 8027 leads.
4.23.23.3.4.6, COVID-19 Employer Credit Leads	New section added to provide procedures for COVID-19 Employer Credit leads.

IRM Section	Material Change
4.23.23.3.4.6.1, COVID-19 True-Up	New section added to provide procedures for COVID-19 true-up leads.
4.23.23.3.4.6.2, COVID-19 Employer Credits	New section added to provide procedures for COVID-19 Employer Credit leads.
4.23.23.5.2, Classification	Changed title for clarity to “Classification” and added new work sources classified by ET-WSD Coordinators: Form 8027, COVID-19 Return Integrity and Compliance Services Referrals (RICS) Referrals, and COVID-19 Employer Credit Leads.
4.23.23.5.3, Procedures for Selected Cases	Updated procedures to remove language about establishing selected cases in status 10 and clarifying that the ET-WSD gatekeeper establishes selected cases.
4.23.23.6.1, Examination Inventory Ordering	Changed the timing of when the ET-WSD compliance intelligence analysts prepares the electronic order forms to the 2nd Monday of the month. Clarified that the completed order is due back from Exam on the following Friday after receipt of the order form. Clarified that the ET-WSD manager may reach out to an Exam group and recommend changes to the order based on Exam workplan priorities.
4.23.23.6.2, Examination Inventory Order Filling and Delivery	Added language to send expedited cases to Exam first in filling the order and that Exam groups that do not order returns will receive their expedited inventory when the order is filled for the month. Listed out the cases that are considered to be “expedite” cases.
Exhibit 4.23.23-1, Terms/Definitions and Acronyms	Added acronyms to the “Table listing terms and acronyms used within this IRM”

EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 4.23.23 dated June 29, 2021.

AUDIENCE

This section is for SB/SE Examination Case Selection (ECS) - ET-WSD employees.

Rania M. Abumeri
Director, Exam Case Selection
Small Business/Self Employed Division

4.23.23

Employment Tax Workload Selection and Delivery

Table of Contents

4.23.23.1 Program Scope and Objectives

4.23.23.1.1 Authority

4.23.23.1.2 Roles and Responsibilities

4.23.23.1.3 Program Reports and Monthly Briefings

4.23.23.1.4 Program Controls

4.23.23.1.5 Terms/Definitions and Acronyms

4.23.23.1.6 Fairness in Case Selection

4.23.23.1.7 Taxpayer Rights

4.23.23.1.7.1 Confidentiality of Taxpayer Information - Taxpayer Privacy

4.23.23.2 Examination Workplan, Prioritization of Plan Categories, and Monitoring of ET-WSD Inventory

4.23.23.2.1 Examination Workplan Development

4.23.23.2.1.1 Workplan Monitoring

4.23.23.2.2 Prioritizing Plan Categories

4.23.23.2.3 Monitoring ET-WSD Inventory

4.23.23.3 Employment Tax Sources of Work

4.23.23.3.1 Referrals

4.23.23.3.1.1 Internal Referrals

4.23.23.3.1.1.1 Accounts Maintenance Research Hold Referrals

4.23.23.3.1.1.2 Bank Secrecy Act (BSA) Referrals

4.23.23.3.1.1.3 Collection Referrals

4.23.23.3.1.1.4 Criminal Investigation (CI) Referrals

4.23.23.3.1.1.5 Penalty Abatement Requests from Collections

4.23.23.3.1.1.6 Prompt Determination Requests

4.23.23.3.1.1.7 Return Preparer Referrals

4.23.23.3.1.1.7.1 Program Action Case (PAC) Procedures for Employment Tax

4.23.23.3.1.1.8 SS-8 Unit Referrals

4.23.23.3.1.1.9 Tickler File Referrals

4.23.23.3.1.1.10 Whistleblower Claims and Informant Referrals

4.23.23.3.1.1.10.1 Whistleblower Type A Claims

4.23.23.3.1.1.10.2 Whistleblower Type B Claims

4.23.23.3.1.1.10.3 Form 3949-A Referrals

4.23.23.3.1.1.11 COVID-19 Return Integrity and Compliance Services (RICS) Referrals

4.23.23.3.1.2 External Referrals

4.23.23.3.1.2.1 Department of Labor Referrals

4.23.23.3.1.2.2 Occupational Safety and Health Administration Referrals

-
- 4.23.23.3.1.2.3 Questionable Employment Tax Practices Referrals
 - 4.23.23.3.1.3 Settlement Program Referrals
 - 4.23.23.3.1.3.1 Classification Settlement Program Referrals
 - 4.23.23.3.1.3.2 Voluntary Classification Settlement Program Referrals
 - 4.23.23.3.1.3.3 Voluntary Closing Agreement Program Procedures
 - 4.23.23.3.1.4 Receipt and Tracking of Referrals
 - 4.23.23.3.2 Claims for Refund, Audit Reconsideration, and Doubt as to Liability
 - 4.23.23.3.2.1 Claims for Refund
 - 4.23.23.3.2.2 Employee Retention Credit Claims and Sick and Family Leave Credit Claims
 - 4.23.23.3.2.3 Audit Reconsideration
 - 4.23.23.3.2.4 Doubt as to Liability
 - 4.23.23.3.2.5 Railroad Retirement Act Claims and Referrals
 - 4.23.23.3.3 Compliance Initiative Projects
 - 4.23.23.3.4 Leads
 - 4.23.23.3.4.1 Worker Classification Leads
 - 4.23.23.3.4.1.1 Employment Tax Examination Program
 - 4.23.23.3.4.1.2 Form SS-8
 - 4.23.23.3.4.1.3 Form 8919
 - 4.23.23.3.4.1.4 The Hacienda Form 480 (Puerto Rico)
 - 4.23.23.3.4.2 Officer Compensation Leads
 - 4.23.23.3.4.3 Non-Filer Leads - CAWR
 - 4.23.23.3.4.4 Fringe Benefits
 - 4.23.23.3.4.5 Tip Employer Leads
 - 4.23.23.3.4.5.1 Form 4137 Tip Compliance Program Leads
 - 4.23.23.3.4.5.2 Form 8027 Leads
 - 4.23.23.3.4.6 COVID-19 Employer Credit Leads
 - 4.23.23.3.4.6.1 COVID-19 True-Up
 - 4.23.23.3.4.6.2 COVID-19 Employer Credits
 - 4.23.23.4 Data and Lead Requests and Process Documentation
 - 4.23.23.4.1 Data and Lead Requests
 - 4.23.23.4.1.1 Procedures for Making Data and Lead Requests
 - 4.23.23.4.1.2 Procedures for Processing Lead Requests
 - 4.23.23.4.2 Lead Process Documentation, Security, and Retention
 - 4.23.23.5 Classification of Referrals and Leads
 - 4.23.23.5.1 Pre-Classification Planning
 - 4.23.23.5.2 Classification
 - 4.23.23.5.3 Procedures for Selected Cases
 - 4.23.23.5.4 Case Inserts
 - 4.23.23.6 Examination Inventory Ordering and Delivery

-
- 4.23.23.6.1 Examination Inventory Ordering
 - 4.23.23.6.2 Examination Inventory Order Filling and Delivery
 - 4.23.23.7 Surveying Cases
 - 4.23.23.8 Miscellaneous Procedures
 - 4.23.23.8.1 Operations Assistance Requests from Taxpayer Advocate Services
 - 4.23.23.8.2 Income Tax Referrals from Employment Tax Examination
 - 4.23.23.8.3 Form 4669 Statement of Payments Received

Exhibits

- 4.23.23-1 Terms/Definitions and Acronyms

4.23.23.1
(04-03-2023)
**Program Scope and
Objectives**

- (1) **Purpose-** IRM 4.23.23 establishes clear and consistent procedures for documentation of case selection, non-selection, and survey decisions. This IRM also establishes the related review and approval requirements for those decisions when providing cases for compliance activity It:
 - Establishes ET-WSD's role in the Examination work plan development.
 - Establishes the procedures for monitoring Employment Tax Examination inventory levels to ensure sufficient inventory is timely delivered to the field to meet the Examination work plan.
 - Establishes the standards and procedures for identifying Employment Tax leads.
 - Establishes the procedures for making a data request to ET-WSD.
 - Establishes the standards and procedures for the classification of employment tax leads and referrals.
 - Establishes the standards and procedures for the review of classification efforts.
 - Provides direction for the completion of field orders for selected returns.
 - Establishes the standards and procedures for surveying selected cases.
- (2) **Audience-** These procedures apply to IRS employees responsible for identifying, classifying, and processing Employment Tax compliance leads and referrals.
- (3) **Program Owner-** The Director, Examination Case Selection (ECS) is the program owner and responsible for Employment Tax Workload Selection and Delivery policies and procedures.
- (4) **Primary Stakeholders-**
 - ET-WSD
 - Specialty Examination - Employment Tax
 - Examination - Specialty Policy, Employment Tax Policy
- (5) **Program Goals-** The program goals are consistent with the mission of ET-WSD addressed in IRM 1.1.16.5.3.5, Employment Workload Selection and Delivery.
- (6) **Contact Information-** To recommend changes or make other suggestions related to this IRM section, see IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside of Clearance.

4.23.23.1.1
(04-03-2023)
Authority

- (1) Statutory Authority:
 - a. Internal Revenue Code (Title 26 of the US Code) Chapter 21, Federal Insurance Contributions Act (FICA).
 - b. Internal Revenue Code Chapter 22, Railroad Retirement Tax Act (RRTA).
 - c. Internal Revenue Code Chapter 23, Federal Unemployment Tax Act (FUTA).
 - d. Internal Revenue Code Chapter 24, Federal Income Tax Withholding.
 - e. Internal Revenue Code Chapter 25 General Provisions Relating to Employment Taxes and Collection of Income Tax at Source.
- (2) Policy Statement 4-21, Selection of Returns for Examination, states the primary objective in selecting returns for examination is to promote the highest degree of voluntary compliance on the part of taxpayers. This requires the exercise of professional judgment in selecting a sufficient number of all classes

of returns, in utilizing available experience and statistics indicating the probability of substantial error, and in making the most efficient use of examination staffing and other resources.

- (3) IRM 1.11.2.2.1, Supplemental Guidance, provides that organizations may issue supplemental guidance and local procedures to employees when the primary guidance is in the IRM. Supplemental guidance contains information that details how to perform or review a task. Supplemental sources must comply with published guidance and not supersede the IRM.
- (4) IRM 4.23.1.4, Purpose of IRM 4.23, provides the forms used by employers to report:
 - a. Federal Income Tax Withholding on employee wages;
 - b. Employer tax and employee tax (social security and Medicare) under FICA;
 - c. Tax under FUTA;
 - d. Employer tax and employee tax and the railroad employee representative tax under RRTA;
 - e. Income tax withholding on all non-payroll payments (interest, dividends, pensions, annuities, Individual Retirement Accounts (IRA), gambling winnings, etc.) and Backup Withholding;
 - f. Adjustments to employment taxes and refund claims for overpaid employment taxes ("X" forms that correspond and relate line-by-line to the employment tax return the employer is correcting.

4.23.23.1.2
(06-29-2021)

Roles and Responsibilities

- (1) The Director, ECS, is the executive responsible for the oversight and program coordination of workload selection and delivery of inventory for ECS.
- (2) The Program Manager, ECS, Employment Tax and Estate and Gift (Program Manager) is responsible for oversight of ET-WSD and Estate and Gift WSD operations.
- (3) The ET-WSD group manager is responsible for the oversight of ET-WSD.

4.23.23.1.3
(04-03-2023)

Program Reports and Monthly Briefings

- (1) **Program Reports:** Information regarding inventory levels and Examination work plan progress are included on, but not limited to, the following reports:
 - a. Inventory Monitoring Reports: Generated by the ET-WSD compliance intelligence analyst and provided to the ET-WSD group manager and ET-WSD gatekeeper:

Report Title	Report Description
Consumption Report	A planning and monitoring report that allows ET-WSD to estimate near term inventory needs, if any, in each Post of Duty (POD). The Consumption Report is provided monthly.

Report Title	Report Description
Inventory Wall Report	Leads and referrals selected as cases for compliance action (status 08) kept in virtual inventory available for field orders. The Inventory Wall Report is provided weekly. See IRM 4.23.23.6, Examination Inventory Ordering and Delivery.
Whistleblower Inventory Report	Whistleblower referrals selected as cases for compliance action (status 08) kept in a virtual inventory available for field orders. The Whistleblower Inventory Report is provided weekly and is also provided to the ET-WSD Whistleblower Coordinator. See IRM 4.23.23.3.1.1.10, Whistleblower Claims and Informant Referrals.

- b. Questionable Employment Tax Practices (QETP) Report: Generated quarterly by the ET-WSD compliance intelligence analyst, this report provides business results for QETP referrals by state. The QETP Report is saved on the ET-WSD secured shared drive. See IRM 4.23.23.3.1.2.3, Questionable Employment Tax Practices Referrals.
- c. Inventory Delivery Report: Generated on the first day of the month by the ET-WSD examination analyst, this report indicates plan category classification and delivery needs based on current status 08 and status 10 inventory. The report includes a written summary of monthly classification needs to deliver sufficient inventory for plan categories, as well as a written summary of the inventory required to be surveyed based on current inventory wall volume, inventory statutes, and Employment Tax Exam inventory needs.
- d. Monthly Reports from Small Business/Self-Employed (SB/SE) Performance, Planning, and Analysis (PPA):

Report Title	Report Description
Base Inventory Work in Process (WIP)	Assists with identifying whether enough work is in process for pro rata closures. The US Base worksheet provides plan categories by return and taxpayer, time on closures, year-to-date closures, and the number pro rata needed for the following months. The Taxpayer Base data reflects current pickup rates to project total closures.

Report Title	Report Description
New Starts	Plan categories actual new starts compared to planned new starts by each month of the fiscal year.
SB/SE Director Specialty Exam Employment Tax Program Report	Includes return closures, non-examined closures, inventory status, cycle time, etc.
Monitoring/Pivot Tables	Base data by numerous categories with underlying case data available. This worksheet allows a detailed understanding by many Audit Information Management System (AIMS) data categories by territory and group.

- e. WSD Results Report: Updated by the ET-WSD gatekeeper monthly and contains roll-up of cases classified in the prior month, broken down by tracking code and Employment Tax examination group code. WSD Results Report is saved on the ET-WSD secured shared drive.
- f. Case Listing Report: Weekly report of cases selected for the prior week generated and used by the ET-WSD gatekeeper for case establishment on AIMS/Examination Returns Control System (ERCS). Case Listing Report is saved on the ET-WSD secured shared drive.

(2) **Monthly Briefings:**

- a. ET-WSD coordinators/classifiers/analysts: By close of business on the first workday of each month, a monthly briefing document is due to the ET-WSD group manager that may be submitted by secured email. A template for this purpose will be provided by the ET-WSD group manager.
- b. ET-WSD group manager: Based on a schedule as determined by the Program Manager at the beginning of the fiscal year, a monthly briefing document must be timely submitted to the Program Manager. This monthly briefing may be submitted by secured email. A template for this purpose will be provided by the Program Manager.

4.23.23.1.4
(06-29-2021)

Program Controls

- (1) All information management systems have safeguard measures in place that address key components of Information Technology (IT) security requirements to restrict access to sensitive data.
- (2) Monthly, the ET-WSD group manager (or designee) will review 10 percent of employee classification efforts and survey decisions to ensure adherence to ECS policy. These reviews will be documented in a digitally signed memorandum or feedback form to be provided to the classifier. A spreadsheet logging the monthly reviews will be maintained by the ET-WSD group manager (or designee) on the ET-WSD secured shared network drive.
- (3) As part of the Program Review process, the Program Manager (or designee) will conduct an annual review of the ET-WSD group manager review in paragraph (2) of this section to ensure these reviews adhere to ECS policy.

4.23.23.1.5
(06-29-2021)
**Terms/Definitions and
Acronyms**

- (1) Refer to Exhibit 4.23.23-1, Terms/Definitions and Acronyms, for a list of the acronyms and definitions used in this IRM.

4.23.23.1.6
(06-29-2021)
**Fairness in Case
Selection**

- (1) Policy Statement P-1-236, Fairness and Integrity in Enforcement Selection, emphasizes the IRS mission statement that includes enforcing the tax law with integrity and fairness to all. The Taxpayer Bill of Rights (TBOR) includes taxpayers' right to a fair and just tax system. As IRS employees, we are expected to carry out our duties with integrity and fairness. Fairness and integrity therefore apply to how IRS administers tax laws to all taxpayers as well as how IRS employees interact with each taxpayer and each tax professional.
- (2) SB/SE supports administration of tax laws by selecting returns to audit. The primary objective in selecting returns for examination is to promote the highest degree of voluntary compliance on the part of taxpayers while making selection decisions. Employees must exercise their professional judgment, not personal opinions, in conducting their enforcement responsibilities. There are three parts to enforcing the tax law with integrity and fairness:
 - a. **To ensure fairness to the taxpaying public**, employees must take into account the responsibilities and obligations that all taxpayers share and pursue those individuals and businesses who don't comply with their tax obligations. In this way, employees are being fair to those who are compliant and that, in turn, helps promote public confidence in our tax system for all taxpayers.
 - b. **To ensure an equitable process for all taxpayers**, fairness and integrity are built into the foundation of our enforcement selection processes. These processes operate under a comprehensive set of checks and balances and safeguards to identify the highest potential noncompliance using scoring mechanisms, data driven algorithms, third-party information, whistleblower and information provided by the taxpayer. No one individual can control the enforcement selection decision-making processes, and we limit involvement to only those employees whose duties require involvement. This produces processes that are impartial and applied consistently to each taxpayer return.
 - c. **To ensure fairness to each taxpayer** whose return is selected, individual return selection decisions are based on the information contained on the taxpayer's return and/or the underlying relevant tax law. Managerial as well as quality reviews of selection decisions occur during each phase of the selection and assignment process.
- (3) SB/SE Program Level Objective is to ensure examinations are initiated based on indicators of non-compliance or on other criteria (such as selection for the National Research Program), identified in the Internal Revenue Manual. In addition, ensure a review of the decisions to survey a return (i.e. not initiate an examination) is based upon factors outlined in the Internal Revenue Manual and approved by an appropriate level of management.

4.23.23.1.7
(06-29-2021)
Taxpayer Rights

- (1) ET-WSD employees have the ongoing responsibility to ensure that all taxpayer rights are protected and observed, whether these rights are mandated by statute or provided as a matter of policy. For more information, refer to IRM 4.10.1.2, Taxpayer Rights.

- (2) Employees should review the Taxpayer Bill of Rights found at <https://www.irs.gov/taxpayer-bill-of-rights>.

4.23.23.1.7.1
(06-29-2021)

**Confidentiality of
Taxpayer Information -
Taxpayer Privacy**

- (1) The obligation to protect taxpayer privacy and to safeguard the information taxpayers entrust to us is a fundamental part of the IRS mission, which requires we apply the tax law with integrity and fairness to all. Taxpayers have the right to expect that the information they provide will be safeguarded and used only in accordance with the law.
- (2) For guidance concerning IRS privacy policy on the protection of tax information that includes Personally Identifiable Information (PII), Sensitive But Unclassified (SBU) data and tax information, refer to IRM 10.5.1, Privacy Policy.
- (3) For unauthorized access (UNAX) restrictions, refer to IRM 10.5.5, IRS Unauthorized Access, Attempted Access or Inspection of Taxpayer Records (UNAX) Program Policy, Guidance, and Requirements, and to IRM 4.10.1.2.1.12, Unauthorized Access (UNAX).

4.23.23.2
(06-29-2021)

**Examination Workplan,
Prioritization of Plan
Categories, and
Monitoring of ET-WSD
Inventory**

- (1) This section provides procedures for ET-WSD's role in the Examination workplan development and monitoring, prioritization of plan categories, and the monitoring of status 08 inventory.

4.23.23.2.1
(04-03-2023)

**Examination Workplan
Development**

- (1) An annual Employment Tax Examination workplan is developed by PPA in accordance with guidelines found in IRM 1.5, Managing Statistics in a Balanced Measurement System, and in Policy Statement P-1-236, Fairness and Integrity in Enforcement Selection. Plan information is used to determine program priorities with the allocation of resources, workload selection, and assessment of program effectiveness.
- (2) The Program Manager, the ET-WSD group manager, and the ECS senior data analyst are all responsible for providing input and assumptions to PPA towards development of the Examination workplan. Input traditionally provided by ECS includes:
 - a. Plan category coding information;
 - b. Anticipated mix and volume of plan categories;
 - c. Delivery of plan categories information; and
 - d. Identification of work.
- (3) The current Examination workplan includes the following Employment Tax plan categories:
 - a. Claims
 - b. Specialty Referral System
 - c. Non-Filer
 - d. Fringe Benefits
 - e. Worker Classification
 - f. Officer Compensation
 - g. Tip Employers
 - h. Training

- i. Employment Tax Credits
- j. Other Issues (e.g. Wage Under-Reporter)

4.23.23.2.1.1
(04-03-2023)
Workplan Monitoring

- (1) Workplan monitoring includes reviewing the number of returns and taxpayers started each month, the number of returns and taxpayers closed each month, and the number of returns and taxpayers in process to maintain optimal status 10 inventory in Employment Tax Examination for purposes of the new starts and closure plan.
- (2) The ET-WSD group manager is responsible for delivery of sufficient and appropriate inventory and monitoring workplan goals by reviewing the following:
 - a. Base Inventory Report (WIP) - See IRM 4.23.23.1.3, Program Reports and Monthly Briefings. Use the variances between WIP and base inventory levels in correlation with closures to determine starts needed.
 - b. New Starts - See IRM 4.23.23.1.3, Program Reports and Monthly Briefings. Monitor new starts as to number and type at the group level to assist with determining when to order inventory.
- (3) The review in paragraph (2) of this section will be documented monthly in the ET-WSD group manager monthly briefing. See IRM 4.23.23.1.3, Program Reports and Monthly Briefings. This review may result in changes to lead identification runs, when leads should be referred for classification, and compliance approach for specific lead types. Changes made to the lead identification process must also be documented consistent with IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention.
- (4) At least annually, the ET-WSD group manager, ET-WSD compliance intelligence analyst, and ECS senior tax analyst must review the current screening filters for lead identification for any proposed changes to lead identification consistent with IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention.

4.23.23.2.2
(06-29-2021)
Prioritizing Plan Categories

- (1) In general, the Program Manager and ET-WSD group manager prioritize plan categories consistent with guidance received from PPA, which addresses the following:
 - a. Accomplishment of workplan goals;
 - b. Next-best-case concept - inventory selected represents the next best case available; and
 - c. Training needs.
- (2) Plan categories may be re-prioritized for situations, such as inquiries from the U.S. Treasury Inspector General for Tax Administration (TIGTA) or Government Accountability Office (GAO) or urgent priority issues designated by senior management.
- (3) The ET-WSD group manager will review the prioritization of plan categories monthly and document the review in the monthly briefing. See IRM 4.23.23.1.3, Program Reports and Monthly Briefings.

4.23.23.2.3
(04-03-2023)
**Monitoring ET-WSD
Inventory**

- (1) To ensure sufficient appropriate inventory to meet workplan goals, the ET-WSD group manager is responsible for monitoring the inventory wall (status 08) by reviewing the following on a weekly basis:
 - a. Inventory Monitoring Reports and Inventory Delivery Report - see IRM 4.23.23.1.3, Program Reports and Monthly Briefings. The review should ensure that unassigned inventory in status 08 is at minimal levels to allow change of direction to meet program needs. As a general rule, the inventory should not exceed three months of new starts.
 - b. Inventory of referrals awaiting classification - see IRM 4.23.23.3.1, Referrals, regarding the process for referrals.
 - c. Classification dispositions with reasons for leads selected and non-selected, consistent with IRM 4.23.23.1.4, Program Controls.
- (2) In conducting the review in paragraph (1) of this section, the ET-WSD group manager should consider the following:
 - a. Whether any lead work source needs to be run to ensure the availability of appropriate workstreams to meet the workplan. See IRM 4.23.23.3.4, Leads.
 - b. The length of time a referral has been awaiting classification to ensure referrals are timely reviewed by an ET-WSD Classifier or Coordinator. See IRM 4.23.23.3.1, Referrals, regarding the process for referrals.
 - c. The criteria being used by ET-WSD classifiers and coordinators to classify leads and referrals for examination, to ensure that provided guidance is being followed in selecting cases to meet the workplan. See IRM 4.23.23.5.2, Classification.
 - d. Age and volume of wall inventory (status 08) to ensure timely surveying of cases due to age or other issues deeming the cases as no longer needed. See IRM 4.23.23.7, Surveying Cases.
- (3) The review in paragraph (1) of this section will be documented monthly in the ET-WSD group manager monthly briefing. See IRM 4.23.23.1.3, Program Reports and Monthly Briefings.

4.23.23.3
(06-29-2021)
**Employment Tax
Sources of Work**

- (1) This section provides information on Employment Tax sources of work that make up the plan categories for the Examination workplan and the general processes for each work source. The Employment Tax sources of work are:
 - a. Referrals
 - b. Claims, Audit Reconsiderations, and Doubt as to Liability (DATL)
 - c. Compliance Initiative Project (CIP)
 - d. Leads

4.23.23.3.1
(04-03-2023)
Referrals

- (1) Referrals contain information that may raise Employment Tax compliance issues and are provided to ET-WSD from internal IRS sources, as well as external sources, such as federal agencies, state agencies, and taxpayers.
- (2) The following is a list of current internal employment tax referral workstreams:
 - a. Accounts Maintenance Research Hold (AMRH)
 - b. Bank Secrecy Act (BSA)
 - c. Collections Referrals
 - d. Criminal Investigation (CI)
 - e. Penalty Abatement Requests from Collections

- f. Prompt Determination Requests
- g. Return Preparer Program
- h. SS-8 Unit Referrals
- i. Tickler File Referrals
- j. Whistleblower Claims and Informant Referrals
- k. COVID-19 Return Integrity & Compliance Services (RICS) Referrals

(3) The following is a list of current external employment tax referral workstreams:

- a. Department of Labor (DOL)
- b. Occupational Safety and Health Administration (OSHA)
- c. Questionable Employment Tax Practices (QETP)

(4) The following is a list of settlement program referrals:

- a. Classification Settlement Program (CSP)
- b. Voluntary Classification Settlement Program (VCSP)
- c. Voluntary Closing Agreement Process (VCAP)

(5) This section provides information on procedures applicable to all referrals prior to being sent to classification. It also provides referral work source specific instructions.

4.23.23.3.1.1
(06-29-2021)
Internal Referrals

(1) This section provides workstream specific guidance for internal referrals received by ET-WSD.

4.23.23.3.1.1.1
(04-03-2023)
**Accounts Maintenance
Research Hold Referrals**

- (1) ET-WSD receives unresolved account referrals from the Accounts Maintenance Research Hold (AMRH) unit for entities that have account freezes on employment tax return modules. Because these cases are resolved internally by ET-WSD or sent to SB/SE Campus Examination Centralized Specialty Tax Operations Centralized Excise Department Team 203 (Team 203) to make the requisite account adjustments, AMRH referrals do not fall under a workplan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories. AMRH referrals are reviewed to clear a credit/debit balance or account freeze without taxpayer contact or additional assessments.
- (2) AMRH referrals are received in the mail. All AMRH request documentation mailed must be saved and logged consistent with the procedures for referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (3) AMRH referrals typically include the following documentation:
 - a. Form 13538, Consolidated Shipping Transmittal, and
 - b. Integrated Data Retrieval System (IDRS) research for command code TXMODA.
- (4) The ET-WSD Tax Examiner (TE) will notify the ET-WSD AMRH Referral Coordinator via secured email of receipt of the new AMRH referral after the referral is properly scanned and logged consistent with IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.

- (5) The ET-WSD AMRH Referral Coordinator will research IDRS command code TXMODA to determine whether the account has a debit balance, a credit balance, or a zero balance, as well as the appropriate freeze code on the account.
- (6) The ET-WSD AMRH Referral Coordinator will update the electronic AMRH referral log for the fiscal year and quarter the referral was received and save the updated log on the ET-WSD shared drive in the location for AMRH referrals. The referral log will include:
 - a. Name of taxpayer;
 - b. Taxpayer Identification Number (TIN);
 - c. State;
 - d. ZIP Code;
 - e. Master File Tax (MFT) code;
 - f. Tax period;
 - g. Date referral received;
 - h. Whether the referral is electronic;
 - i. Source;
 - j. Date classified;
 - k. Classifier (Coordinator);
 - l. Comments; and
 - m. Amount.
- (7) The ET-WSD AMRH Referral Coordinator will send a secured email to Team 203 that includes all the documentation that was received with the AMRH referral and a spreadsheet that includes at least the following information for the referrals being sent:
 - a. Name of taxpayer;
 - b. TIN;
 - c. MFT;
 - d. Tax period; and
 - e. Whether there is a credit balance, debit balance, or zero balance on the account.
- (8) The AMRH electronic referral log will be updated with the following information:
 - a. The date the referral was submitted to Team 203
 - b. Whether there is a credit balance, debit balance, or zero balance on the account.
- (9) The AMRH Referral Coordinator will store an electronic copy of the documentation for the AMRH referral and the referral log on the ET-WSD secured shared drive location for AMRH referrals to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990, Records and Information Management Records Control Schedules.
- (10) All AMRH referral reviews are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.1.2

(04-03-2023)

**Bank Secrecy Act (BSA)
Referrals**

- (1) Bank Secrecy Act (BSA) Examination provides monthly information reports to ET-WSD on employers suspected of non-compliance with Employment Tax laws. BSA referrals are generated through the BSA Examination compliance reviews at check cashing businesses or other businesses frequented by employers with significant cash transactions. Selected BSA referrals often fall into the plan category "Worker Classification." See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories. See IRM 4.23.5.2.1, Classification of Employment Tax Issues for an explanation of worker classification.
- (2) BSA referral documents and spreadsheet are mailed to ET-WSD. BSA referral documentation mailed to ET-WSD must be handled consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals, but follow procedures in paragraph (4) of this section on the proper logging of BSA referrals.
- (3) BSA referrals typically include the following documentation:
 - a. Form 5346, Examination Information Report;
 - b. Financial Crimes Enforcement Network (FinCEN) prints;
 - c. Transaction summaries;
 - d. Accurint research; and
 - e. IDRS research.
- (4) BSA Examination also sends via secured email an electronic spreadsheet listing information for all referrals to the ET-WSD gatekeeper. The ET-WSD gatekeeper will review the spreadsheet for accuracy and store a copy of the electronic spreadsheet as the log for BSA referrals on the ET-WSD secured shared drive location for BSA referrals to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (5) BSA referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (6) BSA referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific classification procedures pertaining to BSA referrals. Selected BSA referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-selected BSA referrals are handled consistent with IRM 4.23.23.5.2, Classification.
- (7) All BSA selected referrals that required surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (8) All BSA referral classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (9) All BSA documentation and the BSA referral log will be retained by ET-WSD on the ET-WSD secured shared drive location for BSA referrals for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

4.23.23.3.1.1.3
(04-03-2023)

Collection Referrals

- (1) ET-WSD receives referrals from SB/SE Field Collection functions on an ad hoc basis based on information learned while working collections cases. These referrals can include any issue or situation involving employment tax non-compliance. As such, selected Collection referrals can fall under any of the plan categories. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) Collection referral documents are mailed to ET-WSD. Collection referral documentation mailed to ET-WSD must be scanned, saved, and logged consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (3) Collection referrals typically include the following documentation:
 - a. Form 3449, Referral Report; and
 - b. Copies of Collection case workpapers.
- (4) Collection referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (5) Collection referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific classification procedures pertaining to Collection referrals. Selected Collection referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-selected Collection referrals are handled consistent with IRM 4.23.23.5.2, Classification.
- (6) All selected Collection referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (7) All Collection referral classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.1.4
(04-03-2023)

**Criminal Investigation
(CI) Referrals**

- (1) ET-WSD receives referrals from Criminal Investigation (CI) regarding employment tax issues that CI believes lack criminal potential on an ad hoc basis. When there is a firm indication of substantial civil tax potential, CI will recommend a direct referral in the form of a "prime lead." See IRM 9.4.1.5.1.5, Direct Referrals - Prime Leads, for information regarding CI prime leads. CI prime leads can include any issue or situation involving employment tax non-compliance. As such, selected CI prime leads can fall under any of the plan categories. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) ET-WSD receives criminal restitution referrals on cases worked by CI from SB/SE Technical Services on an ad hoc basis for appropriate civil examination disposition. See IRM 25.26.1, Criminal Restitution and Restitution-Based Assessments, for information regarding criminal restitution cases. See IRM 4.8.6, Criminal Restitution and Restitution-Based Assessments, regarding Technical Services criminal restitution procedures. Criminal restitution referrals can include any issue or situation involving employment tax non-compliance. As such, selected Criminal restitution referrals can fall under any of the plan categories. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.

- (3) CI prime leads and criminal restitution documents are emailed to the ET-WSD email referral box (**SBSE ET WSD Referrals*). All CI referral documentation emailed to ET-WSD must be saved and logged consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (4) CI prime leads typically include the following documentation:
 - a. Prime lead referral memorandum from the CI Special Agent in Charge
 - b. Copies of CI workpapers and court documents
- (5) Criminal restitution referrals typically include the following documentation:
 - a. Form 13308, Criminal Investigation Closing Report
 - b. Form 4135, Criminal Investigation Control Notice
- (6) CI referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (7) CI referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to CI referrals. Selected CI referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases.
- (8) All CI selected referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (9) All CI classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.1.5 (06-29-2021) **Penalty Abatement Requests from Collections**

- (1) ET-WSD receives penalty abatement requests from SB/SE Field Collection Revenue Officers (RO). See IRM 5.1.15.6, Business Master File (BMF) IRC 6020(b) Adjustments, for procedures followed in SB/SE Field Collection for identifying and routing delinquent returns that have a transaction code (TC) 300 assessment. Penalty abatement requests may also come from the Taxpayer Advocate Service (TAS) with an Operation Assistance Request (OAR), as well as other business units. See IRM 13.1.19.2, TAS OAR Process Overview, for TAS and Operating Division responsibilities for coordinating responses to an OAR. ET-WSD specific instructions for the TAS OAR process are found in IRM 4.23.23.8.1, Operations Assistance Requests from Taxpayer Advocate Services.
- (2) When a penalty abatement request is received from SB/SE Field Collection, it is the result of an RO securing one of the following Employment Tax return types that were previously assessed under a Substitute for Return with a TC 300 assessment by Employment Tax Examination:
 - a. Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return;
 - b. Form 941, Employer's Quarterly Federal Tax Return;
 - c. Form 943, Employer's Annual Tax Return for Agricultural Employees; and/or
 - d. Form 944, Employer's ANNUAL Federal Tax Return.

- (3) Penalty abatement requests from SB/SE Field Collections are received in ET-WSD either in the mail or by the email referral box (**SBSE ET WSD Referrals*). All penalty abatement request documentation mailed or emailed to ET-WSD must be saved and logged consistent with the procedures for referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (4) Penalty abatement requests typically include the following documentation:
 - a. Form 3870, Request for Adjustment, and
 - b. Copy of the return filed with the RO.
- (5) The ET-WSD TE will notify the ET-WSD Penalty Abatement Coordinator via secured email of receipt of the new penalty abatement request after the request is properly scanned and logged consistent with IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (6) The ET-WSD Penalty Abatement Coordinator will conduct the following research on penalty abatement requests:
 - a. Research IDRS command codes TXMOD or BMFOLT for a TC 300 assessment or TC 424 (Examination Request Indicator) and the project code and employee group code (EGC) to verify the information provided in the Form 3870 and to determine the appropriateness of the penalty abatement request.
 - b. Research IDRS command code BMFOLI to determine what freeze code is on the account.
 - c. Research IDRS command code TXMODTC prior and subsequent periods to determine if there are any TC 976 (duplicate return) pending unprocessed duplicate returns presenting the same issue.
- (7) The ET-WSD Penalty Abatement Coordinator will print the researched IDRS transcripts and notate them to indicate which tax periods present a penalty abatement issue and the relevant freeze code.
- (8) If the research conducted by the ET-WSD Penalty Abatement Coordinator determines that there are issues on the account requiring taxpayer contact, the ET-WSD Penalty Abatement Coordinator will handle the Penalty Abatement request consistent with cases selected at classification. See IRM 4.23.23.5.3, Procedures for Selected Cases.
- (9) If the research conducted by the ET-WSD Penalty Abatement Coordinator does not determine that the account requires taxpayer contact, the ET-WSD Penalty Abatement Coordinator will forward the Form 3870, attached documents, and IDRS transcripts via secured email to Team 203 to make the requisite account adjustments.
- (10) The ET-WSD Penalty Abatement Coordinator will update the spreadsheet log stored on the ET-WSD secured shared drive location for penalty abatement requests with the disposition of the penalty abatement request. All penalty abatement documentation is stored in the ET-WSD secured shared drive location for penalty abatement requests to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (11) All penalty abatement dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.1.6
(04-03-2023)

**Prompt Determination
Requests**

- (1) A prompt determination request is made by trustee for any unpaid tax liability of the bankruptcy estate under Bankruptcy Code 505(b)(2). See IRM 4.8.2.11.4.5, Prompt Determinations. ET-WSD receives prompt determination requests from the Centralized Insolvency Operation (CIO) in Campus Collections. CIO screens each prompt determination request to ensure it meets the requirements outlined in Rev. Proc. 2006-24. See IRM 5.9.4.9.1, Processing Prompt Determination Requests, for CIO's review of prompt determination requests. Selected prompt determination requests fall under the "Other" plan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) ET-WSD reviews prompt determination requests for the following returns:
 - a. Form 940;
 - b. Form 941;
 - c. Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund;
 - d. Form 1041, U.S. Income Tax Return for Estates and Trusts (liquidating trust); and
 - e. Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.
- (3) The IRS has 60 days from the date of receipt of a request to advise the trustee of the decision to examine a tax return or accept it as filed. The IRS must notify the trustee within 180 days (or any additional time permitted by the bankruptcy court) after the request has been received of any tax, interest, and penalties due. Failure to notify the trustee within 60 days or to complete the examination within 180 days discharges the estate, the trustee, the debtor, and any successor to the debtor from any liability for the tax. See IRM 5.9.4.9, Prompt Determination Requests from Trustee, for information regarding prompt determination timeframes.
- (4) Prompt determination requests are sent via overnight mail to ET-WSD and must be scanned and saved consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals. The ET-WSD TE will deliver the paper copy of the prompt determination request to the ET-WSD Prompt Determination Coordinator.
- (5) Upon receipt of the paper copy of the prompt determination request, the ET-WSD Prompt Determination Coordinator will log the request on the electronic spreadsheet consistent with procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (6) Prompt determination documentation generally includes:
 - a. Prompt Determination Liability checklist completed by CIO to verify that the requirements of Rev. Proc. 2006-24 are met;
 - b. The return for which the prompt determination request is being made (e.g. Form 940); and
 - c. Signed statement by the trustee requesting prompt determination.
- (7) For all returns other than Form 941-X, the ET-WSD Prompt Determination Coordinator will monitor the taxpayer account using IDRS command code BMFOLT to confirm when the TC 150 posts. After the TC 150 post date, the Prompt Determination Coordinator will prepare an electronic selected case

folder for the ET-WSD gatekeeper to forward to Campus to establish the case on ERCS. See IRM 4.23.23.5.3, Procedures for Selected Cases.

- (8) The Prompt Determination Coordinator will review the request to confirm that the requirements of Rev. Proc. 2006-24 are met. See IRM 5.9.4.9.1, Processing Prompt Determination Requests, for a list of the elements for a prompt determination request.
- (9) If the prompt determination does not meet the requirements of Rev. Proc 2006-24, the Prompt Determination Coordinator will complete Letter 5531, Prompt Determination of Tax Liability, in the following manner:
 - a. Use the date the prompt determination request is completed for the date field at the top of the letter;
 - b. Use IDRS command code INOLES to confirm the taxpayer's name;
 - c. Use the taxpayer's address on the return for the address on the letter;
 - d. Place the trustee's name under the taxpayer's stated as "C/O John Doe, Trustee," with John Doe representing the name of the trustee;
 - e. The date in the body of the letter is the insolvency date;
 - f. A separate letter must be completed for each form type; however, multiple tax periods of one form can be stated on a single letter;
 - g. Select the appropriate "incomplete request letters" paragraph for the body of the letter;
 - h. Mail the request and all non-IRS generated documentation back to the trustee; and
 - i. Save an electronic copy of the letter to the electronic case file on the ET-WSD secured shared drive.
- (10) If the prompt determination request meets the requirements of Rev. Proc 2006-24, the Prompt Determination Coordinator will follow the classification steps found in the ET-WSD Desk Guide for reviewing the prompt determination request to determine whether to select or accept the return.
- (11) If the return is accepted as filed, the Prompt Determination Coordinator will:
 - a. Complete Letter 5531 using the procedures in paragraph (9) of this section, except the Prompt Determination Coordinator will draft an appropriate "accept" paragraph for the body of the letter;
 - b. Complete Form 9984, Examining Officer's Activity Record, indicating all actions taken, and dates of taxpayer account updates, and save a copy of the form to the electronic case file on the ET-WSD secured shared drive;
 - c. Create a paper case file folder. On the tab of the manila folder write the taxpayer name, EIN, and MFT for each tax period;
 - d. Include in the paper case the check sheet completed by CIO, copy of the INOLES print, copy of the completed Form 9984, copy of Letter 5351 mailed to the trustee, and copies of the prompt determination request and returns provided by the trustee.
 - e. Monitor the weekly Inventory Wall Report (see IRM 4.23.23.1.3, Program Reports and Monthly Briefings) to verify the return for which prompt determination is being requested has been established. Once established, request that the return be surveyed using disposal code (DC) 31, Survey Before Assignment. See IRM 4.23.23.7, Surveying Cases.
 - f. Once the return is in status code 90, which is verified using IDRS command code AMDISA, and the TC 421 has posted to the taxpayer account, which is verified using IDRS command code BMFOLT, notate on

the paper copy Form 9984 the status 90 date and TC 421 date, complete Form 10023-B, Attachment (To Be Associated With Return), to include with the paper case file, and mail the paper file to the Federal Records Center.

- (12) If the prompt determination request is selected, the Prompt Determination Coordinator will:
- Complete Form 9984 indicating all actions taken, and dates of taxpayer account updates and save a copy of the form to the electronic case file on the ET-WSD secured shared drive;
 - Complete Letter 5351 using the procedures found in paragraph (9) of this section, except the Prompt Determination Coordinator will use an appropriate “select” paragraph for the body of the letter;
 - Contact the employment tax exam manager to receive the case to provide the following information: taxpayer name, TIN, MFT, and an explanation on prompt determination timeframes. See IRM 5.9.4.9, Prompt Determination Requests from Trustee, for information regarding prompt determination timeframes;
 - Mail the paper prompt determination request to the Employment Tax Exam group; and
 - Create the electronic case file, consistent with IRM 4.23.23.5.3, Procedures for Selected Cases, if not previously created in paragraph (7) of this section. Selected prompt determination cases are **expedite** cases and are established consistent with IRM 4.23.23.5.3, Procedures for Selected Cases and are delivered to the Employment Tax Examination group consistent with IRM 4.23.23.6.2, Examination Order Filing and Delivery.
- (13) Complete the appropriate electronic spreadsheet log on the ET-WSD secured shared drive. The date the Letter 5351 is prepared is used to complete the following fields:
- Date of review;
 - Determination date; and
 - Letter date.
- (14) All prompt determination request dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (15) All electronic prompt determination documentation and the electronic prompt determination log will be retained by ET-WSD on the ET-WSD secured shared drive location for prompt determinations for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

4.23.23.3.1.1.7
(04-03-2023)
**Return Preparer
Referrals**

- (1) ET-WSD receives return preparer referrals from the Return Preparer Office (RPO). RPO maintains a central depository for these referrals which may originate from other sources, including the Office of Professional Responsibility (OPR), the Lead Development Center (LDC), other business units, and the public. See IRM 25.20.1, Complaint Referrals, for RPO procedures for processing and reviewing complaint referrals. Selected return preparer referrals fall under the “Other” plan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.

- (2) Return preparer referrals from RPO are received in ET-WSD either in the mail or by email. All return preparer referral documentation mailed or emailed to ET-WSD must be saved and logged consistent with the procedures for referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (3) Return Preparer referrals from RPO may include the following documentation:
 - a. Form 14157, Return Preparer Complaint;
 - b. Form 14426, Return Preparer Office (RPO) Referral; and
 - c. IDRS research and documentation.
- (4) The ET-WSD TE will notify the ET-WSD Return Preparer Coordinator (RPC) via secured email of receipt of the new referral after the referral is properly scanned and logged consistent with IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (5) Within 30 days of receipt, the ET-WSD RPC will review the referral for audit potential, which is limited to the application of penalties per IRC 6694 and IRC 6695 (preparer), and IRC 6701 (aiding and abetting).
- (6) The ET-WSD RPC should be familiar with IRM 20.1.6, Preparer, Promoter, Material Advisor Penalties, and IRM 4.11.51, Return Preparer Program, dealing with preparer penalties.
- (7) The statute of limitations on assessment for IRC 6694 and IRC 6695 expires three years from the date the related return or claim for refund was filed. See IRC 6696(d) and Form 872-D, Consent to Extend the Time on Assessment of Tax Return Preparer Penalty. There is no statute of limitation on assessment of penalties under IRC 6694(b) and IRC 6701 because the penalty does not depend on the filing of a return.
- (8) The ET-WSD RPC will consult with RPO to determine if there is any available information regarding the preparer on the Return Preparer Database maintained by RPO and SB/SE Research. This will provide important information regarding any prior complaints or examination or criminal investigation for this preparer. This inquiry may indicate a need to coordinate the referral with other pending exams to eliminate duplication of work. The ET-WSD RPC must also determine whether there is currently a Program Action Case (PAC) pending for the preparer. See IRM 4.23.23.3.1.1.7.1, Program Action Case (PAC) Procedures for Employment Tax, for information on PAC procedures.
- (9) Selected RPC referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. The following additional procedures will be followed:
 - a. Form 5809, Preparer Penalty Case Control Card, will be prepared and forwarded to the Program Manager for approval and retention in the preparer penalty case file. See IRM 20.1.6, Preparer, Promoter, Material Advisor Penalties, and IRM 4.1.10.8.1, Creating Return Preparer Penalty Cases. Multiple penalties can be included on the card for one preparer.
 - b. Instruction should be provided to Team 203 that penalty cases are established on ERCS only, not AIMS, and with MFT between P1 and P4, PC, PJ, PK, PL, PM, or PN, depending on the type of penalty. A separate ERCS record is created for each penalty. For instruction on creating a case on ERCS, see IRM 4.1.10.8.1, Creating Return Preparer Penalty Cases.

- (10) Non-Selected RPO referrals are handled consistent with IRM 4.23.23.5.2, Classification.
- (11) The ET-WSD RPC will update the spreadsheet log stored on the ET-WSD shared drive with the disposition of the penalty abatement request. All electronic RPO documentation and the RPO referral log will be retained on the ET-WSD secured shared drive location for RPO referrals for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (12) All return preparer referral dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (13) Additionally, the ET-WSD RPC provides the following to Employment Tax Exam regarding RPO referrals:
 - a. Assistance in audit techniques, questions, and general directions
 - b. Assistance in identifying, working, and closing client and preparer penalty cases
 - c. Information on whether the return preparer is being investigated by CI, the Lead Development Center, or one of the Income Tax examination areas
 - d. Penalty case coordination if more than one investigation is ongoing or contemplated.

4.23.23.3.1.1.7.1
(06-29-2021)
Program Action Case (PAC) Procedures for Employment Tax

- (1) A Program Action Case (PAC) is an investigation where clients of questionable preparers are examined to determine whether preparer penalties and/or injunctive actions against the preparer(s) are warranted.
- (2) If, during the course of an employment tax audit, the employment tax employee believes a preparer's noncompliance is pervasive, guidance on information to be provided to the ET-WSD RPC can be found in IRM 4.23.17.7.1 , Employment Tax Procedures for PAC.
- (3) The ET-WSD RPC will follow the procedures in IRM 4.1.10, Return Preparer Program Coordinator, in reviewing a PAC request. The following additional instructions are specific to the ET-WSD RPC:
 - a. Referrals from Examination to open a PAC will be logged and retained consistent with RPO referrals. See IRM 4.23.23.3.1.1.7, Return Preparer Referrals.
 - b. The ET-WSD RPC will determine whether a PAC is warranted and whether there are any ongoing PACs or investigations currently open on the referred preparer. A separate PAC cannot be opened if there is already an open PAC or investigation.
 - c. If there is another open PAC or investigation in another Business Operating Division (BOD), the ET-WSD RPC will provide the employment tax referral information to the responsible RPC.
 - d. The ET-WSD RPC will prepare an analysis of the preparer's clients' returns to determine if the issue identified by the employee is prevalent.
 - e. If the issue is not prevalent or insufficient information is available, the ET-WSD RPC will notify the group manager that a PAC is not warranted.
 - f. When appropriate, the ET-WSD RPC will submit a referral package with the necessary research to the Preparer Steering Committee (PSC) for consideration of a PAC. The ET-WSD RPC will notify the group manager that the referral has been forwarded to the PSC for consideration.

- (4) The PSC will meet periodically, as necessary, to consider and review the preparer research and select those referrals they determine warrant a PAC. The PSC is comprised of:
 - Program manager
 - ET-WSD group manager
 - ET-WSD RPC
 - One Employment Tax Territory Manager on a 1-year rotating assignment
- (5) The PSC will prepare a PAC Request Memo and submit it to the Program Manager for routing and approval by the Director, Examination - Specialty Tax, through the Chief, Employment Tax Program.
- (6) If the PAC is approved, the ET-WSD RPC will notify the group manager and coordinate with ET-WSD to ensure that the necessary returns are selected for compliance action and assigned a unique tracking code.

Note: Under certain conditions, it may be appropriate to request an employment tax Compliance Initiative Project (CIP) before considering a PAC. This alternative should be discussed with the RPC as soon as possible to determine if it is a viable option. See IRM 4.23.23.3.3, Compliance Initiative Projects, for CIP procedures in Employment Tax.

- (7) Source code 49 is only to be used for the primary return year selected as part of the PAC client sample originating from ET-WSD. In addition, Aging Reason Code 49 should be reflected on all return preparer program returns including the primary and multiple-year returns.
- (8) Approved PAC cases will be reviewed, selected, documented and sent to the field consistent with procedures found in IRM 4.23.23.3.1.1.7, Return Preparer Referrals.
- (9) All return preparer referral dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.1.8
(04-03-2023)

SS-8 Unit Referrals

- (1) Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, requests to determine the proper classification of workers (i.e. employee or independent contractor) for federal employment tax and income tax withholding are processed by SB/SE Exam Field Support Operations at the Brookhaven Campus. See IRM 7.50.1.1.1, Background, for information on the SS-8 program. Selected SS-8 Unit referrals fall under the "Worker Classification" plan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) Referrals are made from the SS-8 Unit to ET-WSD for the following reasons:
 - a. A determination has been made by the SS-8 Unit that worker(s) in the referred business have been improperly treated as non-employee(s). The referred business has been instructed to change the treatment of all similar workers to employees.
 - b. No determination has been made on a case because the taxpayer making the request received both a Form W-2, Wage and Tax Statement, and a Form 1099 from the referred business in the same year for the receipt of supplemental wages (i.e. bonus or commission). The SS-8 Unit considers this a wage recharacterization case and not a reclassification case.

- (3) SS-8 Unit referrals are received in the mail. All SS-8 Unit referral documentation sent to ET-WSD must be saved and logged consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (4) SS-8 Unit referrals typically include the following documentation:
 - a. Form SS-8 (from the employer and/or employee)
 - b. IDRS research
- (5) SS-8 Unit referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (6) SS-8 Unit referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to SS-8 Unit referrals. Selected SS-8 Unit referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-Selected SS-8 Unit referrals are handled consistent with IRM 4.23.23.5.2, Classification.
- (7) All SS-8 Unit referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (8) All SS-8 Unit referral classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.1.9
(04-03-2023)

Tickler File Referrals

- (1) If Employment Tax Examination cannot secure Form W-2 or Form W-2c, Corrected Wage and Tax Statement, at the conclusion of an agreed case, the examiner will prepare a "Tickler File" to send to ET-WSD for monitoring. See IRM 4.23.8.10.2, Delinquent Forms W-2/W-2c Not Secured by Examiner, for instructions to Employment Tax Examination on preparing the Tickler File referrals. Tickler File referrals are penalty cases and fall under the "Other" plan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) The Tickler File referral is made to ET-WSD in order to monitor whether the employer files the Forms W-2/W-2c by January 31 of the subsequent year.
- (3) Tickler File referrals are e-mailed to ET-WSD. All Tickler File referral documentation sent to ET-WSD must be saved and logged consistent with the procedures for electronically received referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (4) Tickler File referrals typically include the following documentation (see IRM 4.23.8.10.2, Delinquent Forms W-2/W-2c Not Secured by Examiner, for Employment Tax examiner procedures):
 - a. Form 4668, Employment Tax Examination Changes Report;
 - b. Employment Tax Examination Report;
 - c. Copy of the applicable agreement (e.g. Form 2504, Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment (Employment Tax Adjustments Not Subject to IRC 7436); and

- d. List of employees whose wages are to be reported on the Forms W-2/W-2c.
- (5) Upon receipt of the Tickler File referral, the ET-WSD Tickler File Coordinator will log the referral on the electronic Tickler File spreadsheet log consistent with procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals, by recording the following fields on the Tickler File log for the appropriate year that the Forms W-2/W-2c are due, based on the Form 4668:
- a. Taxpayer name;
 - b. TIN;
 - c. State;
 - d. ZIP Code;
 - e. Designation between delinquent or corrected Forms W-2 to be filed by the due date; and
 - f. Number of Forms W-2/W-2c to be filed.
- (6) When the data becomes available on IDRS, typically by the end of May after the January 31 due date for the Forms W-2/W-2c, the ET-WSD Tickler File Coordinator will research IDRS Command Codes
- a. BMFOLU for the three tax years available to see if the corrected Forms W-2/W-2c are filed
 - b. PMFOLS if the module indicates that corrected Forms W-2/W-2c were filed to determine if the corrections are related to the corrections request on the Form 4668.
- (7) If IDRS research determines that the taxpayer is in compliance with the Form 4668, this determination is notated on the Tickler File log and the case is not selected.
- (8) Additional reasons that a Tickler File referral is not selected include:
- a. Incomplete information: Form 4668 is not properly completed by the Employment Tax examiner
 - b. Out of cycle: Tickler File referrals that include Forms W-2/W-2c that are to be filed for periods that are not available on IDRS command code BMFOLU. Form 4668 included in the Tickler File are for periods older than 3 years prior to the due date. For example, if the due date for Form 4668 is January 31, 2019, the periods in the cycle would be 2015, 2016, and 2017.
 - c. Short statute: If the Tickler File referral includes a mixture of Form 4668 that are both in and out of cycle, the periods out of cycle must be re-searched to determine if there is a statute consideration for those periods. If a Form W-2c is required to be filed, there may be a short statute issue for those periods out of cycle because an original return was filed. However, if no original W-2 was filed, the return will be considered for examination.
- (9) The ET-WSD Tickler Filer Coordinator will select the Tickler File referral based on the current selection criteria tolerances contained in the Employment Tax WSD Handbook. Select determinations will be notated on the Tickler File log.
- (10) For selected Tickler File referrals, an electronic case file will be created and will be established consistent with the procedures for selected cases found in IRM 4.23.23.5.3, Procedures for Selected Cases.

- (11) Instruction will be provided to ET-WSD Gatekeeper to establish on ERCS only selected Tickler File referrals with the following information:
 - a. MFT P9;
 - b. Activity code 506;
 - c. Source code 99;
 - d. Tracking code 6747; and
 - e. Statute date (e.g. 02/EE/YYYY for delinquent return, 02/28/YYYY for corrected return)
- (12) All Tickler File selected referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (13) All Tickler File referral classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (14) All electronic Tickler file documentation and the Tickler File referral log will be retained by ET-WSD on the ET-WSD secured shared drive location for Tickler File referrals for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

4.23.23.3.1.1.10
(06-29-2021)

Whistleblower Claims and Informant Referrals

- (1) This section provides information on procedures for
 - a. Whistleblower Type A claims;
 - b. Whistleblower Type B claims; and
 - c. Form 3949-A, Information Referral.

4.23.23.3.1.1.10.1
(04-03-2023)

Whistleblower Type A Claims

- (1) Whistleblower claims, where the alleged proceeds in dispute are less than \$2 million, are designated as "Whistleblower Type A" claims by the Whistleblower Office. Refer to IRM 25.2.2.1.1.2, IRC 7623(a) Overview. Whistleblower Type A claims can include any issue or situation involving Employment Tax non-compliance. As such, selected Whistleblower Type A claims can fall under any of the plan categories. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) Weekly, the ET-WSD Whistleblower Coordinator will check the Whistleblower e-Trak for new Whistleblower Type A claims for Area 212 in Operating Division (OD) Classification status and add new claims to the Whistleblower electronic spreadsheet log (separated by fiscal year) found in the Whistleblower Office folder on the ET-WSD secured shared drive by completing the following fields:
 - a. Received Date: date that the referral was updated to OD Classification status;
 - b. Taxpayer name;
 - c. TIN;
 - d. Whistleblower claim number;
 - e. Whether the case is a Whistleblower Type A or Type B case;
 - f. Date the claim was received by the Whistleblower Office;
 - g. Last name of the Whistleblower claimant;
 - h. Last four digits of the Whistleblower claimant's TIN;
 - i. MFT for the Employment Tax return;
 - j. Tax period;
 - k. Business OD: whether the business is a SB/SE taxpayer or Large Business and International (LB&I) taxpayer; and
 - l. ZIP Code of the taxpayer.

- (3) Whistleblower Type A documentation is scanned by the Whistleblower Office and can be viewed by the ET-WSD Whistleblower Coordinator on e-Trak as an attachment to the master claim file. Whistleblower Type A claims typically include the following documentation:
- Form 211, Application for Award for Original Information, completed by the Whistleblower, and all attached documentation;
 - Classification Sheet completed by the Whistleblower Office;
 - Form 211 Whistleblower Claim Instructions from the Whistleblower Office; and
 - Whistleblower Case Form 11369, Confidential Evaluation Report on Claim for Award.
- (4) Within 45 days of the received date of the Whistleblower Type A claim, the ET-WSD Whistleblower Coordinator will take the following actions on a Whistleblower Type A claim:
- Check IDRS to determine whether there is an open examination in Employment Tax Examination for the taxpayer. If there is an open Employment Tax examination, the Whistleblower Type A claim file will be sent via secure e-mail to the Employment Tax Examination group manager and the employee in the Whistleblower Office assigned to the claim (as indicated on e-Trak) will be notified via secured email that the claim was selected and should be updated to OD Field status.
 - Review the claim and determine whether to reject, deny, or select the claim. In making this determination, refer to the ET-WSD Desk Guide for current procedures for select, reject, and deny classification criteria for Whistleblower claims.
 - Complete the Memorandum document for the Whistleblower Office and upload to e-Trak to the master claim number.
 - Notate on the Whistleblower electronic spreadsheet log the following information: comment (include the tax issue and whether the claim was forwarded to another OD for action), date (date the claim was classified), disposition (selected or non-selected), classifier (name of ET-WSD Whistleblower Coordinator), and date controlled (date that the claim is fully updated to AIMS).
- (5) If the Whistleblower Type A claim is selected, the ET-WSD Whistleblower Coordinator will take the following additional steps:
- Complete an ET-WSD Classification Sheet with tracking code 7882. See IRM 4.23.23.5.3, Procedures for Selected Cases, for specific guidance on completing the classification sheet.
 - Create an electronic case folder on the ET-WSD shared drive location for selected cases by the ET-WSD Whistleblower Coordinator that includes the completed ET-WSD Classification Sheet and an IDRS print of command code INOLES for the taxpayer.
 - Create a separate zip drive within the electronic case folder for the file with the Form 211, Form 211 Whistleblower Claim Instructions from the Whistleblower Office, and the ET-WSD Whistleblower case insert.
 - Update the monthly selected case cover sheet spreadsheet consistent with IRM 4.23.23.5.3, Procedures for Selected Cases, and upload to the Project Spreadsheet folder for the appropriate fiscal year's Electronic Classification folder on the ET-WSD shared drive by the Thursday of the week the Whistleblower Type A case was selected. Selected cases will

- be established consistent with IRM 4.23.23.5.3, Procedures for Selected Cases.
- e. Review the Whistleblower Inventory Report received from the ET-WSD compliance intelligence analyst weekly (see IRM 4.23.23.1.3, Program Reports and Monthly Briefings), to ensure that new cases are established and that new cases include an ICE indicator of “1” on the taxpayer account for the relevant MFT and tax period. If an ICE indicator of “1” is not present, the ET-WSD Whistleblower Coordinator will contact the Whistleblower Office employee assigned to the claim (as indicated on e-Trak) by secured email to request placement of the ICE indicator on the taxpayer account.
 - f. Notify the ET-WSD gatekeeper via secured email once the case is established and the Initial Claim Evaluation (ICE) indicator of “1” is on the taxpayer account for the relevant MFT and tax period and indicate the EGC assignment. Whistleblower cases are sent to Employment Tax Examination consistent with the procedures in IRM 4.23.23.6.2, Examination Inventory Order Filing and Delivery.
 - g. Notify the employee in the Whistleblower Office assigned to the claim (as indicated on e-Trak) by secured email that the claim was selected and should be updated to OD Field status. Attach a copy of the Memorandum document to the email.
 - h. Within a week verify on e-Trak that the claim has been updated to OD Field status.
- (6) If the Whistleblower Type A claim is recommended for rejection or denial, the ET-WSD Whistleblower Coordinator will take the following additional steps:
- a. Follow procedures in IRM 25.2.1.3.4, Documenting Classification’s Recommendation, for the process to document the recommend rejection or denial.
 - b. Within four weeks, verify on e-Trak that the claim has been closed out from Area 212.
- (7) If a Whistleblower Type A case is surveyed, the following procedures will be completed by the ET-WSD Whistleblower Coordinator:
- a. Complete the Form 11369. Refer to IRM 25.2.1.5.5, Form 11369 Requirements, for procedures on completing the Form 11369. Indicate on the Form 11369 whether the claim should be reassigned to another OD. The Form 11369 must include the signature of the ET-WSD Whistleblower Coordinator and ET-WSD group manager.
 - b. Upload the completed Form 11369 to the master claim file on e-Trak.
 - c. Notify the employee in the Whistleblower Office assigned to the claim (as indicated on e-Trak) by secured email that the claim was surveyed and should be closed out. Attach a copy of the Form 11369 to the email.
 - d. Request that the ET-WSD Tax Examiner transfer the EGC of the claim to the EGC for the ET-WSD Whistleblower Coordinator.
 - e. Monitor the case on IDRS until the ICE indicator has been updated by the Whistleblower Office to “2.”
 - f. Follow survey procedures for surveying cases in IRM 4.23.23.7, Surveying Cases, using disposal code 31.
- (8) On the first of the month, the ET-WSD Whistleblower Coordinator will complete a separate spreadsheet report for selected and non-selected Whistleblower cases for the prior month. This spreadsheet will provide the same information as the ET-WSD Whistleblower electronic spreadsheet log, separated by

calendar month. The Whistleblower spreadsheet reports are maintained in the Whistleblower location of the ET-WSD shared drive.

- (9) Electronic scanned copies of referral documentation for Whistleblower Type A claims downloaded from e-Trak to the ET-WSD shared drive and the electronic spreadsheet logs will be retained by ET-WSD in the secured drive location for Whistleblower Type A claims for the required retention period and then destroyed. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (10) All Whistleblower Type A classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.1.10.2
(04-03-2023)

**Whistleblower Type B
Claims**

- (1) Whistleblower claims where the alleged proceeds in dispute are more than \$2 million are designated as "Whistleblower Type B" referrals by the Whistleblower Office. Refer to IRM 25.2.2.1.1.1, IRC 7623(b) Overview. Whistleblower Type B claims can include any issue or situation involving Employment Tax non-compliance. As such, selected Whistleblower Type B claims can fall under any of the plan categories. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) Weekly, the ET-WSD Whistleblower Coordinator will check the Whistleblower e-Trak for new Whistleblower Type B claims for Area 212 in OD Classification status and add new claims to the ET-WSD Whistleblower electronic spreadsheet log (separated by fiscal year) found in the Whistleblower Office folder on the ET-WSD Shared Drive by completing the following fields:
 - a. Received date: the date that the referral was updated to OD Classification status;
 - b. Taxpayer name;
 - c. TIN;
 - d. Whistleblower claim number;
 - e. Whether the case is a Whistleblower Type A or Type B case;
 - f. Date the claim was received by the Whistleblower Office;
 - g. Last name of the Whistleblower claimant;
 - h. Last four digits of the Whistleblower claimant's TIN;
 - i. MFT for the Employment Tax return;
 - j. Tax period;
 - k. Business OD: whether the business is a SB/SE taxpayer or a LB&I taxpayer; and
 - l. ZIP Code of the taxpayer.
- (3) Whistleblower Type B documentation is scanned by the Whistleblower Office and can be viewed by the ET-WSD Whistleblower Coordinator on e-Trak as an attachment to the master claim file. Whistleblower Type B referrals typically include the following documentation:
 - a. Form 211, completed by the Whistleblower, and all attached documentation;
 - b. Classification Sheet completed by the Whistleblower Office;
 - c. Form 211, Whistleblower Claim Instructions from the Whistleblower Office; and
 - d. Whistleblower Case Form 11369, Instructions from the Whistleblower Office.

- (4) Within ten days of the received date of the Whistleblower Type B claim, the ET-WSD Whistleblower Coordinator will take the following actions on a Whistleblower Type B claim to determine whether the claim should be sent for Employment Tax Examination Subject Matter Expert (SME) review:
- a. Determine if the Whistleblower Type B claim involves matters within the purview of Employment Tax. If the claim does not involve a matter within the purview of Employment Tax, the ET-WSD Whistleblower Coordinator will notify the employee in the Whistleblower Office assigned to the claim, as determined by e-Trak, to re-assign the case to the appropriate function.
 - b. Determine whether the Whistleblower Type B claim meets the \$2 million threshold for Whistleblower Type B cases. If the claim clearly does not meet this \$2 million threshold, the ET-WSD Whistleblower Coordinator will notify the employee in the Whistleblower Office assigned to the claim, as determined by e-Trak, to reclassify the claim as a Whistleblower Type A claim for Employment Tax. Once reclassified, follow Whistleblower Type A procedures for the claim. See IRM 4.23.23.3.1.1.10.1, Whistleblower Type A Claims.
- (5) If the review in paragraph (4) of this section results in a finding that the claim is properly assigned to Employment Tax and appropriately identified as a Whistleblower Type B claim, the ET-WSD Whistleblower Coordinator will take the following steps to send the claim for Employment Tax Examination SME review:
- a. Notify the employee in the Whistleblower Office assigned to the claim (as indicated on e-Trak) by secured email that the claim was selected and should be updated to OD SME status.
 - b. Ensure that the documentation in paragraph (3) of this subsection is available on e-Trak.
 - c. Send an email to the Employment Tax Examination SME Lead to advise that there is a Whistleblower Type B claim available on e-Trak to be assigned to an Employment Tax Examination SME. The email should include the taxpayer name, TIN, Whistleblower claim number, claim type, and the due date for SME review that is 80 days from the date the claim was placed in OD SME status.
 - d. If the claim includes documentation not available on e-Trak, forward the documentation directly to the Employment Tax Examination SME as determined by the Employment Tax Examination SME Lead, using overnight mail when authorized by the ET-WSD group manager.
 - e. Complete an ET-WSD Classification Sheet and select status 09 for the inventory status, source code 45, and tracking code 7894. See IRM 4.23.23.5.3, Procedures for Selected Cases, for specific guidance on completing the classification sheet.
 - f. Check IDRS to determine whether there is an open examination in Employment Tax for the taxpayer. If there is an open Employment Tax examination, notate the open examination on the classification sheet and the Employment Tax examination group where the examination is being worked. .
 - g. Create an electronic case folder on the ET-WSD shared drive location for selected cases by the ET-WSD Whistleblower Coordinator that includes the completed ET-WSD Classification Sheet and an IDRS print of command code INOLES for the taxpayer.

- h. Create a separate zip drive within the electronic case folder for the file with the Form 211, Form 211 Whistleblower Claim Instructions from the Whistleblower Office, and the ET-WSD Whistleblower case insert.
 - i. Update the monthly selected case cover sheet spreadsheet consistent with IRM 4.23.23.5.3, Procedures for Selected Cases, and upload to the Project Spreadsheet folder for the appropriate fiscal year's electronic classification folder on the ET-WSD shared drive by the Thursday of the week the Whistleblower Type B case was reviewed. This will notify the ET-WSD gatekeeper to establish the case on AIMS/ERCS in status 09. The Whistleblower claim must be established within 14 days of receipt by the ET-WSD Whistleblower Coordinator. It is the responsibility of the ET-WSD Whistleblower Coordinator to monitor the status of the claim until it is fully established on AIMS/ERCS.
- (6) When the Employment Tax Examination SME Lead advises which SME is assigned to review the claim, the ET-WSD Whistleblower Coordinator will update the Whistleblower log with the following information:
 - a. Comment: include the tax issue and whether the claim was forwarded to another OD for action;
 - b. Date: date the claim was classified;
 - c. Disposition: selected or non-selected;
 - d. Classifier: name of the Employment Tax Examination SME; and
 - e. Date Controlled: date the claim is fully updated to AIMS.
- (7) If the Employment Tax Examination SME determines that the Whistleblower Type B claim should not be selected, the Employment Tax Examination SME will survey the case, using survey procedures found in IRM 4.23.23.3.1.1.10.1, Whistleblower Type A Claims.
- (8) If the Employment Tax Examination SME Lead advises that the Whistleblower Type B claim should be selected:
 - a. The ET-WSD Whistleblower Coordinator will contact the Whistleblower Office employee assigned to the claim (as indicated on e-Trak) by secured email to request placement of an ICE indicator of "1" on the taxpayer account.
 - b. The ET-WSD Whistleblower Coordinator will send a secured email to the ET-WSD gatekeeper advising that the Whistleblower Type B case has been selected and provide instructions on which Employment Tax Examination group should receive the claim based on the location of the taxpayer, and request to update the case with source code 70.
 - c. The ET-WSD gatekeeper will provide the electronic case folder and zip drive created in paragraph (5)(g) of this section to Team 203 to deliver the case file on IMS to the Employment Tax Examination group as an **expedite** case with the Exam order. See IRM 4.23.23.6.2, Examination Inventory Order Filling and Delivery. The ET-WSD gatekeeper will send a secured email to Team 203 with instructions to update the source code to 70.
- (9) Additional duties by the ET-WSD Whistleblower Coordinator for Whistleblower Type B claims include:
 - a. Maintain and request updates to e-Trak while the claim is in OD Classification and OD SME statuses;

- b. Weekly reconciliation of e-Trak reports to confirm the status of all Whistleblower Type B claims;
 - c. Communication with the Whistleblower Office and the Employment Tax Examination SME Lead; and
 - d. Monthly, track and report to the Whistleblower Office and ET-WSD group manager the claims until they are in OD Field status.
- (10) On the first of the month, the ET-WSD Whistleblower Coordinator will complete a separate spreadsheet report for selected and non-selected Whistleblower cases for the prior month. This spreadsheet will provide the same information as the ET-WSD Whistleblower electronic spreadsheet log, separated by calendar month. The Whistleblower spreadsheet reports are maintained in the Whistleblower location of the ET-WSD shared drive.
 - (11) Electronic scanned copies of referral documentation for Whistleblower Type B claims downloaded from e-Trak to the ET-WSD shared drive will be retained by ET-WSD for the required retention period and then destroyed. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
 - (12) All Whistleblower Type B classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.1.10.3

(04-03-2023)

Form 3949-A Referrals

- (1) An informant with information regarding a possible unreported or under-reported transfer tax issue files a Form 3949-A or a letter, which is reviewed by Ogden Submission Processing and routed to an Entity tax examiner for screening. See IRM 3.28.1.2.2, Form 3949-A Information Routing Guide. Upon screening by an Entity tax examiner, screened-in referrals are sent back to clerical and then routed for consideration by ET-WSD. Refer to IRM 3.28.2.10.1, Issue Identification Employment Tax.
- (2) Form 3949-A referrals can include any issue or situation involving Employment Tax non-compliance. As such, selected Form 3949-A referrals can fall under any of the plan categories. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (3) Form 3949-A referrals are mailed to ET-WSD. Form 3949-A referral documentation mailed to ET-WSD must be scanned, saved, and logged consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (4) Form 3949-A referrals typically include the following documentation:
 - a. Form 3949-A and supporting documentation provided by the informant and
 - b. IDRS research for command code INOLES.
- (5) Form 3949-A referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (6) Form 3949-A referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to Form 3949-A referrals. Selected Form 3949-A referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected

Cases. Non-Selected Form 3949-A referrals are handled consistent with IRM 4.23.23.5.2, Classification.

- (7) All selected Form 3949-A referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (8) All Form 3949-A referral classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.1.11
(04-03-2023)
**COVID-19 Return
Integrity and
Compliance Services
(RICS) Referrals**

- (1) The mission of the Return Integrity and Compliance (RICS) fraud referral program is to provide a formal mechanism for receiving, evaluating, and prioritizing new and emerging refund fraud referral issues, as well as to develop and communicate servicewide solutions in real-time to protect revenue. The RICS Fraud Referral program provides several services, including:
 - a. Facilitate the management of downstream impacts associated with new and emerging refund fraud issues.
 - b. Act as a bridge with other referral-type programs and other operating divisions and functions such as Criminal Investigation, Prisoner Fraud Program, Bank Leads Program, and Return Preparer Program.
- (2) Pursuant to the mission of the RICS fraud referral program, ET-WSD receives RICS referrals related to refundable employer credits resulting from the Coronavirus Disease 2019 (COVID-19) legislation enacted in 2020 and 2021, specifically the Employer Retention Credit (ERC) (from section 2301 of P.L. 116-136, Coronavirus Aid, Relief and Economic Security (CARES) Act) and sick and family leave credit (from sections 7001, 7003, and 7005 of P.L. 116-127, Families First Coronavirus Response Act (FFCRA))“COVID-19 Employer Credits”). For general information regarding COVID-19 Employer Credits, see IRM 3.14.2.7.4.10.2, Employee Retention Credit and IRM 3.14.2.7.4.10.1, Credits for Qualified Sick and Family Leave Wages.
- (3) COVID-19 RICS referrals fall under the “Employment Tax Credits” plan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (4) COVID-19 RICS referrals are uploaded by RICS to the designated location on the ET-WSD shared drive. RICS employees requiring access to the ET-WSD shared drive should contact the ET-WSD Manager.
- (5) The following process is used by RICS to upload referrals:
 - a. Create a new folder on the shared drive
 - b. Name the folder with the TIN of named taxpayer in the referral
 - c. Upload included documents listed in paragraph (6) of this section as one portable document format (PDF) file.
- (6) The following documents should be included by RICS with the referral:
 - Letter 6042-C, Entity Verification for Businesses, completed by the taxpayer
 - Email from RICS, with an explanation for the referral
 - Completed Form 94X SBSE Referral Checklist, if available.
- (7) Daily, the ET-WSD Tax Examining Technician checks the designated location for COVID-19 RICS referrals and takes the following steps:

- a. Logs the referral in the RICS-COVID referrals spreadsheet corresponding to the current fiscal year stored in the Referrals-RICS folder on the ET-WSD shared drive.
 - b. Relocates the referral folder into the Referrals-RICS folder on the ET-WSD shared drive.
- (8) Weekly, the ET-WSD tax examining technician will send a secured email to the ET-WSD COVID-19 Employer Credits Coordinator with the total number of COVID-19 RICS referrals received in the past week.
- (9) The ET-WSD COVID-19 Employer Credits Coordinator will provide a monthly listing to the ECS senior data analyst or ET-WSD compliance intelligence analyst to upload IDRS and external Paycheck Program Protection (PPP) loan forgiveness data to assist in the classification reviewer. External PPP loan forgiveness data is used pursuant to the MOU between SB/SE and the Small Business Administration for the limited purpose of determining whether a taxpayer's ERC should be disallowed. The monthly listing is also provided to the Office of Fraud Enforcement (OFE) to filter out cases with fabricated entities or fraud related issues. These cases will be treated as non-selects, consistent with procedures found in IRM 4.23.23.5.2, Classification.
- (10) Within two weeks of receipt of the IDRS information and completed filtering by OFE discussed in paragraph (9) of this section, The ET-WSD COVID-19 Employer Credits Coordinator will classify the referral. Refer to the ET-WSD Desk Guide for specific procedures on classifying COVID-19 RICS referrals.
- (11) Selected cases are "expedite" cases and follow the procedures found in IRM 4.23.23.5.3, Procedures for Selected Cases, and IRM 4.23.23.6.2, Examination Inventory Order Filing and Delivery. Selected COVID-19 RICS referrals will receive a project code consistent with the guidance found in the ET-WSD Desk Guide and one of the below tracking codes based on the primary selection issue:
 - 2545 - Sick and Family Leave Credits
 - 2546 - Employee Retention Credits
 - 3067 - Small Business Association Exclusion.
- (12) Non-selected COVID-19 RICS referrals, except for those filtered out by OFE in paragraph (9) of this section, will be provided back to the referring RICS employee via secured email in order to remove freeze codes, and will otherwise be handled as non-selected referrals consistent with IRM 4.23.23.5.2, Classification.

4.23.23.3.1.2
(06-29-2021)

External Referrals

- (1) This section provides workstream specific guidance for external referrals received by ET-WSD.

4.23.23.3.1.2.1
(04-03-2023)

Department of Labor Referrals

- (1) ET-WSD receives referrals from the United States Department of Labor (DOL) district offices regarding Employment Tax issues. This workstream is maintained through a Memorandum of Understanding (MOU) between the IRS and DOL. The MOU is an agreement of the parties to deliver a joint initiative to improve compliance with laws and regulations administered by the IRS and DOL. DOL referrals often involve worker classification but can include any issue or situation involving Employment Tax non-compliance. As such, selected

DOL referrals can fall under any of the plan categories. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.

- (2) DOL referral documents are mailed to ET-WSD. All DOL referral documentation must be saved and logged consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (3) The information provided for DOL referrals is not uniform due to the receipt of such referrals from the various district offices around the country. However, the documentation usually includes information regarding the name of the employer that was investigated by DOL and the employer's TIN.
- (4) DOL referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (5) DOL referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to DOL referrals. Selected DOL referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-Selected DOL referrals are handled consistent with IRM 4.23.23.5.2, Classification.
- (6) All DOL selected referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (7) All DOL classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.2.2
(04-03-2023)

**Occupational Safety and
Health Administration
Referrals**

- (1) ET-WSD receives referrals from the United States Occupational Safety and Health Administration (OSHA) within the DOL regarding Employment Tax issues. OSHA referrals often involve worker classification but can include any issue or situation involving Employment Tax non-compliance. As such, selected OSHA referrals can fall under any of the plan categories. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) OSHA referral documents are mailed to ET-WSD. All OSHA referral documentation must be saved and logged consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (3) The information provided for OSHA referrals is not uniform due to the receipt of such referrals from the various district offices around the country. However, the documentation usually includes information regarding the name of the employer that was investigated by OSHA and the employer's TIN.
- (4) OSHA referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (5) OSHA referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to OSHA referrals. Selected OSHA referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-Selected OSHA referrals are handled consistent with IRM 4.23.23.5.2, Classification.

- (6) All OSHA selected referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (7) All OSHA classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.2.3
(04-03-2023)
**Questionable
Employment Tax
Practices Referrals**

- (1) ET-WSD receives referrals from state agencies pursuant to a MOU with state workforce agencies as part of the Questionable Employment Tax Practices (QETP). QETP referrals often involve worker classification but can include any issue or situation involving Employment Tax non-compliance. As such, selected QETP referrals can fall under any of the plan categories. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) QETP referral documents from state workforce agencies are mailed, sent via secure data transfer (SDT) to ET-WSD, or routed through the Governmental Liaison's office. All QETP referral documentation must be saved and logged consistent with the procedures for referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (3) The information provided for QETP referrals varies by state agency and the Employment Tax issues, but frequently contain state agency audit reports.
- (4) QETP referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (5) QETP referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to QETP referrals. Selected QETP referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-Selected QETP referrals are handled consistent with IRM 4.23.23.5.2, Classification.
- (6) All QETP selected referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (7) All QETP classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (8) ET-WSD also receives outgoing QETP referrals from Employment Tax Examination to be mailed to the state workforce agencies as a result of an Employment Tax examination. . The ET-WSD Examiner forwards the documents to ET-WSD via secured e-mail. Like incoming referrals, outgoing QETP referral documentation must be saved and logged consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (9) Within ten days after the end of the month in which outgoing QETP referrals are received, the ET-WSD gatekeeper transfers the outgoing referrals to the state workforce agencies via SDT.
- (10) Quarterly, the ET-WSD gatekeeper prepares a summary of cumulative fiscal year information that includes the following:
 - a. Number of referrals by state;
 - b. Number of referrals classified;
 - c. Number of referrals selected;

- d. Number of referrals sent to state agencies;
- e. Number of cases closed by Employment Tax Examination; and
- f. Total amount of assessments for QETP cases.

- (11) The report prepared in paragraph (10) of this section is provided on a quarterly basis to the ET-WSD group manager, the SB/SE Employment Tax policy analyst responsible for QETP, and the Governmental Liaison policy analyst for QETP.

4.23.23.3.1.3
(06-29-2021)

Settlement Program Referrals

- (1) This section provides workstream specific guidance for settlement program referrals received by ET-WSD.

4.23.23.3.1.3.1
(04-03-2023)

Classification Settlement Program Referrals

- (1) The Classification Settlement Program (CSP) establishes procedures that allow businesses and tax examiners to resolve worker classification cases as early in the administrative process as possible, thereby reducing taxpayer burden. The procedures also ensure that the taxpayer relief provisions under Section 530 of the Revenue Act of 1978 are properly applied. Under the CSP, examiners can offer the business under examination a worker classification settlement using a standard closing agreement. See IRM 4.23.6.1.1, Background, for general information regarding CSP agreements. As such, selected CSP falls under the worker classification plan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) Since the CSP closing agreement includes a provision that the taxpayer complies prospectively, taxpayers are monitored to determine if they have complied with the CSP closing agreements.
- (3) CSP agreements secured by Employment Tax Examination are sent via secured e-mail to ET-WSD for monitoring. See IRM 4.23.6.17, Monitoring CSP Agreements. All CSP agreements must be saved and logged consistent with the procedures for electronically received referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals. The order of the documents received should be consistent with the order described in paragraph (5) of this section and saved in the CSP folder on the ET-WSD shared drive.
- (4) In completing the CSP spreadsheet tracking log as stated in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals, the ET-WSD TE will use the spreadsheet for the appropriate month and signing year of the CSP agreement. The following fields need to be completed on the spreadsheet:
- a. Taxpayer name;
 - b. Doing Business As (DBA) name (if applicable);
 - c. TIN;
 - d. Related TIN (if applicable);
 - e. Signature year;
 - f. Class of workers (industry of the employees);
 - g. CSP percentage;
 - h. CSP amount;
 - i. Tax amount columns as applicable for each relevant year; and
 - j. Date received in ET-WSD.
- (5) Per IRM 4.23.6.17, Monitoring CSP Agreements, CSP Agreements from Employment Tax Examination should include the following documentation:

- a. Original CSP Agreement;
 - b. Complete copy of the Revenue Agent report;
 - c. Copy of the CSP memorandum;
 - d. Copy of the lead sheets and workpapers for the worker classification and Section 530 issues; and
 - e. Copy of the activity record showing contact information.
- (6) Monthly, the ET-WSD CSP Coordinator will update the CSP Index with the data collected during the prior month in the CSP tracking log discussed in paragraph (4) of this section. The CSP Index is an electronic spreadsheet log saved in the CSP folder on the ET-WSD shared drive that records all historical CSP agreements received in ET-WSD.
 - (7) Annually, the ET-WSD gatekeeper will identify the CSP agreements on the spreadsheet tracking log that are subject to review that were entered for the two prior years. At this time, CSP agreement referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers See IRM 4.23.23.5.1, Pre-Classification Planning.
 - (8) CSP agreement referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to CSP agreement referrals. Selected CSP agreement referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. In addition, the CSP Index will be updated with the classification determinations. Non-selected CSP Agreement referrals are handled consistent with IRM 4.23.23.5.2, Classification.
 - (9) If classification determines the taxpayer is no longer operating and is not operating the same business under a new entity, the ET-WSD TE will mail the original CSP agreement to the Federal Records Center.
 - (10) All electronic CSP documentation, including the electronic spreadsheet log for CSP agreements, will be saved on the ET-WSD secured shared drive location for CSP agreements to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
 - (11) All CSP agreement selected referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
 - (12) All CSP agreement classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
 - (13) Quarterly, the ET-WSD CSP Coordinator provides an updated copy of the CSP Index to the ET policy analyst responsible for worker classification programs.

4.23.23.3.1.3.2
(04-03-2023)

**Voluntary Classification
Settlement Program
Referrals**

- (1) Voluntary Classification Settlement Program (VCSP) is an optional program that provides taxpayers that meet the program's criteria with an opportunity to voluntarily reclassify their workers as employees. The settlement offers limited federal employment tax liability for past non-employee treatment. This program is meant to be easy, quick, and inclusive for taxpayers to provide for future compliance with employment tax laws, while remaining consistent with the program's objectives and constraints. To participate, the taxpayer must apply to

participate in the program, meet certain eligibility requirements, and enter into a closing agreement with the IRS. See IRM 4.23.20.1.1, Background, for general information regarding VCSP agreements. Selected VCSP agreement cases fall under the worker classification plan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.

- (2) Applications for VCSP agreements are received and reviewed by the Centralized Employment Tax Operation (CETO). CETO will determine whether the taxpayer meets the requirements to enter into a VCSP agreement. See IRM 4.23.20.7, Eligibility Review – General, regarding the requirements to enter a VCSP agreement. CETO will also arrange for the execution of the VCSP agreement. See IRM 4.23.20.3, Location of VCSP Files.
- (3) Since the VCSP closing agreement includes a provision that the taxpayer complies prospectively, taxpayers are monitored to determine if they have complied with the VCSP closing agreements.
- (4) VCSP agreements secured by CETO are sent via secured e-mail to ET-WSD for monitoring. All VCSP agreements must be saved and logged consistent with the procedures for electronically received referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals. The order of the documents received should be consistent with the order described in paragraph (6) of this section and saved in the VCSP folder on the ET-WSD shared drive.
- (5) In completing the VCSP spreadsheet tracking log as stated in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals, the ET-WSD TE will use the spreadsheet for the appropriate month and signing year of the VCSP agreement. The following fields need to be completed on the spreadsheet:
 - a. Taxpayer name;
 - b. Doing Business As (DBA) name (if applicable);
 - c. TIN;
 - d. State;
 - e. Type of entity;
 - f. Application year;
 - g. Effective date of conversion;
 - h. Number of workers in class;
 - i. Compensation of all workers in class;
 - j. Amount of VCSP payment;
 - k. BOD code; and
 - l. Date received in ET-WSD.
- (6) Refer to IRM 4.23.20.14, Monitoring Closing Agreement-Post Assessment, for the documentation that should be included from Employment Tax Examination.
- (7) Monthly, the ET-WSD VCSP Coordinator will update the VCSP Index with the data collected during the prior month in the VCSP tracking log discussed in paragraph (5) of this section. The VCSP Index is an electronic spreadsheet log saved in the VCSP folder on the ET-WSD shared drive that records all historical VCSP agreements received in ET-WSD.
- (8) Annually, the ET-WSD gatekeeper will identify the VCSP agreements on the spreadsheet tracking log that are subject to review that were entered for the two prior years. At this time, VCSP agreement referrals are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and

sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.

- (9) VCSP agreement referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to VCSP agreement referrals. Selected VCSP agreement referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. In addition, the VCSP Index will be updated with the classification determinations. Non-selected VCSP Agreement referrals are handled consistent with IRM 4.23.23.5.2, Classification.
- (10) All electronic VCSP documentation, including the electronic spreadsheet log for VCSP agreements, will be saved on the ET-WSD secured shared drive location for VCSP agreements to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (11) All VCSP agreement selected referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (12) All VCSP agreement classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (13) Quarterly, the ET-WSD VCSP Coordinator provides an updated copy of the VCSP Index to the ET policy analyst responsible for worker classification programs.

4.23.23.3.1.3.3
(04-03-2023)
**Voluntary Closing
Agreement Program
Procedures**

- (1) The Voluntary Closing Agreement Program (VCAP) offers a process whereby certain employment tax issues not involving worker classification issues can be permanently and conclusively resolved through a voluntary closing agreement process. See IRM 4.23.25.1.1, Background, for information on VCAP. As a result, selected VCAP cases can fall under any of the plan categories, other than worker classification. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) VCAP request documents are mailed to ET-WSD. See IRM 4.23.25.4, Process for Submission of Voluntary Closing Agreement Requests to Resolve Employment Tax Issues (Non-Worker Classification), for guidance on submitting a VCAP request. All VCAP documentation must be saved and logged consistent with the procedures for mailed referrals found in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals.
- (3) Refer to IRM 4.23.25.4, Process for Submission of Voluntary Closing Agreement Requests to Resolve Employment Tax Issues (Non-Worker Classification), for what is included in a VCAP request.
- (4) In completing the VCAP spreadsheet tracking log as stated in IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals, the ET-WSD TE will use the spreadsheet for the appropriate year of the VCAP request. The following fields need to be completed on the spreadsheet:
 - a. Taxpayer name;
 - b. Taxpayer name on ET-WSD shared drive;
 - c. TIN;
 - d. Statute;
 - e. Date request received; and

- f. Date request sent to the ET-WSD Voluntary Request Coordinator.
- (5) Within 60 days of receipt, the ET-WSD Voluntary Request Coordinator will take the following actions:
- a. Ensure that all required information is included in the request per IRM 4.23.25.4, Process for Submission of Voluntary Closing Agreement Requests to Resolve Employment Tax Issues (Non-Worker Classification).
 - b. Make an initial determination as to whether VCAP is the appropriate resolution of employment tax issues in this case. Consult IRM 4.23.25.3, Examples of VCAP – ET Issues, for examples of acceptable and unacceptable reasons for a closing agreement in making this determination. The acceptance of the initial VCAP request by the ET-WSD Voluntary Request Coordinator constitutes only a preliminary determination that will allow the IRS to investigate further whether a closing agreement would be in the best interest of the government; it does not constitute final acceptance of the request to resolve the matter through the execution of a closing agreement.
- (6) For VCAP requests that are denied, the ET-WSD Voluntary Request Coordinator will
- a. Complete Letter 6022, VCAP Acknowledgment for Employment Taxes, indicating the reason for the denial and mail to the taxpayer. Letter 6022 provides specific reasons for denial to the taxpayer and provides other available processes that will allow the taxpayer to correct the errors. The letter also provides instructions on correcting the request for re-submission.
 - b. Create an electronic folder in the “Rejected VCAP” folder on the ET-WSD shared drive. Name the folder “TIN Taxpayer Name.”
 - c. Place the request documentation and a completed Letter 6022 in the folder created in (b) above. This documentation will be maintained for the proper retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (7) For VCAP requests that are initially accepted, the ET-WSD Voluntary Request Coordinator will
- a. Complete a Letter 6022 advising of the initial acceptance for further investigation and mail to the taxpayer.
 - b. Complete an ET-WSD Classification Sheet. See IRM 4.23.23.5.3, Procedures for Selected Cases, for specific guidance on completing the classification sheet.
 - c. Create an electronic folder in the “Accepted VCAP” folder on the ET-WSD shared drive. Name the folder “TIN Taxpayer Name.”
 - d. Place the request documentation and the completed Letter 6022 in the folder created in (c) above.
 - e. Email the ET-WSD gatekeeper to request that AIMS/ERCS controls are established for the last quarter of the most current calendar year covered by the VCAP request.
- (8) The ET-WSD Voluntary Request Coordinator will complete the VCAP spreadsheet tracking log by entering in the following fields:
- a. Source of VCAP request;

- b. Name of ET-WSD Voluntary Request Coordinator;
 - c. Date of ET-WSD Voluntary Request; and
 - d. Whether the request was accepted or rejected.
- (9) The ET-WSD gatekeeper will take the following steps for VCAP requests initially accepted:
- a. Determine the Employment Tax examination group to work the VCAP request and update the classification sheet with the Employment Tax examination group information. Advise the ET-WSD Voluntary Request Coordinator where the VCAP request is sent.
 - b. Establish the VCAP request on AIMS/ERCS consistent with procedures for establishing cases found in IRM 4.23.23.5.3, Procedures for Selected Cases, for the last quarter of the most current calendar year covered by the VCAP request.
 - c. In filling the order, VCAP requests are **expedite** cases. See IRM 4.23.23.6.2, Examination Inventory Order Filling and Delivery. The ET-WSD gatekeeper will email the appropriate Employment Tax examination group manager (based on the location of the taxpayer) to advise the group manager that the VCAP request is being sent to the group. The email should include the name of the taxpayer and the TIN.
 - d. Deliver the case electronically to the field consistent with procedures found in IRM 4.23.23.6.2, Examination Inventory Order Filling and Delivery..
- (10) All electronic VCAP documentation, including the electronic spreadsheet log for VCAP requests, will be saved on the ET-WSD secured shared drive location for VCAP requests to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (11) All VCAP request classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.1.4
(04-03-2023)

Receipt and Tracking of Referrals

- (1) For referrals that are received in the mail, the ET-WSD TE will within five days of receipt by the IRS:
- a. Date stamp the document received by ET-WSD;
 - b. For internal IRS referrals, sign the Form 3210, Document Transmittal, Acknowledgement Copy, and mail back to the originator and place the Recipient Copy of Form 3210 in the appropriate month and year folder in the mail drawer.
 - c. Prepare the document for scanning, including removing all staples and photocopying documents that cannot be fed through a scanner.
 - d. Scan referral and attached documents and review scanned file for completeness and legibility.
 - e. Name the scanned referral document using the TIN for the taxpayer named in the referral document. If the TIN is not available, use the taxpayer name control to name the document.
 - f. Create an electronic subfolder on the ET-WSD secured shared drive under the Mail #1 folder named in the following format: MM-DD-YYYY (XX), where MM-DD-YYYY represents the month, day and year the referral was scanned and XX represents the ET-WSD TE initials. Within the subfolder, create a new electronic subfolder named after the referral type being saved (e.g., "DOL" for DOL referrals) if one does not already

exist, and save the scanned referral in this folder. If the referral type cannot be determined, create a subfolder named "For Gatekeeper Review," if one does not already exist, and save the scanned referral to this location.

- g. Make an electronic copy of the scanned referral document saved in paragraph (f) above. Save the copied document to the ET-WSD secured shared drive in the folder named for the referral type. If the referral type cannot be determined, place the referral in the designated folder on the ET-WSD secured shared drive for the ET-WSD gatekeeper to review. Notify the ET-WSD gatekeeper by secured email that there are documents that need to be reviewed and categorized. The ET-WSD gatekeeper will review all uncategorized documents weekly for categorization and routing to the appropriate referral folder.
 - h. Add the referral to the appropriate electronic spreadsheet log (separated by fiscal year and sometimes quarter) found in the referral type folder on the ET-WSD Shared Drive by completing the name of taxpayer, TIN, state, zip code, date the referral was received by ET-WSD, electronic or paper referral, and referral specific fields listed on the spreadsheet log listed prior to the classification input fields.
- (2) For referrals that are received electronically to one of the ET-WSD referral email boxes , the ET-WSD TE will within five business days of receipt in the email box
- a. Create an electronic subfolder on the ET-WSD secured shared drive under the Mail #1 folder named in the following format: MM-DD-YYYY (XX), where MM-DD-YYYY represents the month, day and year the referral was scanned and XX represents the ET-WSD TE initials. Within the subfolder, create a new electronic subfolder named after the referral type being saved (e.g., **DOL** for DOL referrals) if one does not already exist, and save the digitized referral in this folder. If the referral type cannot be determined, create a subfolder named **For Gatekeeper Review** if one does not already exist and save the scanned referral to this location.
 - b. Make an electronic copy of the scanned referral document saved in paragraph (a) above. Save the copied document to the ET-WSD secured shared drive in the folder named for the referral type. If the referral type cannot be determined, place the referral in the designated folder on the ET-WSD secured shared drive for the ET-WSD gatekeeper to review. Notify the ET-WSD gatekeeper by secured email that there are documents that need to be reviewed and categorized. The ET-WSD gatekeeper will review all uncategorized documents weekly for categorization and routing to the appropriate referral folder.
 - c. Add the referral to the appropriate electronic spreadsheet log (separated by fiscal year and quarter) found in the referral type folder on the ET-WSD shared drive by completing the fields for taxpayer name, TIN, state, zip code, date referral was received, and indicate whether electronic or paper referral.
- (3) For QETP referrals received electronically through SDT, the ET-WSD gatekeeper will check monthly the secured shared drive where SDT referrals are received and perform the following actions:

- a. Save an electronic copy of the referral documents in the appropriate state folder in the "Referrals from State List" subfolder of the "Referrals -QETP" folder on the ET-WSD secured shared drive.
 - b. For referrals provided on an electronic spreadsheet, add the referrals to the appropriate electronic spreadsheet log (separate by state, fiscal year, and quarter) found in the folder in paragraph (a) above, by completing the fields for taxpayer name, EIN, state, zip code, date the referral was received, number of workers affected, state wage adjustment, and whether there are multiple years.
 - c. For referrals provided by document submissions, the ET-WSD gatekeeper will save the documents in a designated folder on the secured shared drive for the ET-WSD TE to review and add the referrals to the spreadsheet log in paragraph (b) above.
- (4) Original and electronic documentation, unless otherwise stated, will be retained by ET-WSD for the required retention period and then destroyed, where required. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
 - (5) For procedures specific to Whistleblower referral processing and logging, see IRM 4.23.23.3.1.1.10, Whistleblower and Informant Referrals.

4.23.23.3.2
(04-03-2023)

**Claims for Refund, Audit
Reconsideration, and
Doubt as to Liability**

- (1) This section provides guidance on the review of
 - a. Claims for refund
 - b. Employee Retention Credit Claims and Sick and Family Leave Credit Claims
 - c. Audit reconsideration
 - d. Doubt as to Liability (DATL)
 - e. Railroad Retirement Act (RRTA) Referrals and Claims

4.23.23.3.2.1
(04-03-2023)

Claims for Refund

- (1) A claim for refund is a request for a refund of assessed tax that has been paid. A claim for refund is filed on an "X" form that corresponds and relates line-by-line to the employment tax return being corrected and the tax period in which the error occurred. See IRM 4.23.13.1.1, Background, for a list of employment tax "X" forms.

Note: There is no "X" form for Form 940. Taxpayers will use a Form 940 for amending previously filed returns.

- (2) Form 843, Claim for Refund and Request for Abatement, is used for requesting abatement of assessed penalties and interest. Form 843 can also be used for a refund of employee social security in certain limited circumstances as described in the instructions to Form 843.
- (3) Under IRC 6511, the general rule is that a claim for refund must be filed within three years from the time the original tax return was filed or two years from the time the tax was paid, whichever is later. Selected claims for refund cases fall under the claim category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current workplan categories.
- (4) Claims for refund on Employment Tax returns are received in ET-WSD from Wage and Investment Accounts Management (AM) and Cincinnati Campus Examination/AUR Classification team (Campus).

- (5) Claims are sent to ET-WSD for classification based on CAT-A criteria and are received through the Correspondence Imaging System (CIS). See IRM 21.5.3.4, General Claim Procedures. CAT-A criteria is found in Exhibit 21.5.3-2, Examination Criteria (CAT-A) – General. The form used to file the claim and supporting documentation is scanned into CIS for the ET-WSD Claim Coordinator to review.
- (6) The ET-WSD Claim Coordinator will research CIS weekly by using the search parameters of CAT-A for both Ogden Service Center (OSC) and Cincinnati Service Center (CSC) to find recently added claims on Employment Tax returns.
- (7) Within 30 days of receipt of a new claim on CIS, the ET-WSD Claim Coordinator will take the following actions on the claim:
 - a. Conduct research on IDRS using command code INOLES to determine the BOD code. If the BOD code is not SB/SE or LB&I, the ET-WSD Claim Coordinator will return the claim back to the originator on CIS by selecting “Not Category A Criteria.”
 - b. Conduct research on IDRS using command code AMDISA to determine if the tax period at issue is already established and under examination. If the tax period is already established and under examination in Employment Tax Examination, forward the claim on CIS to the Employment Tax examination group manager where the return is under examination.
 - c. For all other claims, review the claim documentation on CIS and conduct IDRS research to confirm the amount of the claim and the claim issues. Refer to the ET-WSD Handbook regarding specific classification and selection criteria for claims.
 - d. Complete all fields on the Claims tracking spreadsheet, located in the Claims folder on the ET-WSD shared drive.
 - e. For selected claims (except liability transfer cases), prepare the electronic case file, including the classification sheet, an INOLES screen print, and a PDF printed copy of the claim documentation on CIS. See IRM 4.23.23.5.3, Procedures for Selected Cases. Place the electronic case file in the ET-WSD shared drive to have the file established. Selected cases are established consistent with IRM 4.23.23.5.3, Procedures for Selected Cases, and are considered **expedite** cases for purposes of order filling and delivery. See IRM 4.23.23.6.2, Examination Inventory Order Filling and Delivery. Complete the Selected Case cover sheet for the month and fiscal year the claim was selected, found in the Electronic Classification folder for the appropriate fiscal year. On CIS, select the response “Selected for Examination.” Include in the remarks, “Claim selected for examination. Please close your case. No further routing to Exam is needed.”
 - f. For selected liability transfer cases, liability transfer occurs when one taxpayer files an “X” form to request that tax liability and/or tax deposits be transferred to another taxpayer’s TIN. Both taxpayers are controlled. The transferee claim is set up with \$1 claim amount. Follow the instructions in paragraph (e) above, but on CIS include in the remarks: “liability transfer.”
 - g. For all non-selected claims, select the appropriate response on CIS for not selecting the case out of the following options:

CIS	Response
"Not Category A Criteria"	Include in the remarks, "Claim does not meet HQ Reserved 10 criteria per Exhibit 21.5.3-2, Examination Criteria (CAT-A) -General. Please process following normal adjustment procedures."
"Accepted as Filed"	Claim is accepted as filed. Include in the remarks the justification for accepting the claim.
"Disallowed"	Claim is disallowed. Include in the remarks specific language to be included in the disallowance letter. Refer to Letter 105C, Claim Disallowed, for relevant language.
"No Consideration"	Filing is incomplete for processing or review because additional information is needed from the taxpayer. Include in the remarks specific language in the no consideration letter. Refer to Letter 916C, Claim Incomplete for Processing: No Consideration, for relevant language.

- (8) All claims classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (9) All electronic claim documentation, including the electronic spreadsheet log for claims, will be saved on the ET-WSD secured shared drive location for claims to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

4.23.23.3.2.2 (04-03-2023)

Employee Retention Credit Claims and Sick and Family Leave Credit Claims

- (1) For general information regarding the ERC and the sick and family leave credit ("COVID-19 Employer Credits"), see IRM 3.14.2.7.4.10.2, Employee Retention Credit and IRM 3.14.2.7.4.10.1, Credits for Qualified Sick and Family Leave Wages.
- (2) Similar to other employment tax claims (see IRM 4.23.23.3.2.1, Claims for Refund), COVID-19 Employer Credit claims may be filed on an "X" form that corresponds and relates line-by-line to the employment tax return being corrected and the tax period in which the error occurred. See IRM 4.23.13.1.1, Background, for a list of employment tax "X" forms. Selected COVID-19 Employer Credit claims fall under the claim category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (3) COVID-19 Employer Credit claims are sent to ET-WSD for classification based on CAT-A criteria and are received through CIS. See IRM 21.5.3.4, General Claim Procedures. CAT-A criteria is found in Exhibit 21.5.3-2, Examination

Criteria (CAT-A) – General. The form used to file the claim and supporting documentation is scanned into CIS for the ET-WSD Claim Coordinator to review.

- (4) The ET-WSD Claim Coordinator will research CIS weekly by using the search parameters of CAT-A for both OSC and CSC to find recently added claims on employment tax returns. Within 30 days of receipt of a new claim on CIS, the ET-WSD Claim Coordinator will take the following actions on the claim:
 - a. Conduct research on IDRS using command code INOLES to determine the BOD code. If the BOD code is not SB/SE or LB&I, the ET-WSD Claim Coordinator will return the claim back to the originator on CIS by selecting “Not Category A Criteria.”
 - b. Provide a weekly listing to the ECS senior data analyst or ET-WSD compliance intelligence analyst to upload IDRS and external PPP loan forgiveness data to assist in the classification review. External PPP loan forgiveness data is used pursuant to the MOU between SB/SE and the Small Business Administration for the limited purpose of determining whether a taxpayer’s ERC should be disallowed. If the IDRS data indicates that the tax period at issue is already established and under examination in Employment Tax Examination, forward the claim on CIS to the Employment Tax examination group manager where the return is under examination.
 - c. For all other COVID-19 Employer Credit claims, the ET-WSD Claim Coordinator will complete the COVID-19 Employer Credit Claim Analysis spreadsheet stored on the ET-WSD shared drive. Refer to the ET-WSD Desk Guide for procedures on completing the spreadsheet. The ET WSD Claim Coordinator will further conduct IDRS research to confirm the amount of the claim and the claim issues. Refer to the ET-WSD Desk Guide regarding specific classification and selection criteria for COVID-19 Employer Credit claims.
- (5) Selected and non-selected COVID-19 Employer Credit claims will follow the procedures found in IRM 4.23.23.3.2.1, Claims for Refund.
- (6) All COVID-19 Employer Credit claim classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (7) All electronic COVID-19 Employer Credit claim documentation, including the electronic spreadsheet log for claims, will be saved on the ET-WSD secured shared drive location for claims to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

4.23.23.3.2.3
(04-03-2023)

Audit Reconsideration

- (1) An audit reconsideration is an administrative procedure available to the taxpayer by the IRS in order to reduce taxpayer burden. The IRS does not want to require the taxpayer to pay the assessment and file a claim if there is additional information to be considered. The purpose of the audit reconsideration is to examine information not previously considered. Selected audit reconsideration cases fall under the claim plan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) Audit reconsideration requests can come from either campus classification units or from ROs. They are received in the mail. Refer to IRM 4.23.23.3.1.4,

Receipt and Tracking of Referrals, for the process to log, scan, and save the audit reconsideration request.

- (3) Audit reconsideration requests can include various documents, including but not limited to:
 - a. Letter from the taxpayer or taxpayer representative explaining the request for audit reconsideration with attachments;
 - b. Historical return file;
 - c. Copies of correspondence received by the taxpayer; and
 - d. Form 3870 (for audit reconsideration requests that are sent from Revenue Officers).
- (4) Within 30 days of receipt of a new audit reconsideration request, the ET-WSD Audit Reconsideration Coordinator will take the following actions on the claim:
 - a. Conduct research on IDRS using command code INOLES to determine the BOD code. If the BOD code is not SB/SE or LB&I, the ET-WSD Audit Reconsideration Coordinator will request that the ET-WSD TE mail the audit reconsideration request back to the originator with a notation on the Form 3210 that the audit reconsideration request is for a BOD not handled by ET-WSD.
 - b. For all other audit reconsideration requests, review the audit reconsideration documentation and conduct IDRS research to confirm the amount at issue. Refer to the ET-WSD Handbook regarding specific classification and selection criteria for audit reconsideration requests.
 - c. Conduct research on IDRS using command code AMDISA to determine if the tax period at issue is already established and under examination.
 - d. Complete all fields on the audit reconsideration tracking spreadsheet, located in the audit reconsideration folder on the ET-WSD shared drive.
 - e. For selected audit reconsideration requests, prepare the electronic case file, including the classification sheet, an INOLES screen print, and the audit reconsideration documentation received. See IRM 4.23.23.5.3, Procedures for Selected Cases, for procedures for completing the classification sheet. Place the electronic case file in the appropriate folder of the ET-WSD shared drive to have the file established. Selected cases are established consistent with IRM 4.23.23.5.3, Procedures for Selected Cases, and are considered **expedite** cases for purposes of order filling and delivery. See IRM 4.23.23.6.2, Examination Inventory Order Filling and Delivery. Complete the Selected Case cover sheet for the month and fiscal year the audit reconsideration request was selected, found in the Electronic Classification folder for the appropriate fiscal year.
 - f. For accepted audit reconsideration request, send the request via secured email to Team 203 indicating in the email the actions that need to be taken on the account.
- (5) All audit reconsideration classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (6) All electronic audit reconsideration documentation, including the electronic spreadsheet log for audit reconsiderations, will be saved on the ET-WSD secured shared drive location for audit reconsiderations to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

4.23.23.3.2.4
(04-03-2023)**Doubt as to Liability**

- (1) A Doubt as to Liability (DATL) exists where there is a genuine dispute as to the existence or amount of the correct tax debt under the law. See IRM 4.18.1.2.1, Offer in Compromise - Doubt as to Liability (OIC-DATL), regarding DATL offers. Employment Tax DATL offers can involve prior examinations performed in Employment Tax Exam or a questionable liability on an original Employment Tax return. Selected DATL cases fall under the claim plan category. See IRM 4.23.23.2.1, Examination Workplan Development, for a list of all current plan categories.
- (2) DATL Offers in Compromise (OIC) on Employment Tax returns are submitted on Form 656-L, Offer in Compromise (Doubt as to Liability), to the centralized DATL processing unit at the Brookhaven Campus. Once processed, the OIC is forwarded to the ET-WSD DATL Coordinator.
- (3) Within ten days of receipt, the ET-WSD DATL Coordinator will review the OIC to determine if appropriate for assignment to an Employment Tax exam group. See IRM 4.1.1.6.16.1, OIC Coordinator, and the ET-WSD Handbook on classification guidance for DATL OIC cases. Complete the DATL-OIC tracking log for the correct fiscal year, located in the DATL folder on the ET-WSD shared drive.
- (4) If the OIC is not appropriate for Employment Tax exam assignment, the ET-WSD DATL Coordinator will contact the DATL unit manager to discuss returning the offer and if agreed will return the offer to the centralized DATL processing unit on Form 3210, update the Automated Offer in Compromise (AOIC) database assignment number to 190100000, and enter information in the AOIC database remarks section indicating why the offer was returned.
- (5) If the offer is appropriate for Employment Tax Exam assignment, the ET-WSD DATL Coordinator will:
 - a. Conduct research on IDRS to confirm the tax periods that contain a TC 480 and jurisdiction code 2, and determine whether the status of any tax period is in status 90.
 - b. Update the monthly selected case cover sheet spreadsheet consistent with IRM 4.23.23.5.3, Procedures for Selected Cases, and upload to the Project Spreadsheet folder for the appropriate fiscal year's Electronic Classification folder on the ET-WSD shared drive by the Thursday of the week the DATL case was reviewed. This will notify the ET-WSD gatekeeper to establish the case on AIMS/ERCS with project code 0264, tracking code 6506, source code 73, EGC of the ET-WSD DATL Coordinator, and the appropriate Tax Increase Prevention Reconciliation Act of 2005 (TIPRA) statute. The TIPRA statute is two years from the IRS received date of the offer and will carry an "R" as part of the statute date (e.g. 04152018R). See IRC 7122(f). "AA" alpha statute should not be used.
 - c. Monitor the case file until controls are established. Once controls are established, provide the information necessary to the ET-WSD gatekeeper for the campus AIMS/ERCS analyst to add an 08 AIMS freeze code to the case file.
 - d. Complete the Selected Case cover sheet for the month and fiscal year the DATL request was selected, found in the Electronic Classification folder for the appropriate fiscal year.
 - e. Complete a classification sheet and pull an IDRS command code INOLES print to include with the DATL OIC case file. See IRM 4.23.23.5.3, Procedures for Selected Cases.

- f. Update AOIC database remarks section to reflect the appropriate Employment Tax EGC and a contact point and generate the Exam/Specialty Checklist if one was not provided.
- (6) Selected cases are established consistent with IRM 4.23.23.5.3, Procedures for Selected Cases, and are considered **expedite** cases for purposes of order filling and delivery. See IRM 4.23.23.6.2, Examination Inventory Order Filling and Delivery.
- (7) The case file sent to Employment Tax Exam must contain the following notice: On July 16, 2006, the Tax Increase Prevention Reconciliation Act of 2005 (TIPRA) was implemented. TIPRA mandates an acceptance of any offer where a decision is not made in 24 months. If a liability included in the offer is disputed in any court proceeding, that time period is not included when calculating the two-year time frame. Issuance of a determination letter stops the 24-month time frame. The 24 months does not include the time that a protested, rejected offer is under consideration in Appeals. See IRC 7122(f).
- (8) The DATL offer can be rejected, accepted, withdrawn, terminated, or returned for failure to respond. Refer to IRM 4.18.1.4, Examining an OIC-DATL, for procedures for examining and closing DATL cases, and IRM 5.19.24.7, Processing DATL Offers, for returned offers.
- (9) All DATL OIC classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (10) As stated in IRM 4.18.1.3, Return Controls, OICs are priority cases. For this reason, the ET-WSD DATL Coordinator must monitor DATL cases assigned to the field and in process by researching the IDRS command code AMDISA for each DATL OIC sent to the field to determine when the case was updated to status 12.
- (11) Once a DATL OIC has been in status 12 for longer than six months, the ET-WSD DATL Coordinator will contact the Employment Tax exam territory manager for a status update and carbon copy the ET-WSD group manager. The status update will be recorded by the ET-WSD DATL Coordinator on AOIC in the remarks. The status update should include, but is not limited to, the estimated closing date, actions taken to resolve the issue, and date of the rejection letter (if issued).
- (12) When an DATL-OIC has been in status 12 greater than 14 months, the ET-WSD DATL Coordinator will continue to take the steps in paragraph (13) of this section, but will carbon copy the following recipients:
 - a. Staff Assistant to the Chief of Employment Tax and
 - b. Technical Advisor to the Chief of Employment Tax.
- (13) When the DATL OIC is older than 14 months, the OIC tax policy analyst will include the case on the Director Collection TIPRA Report for the month and request a status update for the case via secured email from the ET-WSD DATL Coordinator. The ET-WSD DATL Coordinator will provide a response via email by the date established in the request and carbon copy the ET-WSD group manager.
- (14) All electronic DATL documentation, including the electronic spreadsheet log for DATL claims, will be saved on the ET-WSD secured shared drive location for

DATL claims to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

4.23.23.3.2.5

(04-03-2023)

Railroad Retirement Act Claims and Referrals

- (1) Employer tax and employee tax and the railroad employee representative's tax under RRTA are reported on:
 - a. Form CT-1, Employer's Annual Railroad Retirement Tax Return, and
 - b. Form CT-2, Employee Representative's Quarterly Railroad Tax Return.
- (2) Adjustments to Employment Taxes and claims for refund for overpayment of taxes under RRTA are reported on the Form CT-1 X, Adjusted Employer's Annual Railroad Retirement Tax Return or Claim for Refund.
- (3) The IRS provides information to the Railroad Retirement Board (RRB) for the administration of the Railroad Retirement Act of 1974 (RRA), as amended. See IRM 4.23.2.3.3, Railroad Retirement Board (RRB) Coordination Agreement, for information regarding the Agreement between the IRS and the RRB (Agreement).
- (4) The IRS receives Board Coverage Decisions from the RRB once a month through SDT. These decisions are logged by the ET-WSD Railroad Coordinator on an electronic spreadsheet and the decisions and the spreadsheet are stored on the secure ET-WSD shared drive. A copy of the decisions are forwarded to Cincinnati Accounts Management.
- (5) ET-WSD receives referrals from the RRB pursuant to the Agreement. These referrals are transferred via SDT. Railroad claims are received electronically from Cincinnati Accounts Management. The ET-WSD Railroad Coordinator will log the referrals and claims on the electronic spreadsheet for railroad issues consistent with IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals. The ET-WSD Railroad Coordinator will also make a copy of all documentation relevant to the referral or claim in the specified railroad folder on the secured ET-WSD shared drive.
- (6) The ET-WSD Railroad Coordinator classifies all railroad claims and referrals within ten days of notification of a new claim or referral available.
- (7) Railroad referrals are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to Railroad referrals.
 - a. Selected Railroad referrals will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases.
 - b. Non-selected Railroad referrals are handled consistent with IRM 4.23.23.5.2, Classification.
 - c. All Railroad selected referrals that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.
- (8) Railroad claims are classified consistent with the procedures found in IRM 4.23.23.3.2.1, Claims for Refund. Refer to the ET-WSD Desk Guide for specific procedures pertaining to Railroad referrals.
 - a. For selected claims, prepare the electronic case file, including the classification sheet, an INOLES screen print, and a PDF printed copy of the claim documentation. See IRM 4.23.23.5.3, Procedures for Selected

Cases. Place the electronic case file in the ET-WSD shared drive to have the file established. Selected cases are established consistent with IRM 4.23.23.5.3, Procedures for Selected Cases, and are considered **expedite** cases for purposes of order filling and delivery. See IRM 4.23.23.6.2, Examination Inventory Order Filling and Delivery. Complete the Selected Case cover sheet for the month and fiscal year the claim was selected found in the Electronic Classification folder for the appropriate fiscal year.

- b. Non-selected claims are sent via secured email to Cincinnati Accounts Management.
- (9) All Railroad referral and claim classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
 - (10) Quarterly, the ET-WSD Railroad Coordinator prepares a summary of cumulative fiscal year information that includes the following information:
 - a. Number of Railroad cases received;
 - b. Number of Railroad cases classified;
 - c. Number of Railroad cases selected;
 - d. Number of Railroad cases closed by Employment Tax Exam; and
 - e. Total amount of assessments for Railroad cases.
 - (11) The report prepared in paragraph (10) of this section is provided on a quarterly basis to the ET-WSD group manager and the SB/SE employment tax policy analyst responsible for Railroad cases.
 - (12) All electronic railroad documentation, including the electronic spreadsheet log for railroad claims and referrals, and the ET-WSD Coordinator quarterly summary spreadsheet, will be saved on the ET-WSD secured shared drive location for railroad claims and referrals to be retained by ET-WSD for the required retention period. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

4.23.23.3.3
(04-03-2023)
**Compliance Initiative
Projects**

- (1) Compliance Initiative Projects (CIPs) include any activities involving contact with specific taxpayers and collection of taxpayer data within a group or segment, using either internal or external data to identify potential areas of non-compliance within the group or segment, for the purpose of correcting the non-compliance. See IRM 4.17.1, Overview of Compliance Initiative Projects, for general information regarding CIP procedures.
- (2) Certain initiatives require an approved Compliance Initiative Project (CIP) when they involve groups of taxpayers that have unique Employment Tax compliance issues. However, CIP procedures are not required in the case of "routine business operations" as defined in IRM 4.17.1.3, Activities Not Subject to CIP Procedures. CIP procedures do not apply to certain approved Memorandums of Understanding (MOU). See IRM 4.17.1.3 for the conditions that an MOU must meet to be excluded from CIP procedures.
- (3) ET-WSD follows the procedures found in IRM 4.17, Compliance Initiative Projects, for all Employment Tax CIPs.
- (4) Review, concurrence, and approval procedures for Part One CIP can be found at IRM 4.17.4.3.5, Review, Concurrence and Approval of Part One CIP Only.

- (5) Review, concurrence, and approval procedures for Part Two CIP can be found at IRM 4.17.4.4.4, Review, Concurrence and Approval for Part Two Authorization Requests.
- (6) Procedures for the ET-WSD CIP Coordinator can be found in IRM 4.17.2.2, CIP Coordinator. In addition, the ET-WSD CIP Coordinator will:
 - a. Keep a spreadsheet tracking log of all cases classified for a specific CIP that will be stored in the appropriate sub folder in the CIP folder on the ET-WSD shared drive. The column headings will be unique to the CIP; however, the column headings should be like the spreadsheet tracking logs used for referrals. See IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals, for common column headings for referrals.
 - b. Draft, in collaboration with Employment Tax Policy and Employment Tax Examination where necessary, the case insert to be included in the selected case file.
 - c. Prepare the CIP data collection template to be included in the selected case file returned to the ET-WSD CIP Coordinator at the end of the examination.
 - d. Classify CIP cases consistent with IRM 4.23.23.5.2, Classification.
 - e. Selected CIP cases are handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. The electronic selected case file folder will include the CIP case insert and the data collection template.
 - f. Non-selected CIP cases are handled consistent with IRM 4.23.23.5.2, Classification.
- (7) Procedures for the ET-WSD group manager and Program Manager can be found in IRM 4.17.2.4, Program/Function Manager Duties.
- (8) All CIP classification dispositions are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.
- (9) Original and electronic scanned copies of CIP documentation will be retained by ET-WSD for the required retention period and then destroyed, where required. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990. All electronic CIP documentation, including the electronic spreadsheet log for claims, will be saved on the ET-WSD secured shared drive location for CIP.

4.23.23.3.4
(04-03-2023)
Leads

- (1) A lead is a data-driven approach to case selection involving the filtering and analyzing of electronically stored information from taxpayer forms and returns, searching for anomalies that may raise employment tax compliance issues.
- (2) The following is a current list of lead generated work sources:
 - a. Worker Classification (e.g. Employee Tax Examination Program (ETEP); Form SS-8; Form 8919, Uncollected Social Security and Medicare Tax on Wages; and the Hacienda Form 480 (Puerto Rico))
 - b. Officer Compensation
 - c. Non-Filer - CAWR
 - d. Fringe Benefits
 - e. Tip Employers (e.g. Form 4137, Social Security and Medicare Tax on Unreported Tip Income and Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips)
 - f. COVID-19 Employer Credit Leads

- (3) This section provides information on procedures applicable to all leads prior to being sent to classification. It also provides lead work source specific instructions.
- (4) Electronic lead documentation for all work sources, including tracking logs, will be retained by ET-WSD for the required retention period and then destroyed, where required. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (5) All lead generated work source classification determinations are subject to the review requirements found in IRM 4.23.23.1.4, Program Controls.

4.23.23.3.4.1 (06-29-2021) **Worker Classification Leads**

- (1) This section provides procedures for leads generated for the worker classification workstream.
- (2) Worker classification issues consider whether the payments by a taxpayer to a worker are subject to employment taxes because the worker is an employee. See IRM 4.23.5.2.1, Classification of Employment Tax Issues, regarding worker classification issues and examination techniques.
- (3) In reviewing worker classification issues, Section 530 relief must be considered. Section 530 of the Revenue Act of 1978 provides employers with relief from federal employment tax obligations if certain requirements are met. It terminates the employer's employment tax liability under Internal Revenue Code Subtitle C:
 - a. Chapter 21, FICA;
 - b. Chapter 22, RRTA;
 - c. Chapter 23, FUTA;
 - d. Chapter 24, Federal income tax withholding; and
 - e. Chapter 25, General Provisions relating to employment taxes and collection of income taxes at source.
- (4) For more information regarding the applicability of Section 530 to a worker classification issue, see IRM 4.23.5.3, Section 530 of the Revenue Act of 1978.

4.23.23.3.4.1.1 (04-03-2023) **Employment Tax Examination Program**

- (1) The Employment Tax Examination Program's (ETEP) source of work is derived from IRS data sources. This work source identifies employers that are likely misclassifying their payees as contractors. Criteria used in the filters vary annually depending on work plan needs, volume of source data, evaluation of prior year(s) results, and other factors as determined by the ET-WSD group manager. See IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention, regarding the annual process for reviewing lead filters.
- (2) The internal data includes information from various forms, including but not limited to:
 - a. Form 1099-MISC, Miscellaneous Income;
 - b. Form 1040, U.S. Individual Income Tax Return; and
 - c. Form 1099-NEC, Nonemployee Compensation.
- (3) Current steps, filters, and tolerance thresholds for the ETEP work source are detailed in the ETEP process document, that is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility for the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the ETEP process

document. All ET-WSD process documents are stored on the ET-WSD Share-Point site.

- (4) Internal data for the ETEP work source is stored in the Compliance Data Warehouse (CDW) and is available in April for those forms filed in the previous calendar year.
- (5) The ET-WSD group manager will decide when and whether to request a data run of the ETEP lead inventory based on the review status 08 inventory as described in IRM 4.23.23.2.3, Monitoring ET-WSD Inventory. The ET-WSD group manager or ET-WSD gatekeeper will request an ETEP lead run using the data request process in IRM 4.23.23.4.1.1, Procedures for Making Data and Lead Requests.
- (6) The ECS senior data analyst or ET-WSD compliance intelligence analyst will provide the leads to the ET-WSD group manager and ET-WSD gatekeeper that meet the current filters in a spreadsheet that includes the following columns for the classifier to complete:
 - a. Date classified
 - b. Classification outcome
 - c. Grade of employee
 - d. Notes
- (7) Once the leads are received by the ET-WSD group manager and ET-WSD gatekeeper, ETEP are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (8) ETEP leads are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to ETEP leads. Selected ETEP leads will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-selected ETEP leads are handled consistent with IRM 4.23.23.5.2, Classification.
- (9) All ETEP leads that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.

4.23.23.3.4.1.2
(04-03-2023)
Form SS-8

- (1) Form SS-8 requests to determine the proper classification of workers (i.e., employee or independent contractor) for federal employment tax and income tax withholding are processed by SB/SE Exam Field Support Operations at the Brookhaven Campus (SS-8 unit). See IRM 7.50.1.1.1, Background, for information on the SS-8 program.
- (2) ET-WSD has access to e-Trak data from the SS-8 unit which is used in case selection to identify if a worker relationship still exists after the IRS has determined an employer-employee relationship. Additionally, SS-8 data is used by ET-WSD to identify additional payers that might have worker misclassification issues.
- (3) In addition to the Form SS-8, internal data for Form SS-8 leads include various forms, including but not limited to
 - a. Form 1099-MISC or Form 1099-NEC for nonemployee compensation received after January 1, 2020;

- b. Form W-2;
 - c. Form 8919.
- (4) Current steps, filters, and tolerance thresholds for the Form SS-8 work source are detailed in the Form SS-8 process document that is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility of the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the Form SS-8 work source process document. All ET-WSD process documents are stored on the ET-WSD SharePoint site.
- (5) Internal data for the Form SS-8 work source is stored in the SS-8 unit e-Trak and the CDW. All data for this work source is available in April for those forms filed in the previous calendar year.
- (6) The ET-WSD group manager will decide when and whether to request a data run of the Form SS-8 lead inventory based on the review status 08 inventory as described in IRM 4.23.23.2.3, Monitoring ET-WSD Inventory. The ET-WSD group manager or ET-WSD gatekeeper will request a Form SS-8 lead run using the data request process in IRM 4.23.23.4.1.1, Procedures for Making Data and Lead Requests.
- (7) The ECS senior data analyst or ET-WSD compliance intelligence analyst will provide the leads to the ET-WSD group manager and ET-WSD gatekeeper that meet the current filters in a spreadsheet that includes the following columns for the classifier to complete:
 - a. Date classified
 - b. Classification outcome
 - c. Grade of employee
 - d. Notes
- (8) Once the leads are received by the ET-WSD group manager and ET-WSD gatekeeper, Forms SS-8 are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (9) Form SS-8 leads are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to Form SS-8 leads. Selected Form SS-8 leads will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-selected Form SS-8 leads are handled consistent with IRM 4.23.23.5.2, Classification.
- (10) All Form SS-8 leads that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.

4.23.23.3.4.1.3
(04-03-2023)
Form 8919

- (1) The Form 8919 allows workers receiving a Form 1099-MISC with non-employee compensation to self-report their share of FICA and Medicare tax, which is an attachment to the worker's Form 1040. A worker can report income from up to five separate employers on the form. Workers who receive a Form 1099-MISC (or Form 1099-NEC for income received after January 1, 2020) who take the position that they are not an employee and correspondingly report the employee's share of social security tax with their Form 1040 must also file a Form SS-8.

- (2) The Form 8919 is often filed by taxpayers who filed a Form SS-8, or by taxpayers who received both a Form W-2 and Form 1099-MISC for the same tax year.
- (3) The Form 8919 work source seeks to identify taxpayers whose workers have filed Form 8919 for income received from the taxpayer, indicating that the worker was not properly treated as an employee.
- (4) Current steps, filters, and tolerance thresholds for the Form 8919 work source are detailed in the Form 8919 process document, which is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility for the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the Form 8919 process document. All ET-WSD process documents are stored on the ET-WSD SharePoint site.
- (5) Internal data for the Form 8919 work source is stored on the Compliance Data Warehouse. All data for this work source is available in February for those forms filed in the previous calendar year.
- (6) The ET-WSD group manager will decide when and whether to request a data run of the Form 8919 lead inventory based on the review status 08 inventory as described in IRM 4.23.23.2.3, Monitoring ET-WSD Inventory. The ET-WSD group manager or ET-WSD gatekeeper will request a Form 8919 lead run using the data request process in IRM 4.23.23.4.1.1, Procedures for Making Data and Lead Requests.
- (7) The ECS senior data analyst or ET-WSD compliance intelligence analyst will provide to the ET-WSD group manager and ET-WSD gatekeeper the leads that meet the current filters in a spreadsheet that includes the following columns for the classifier to complete:
 - Date classified
 - Classification outcome
 - Grade of employee
 - Notes
- (8) Once the leads are received by the ET-WSD group manager and ET-WSD gatekeeper, Form 8919 leads are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (9) Form 8919 leads are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to Form 8919 leads. Selected Form 8919 leads will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-selected Form 8919 leads are handled consistent with IRM 4.23.23.5.2, Classification.
- (10) All Form 8919 leads that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.

4.23.23.3.4.1.4
(04-03-2023)

The Hacienda Form 480 (Puerto Rico)

- (1) Employers in Puerto Rico (PR) are required to pay FICA taxes on wages paid to their employees. The FICA taxes paid by employers in Puerto Rico can be reported on
 - Form 941-PR, Employer's Quarterly Federal Tax Return
 - Form 943-PR, Employer's Annual Tax Return for Agricultural Employees (Puerto Rican Version)
 - Form 944, Employer's ANNUAL Federal Tax Return
 - Form 944 (SP), Employer's ANNUAL Federal Tax Return (Spanish Version)
 - Form 1040, Schedule H-PR (Anexo H-PR), Household Employment Tax (Puerto Rican Version)
- (2) If a PR resident taxpayer is not required to file a Form 1040 and is self-employed, the taxpayer would still need to report and pay self-employment tax. A taxpayer from Puerto Rico can report self-employment tax on
 - Form 1040-SS, U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico), or
 - Form 1040-PR, U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico) (Puerto Rican version)
- (3) The Departamento de Hacienda de Puerto Rico (the Hacienda) is the Puerto Rico Department of Treasury, which oversees Puerto Rico's administration of the tax laws. The Hacienda requires information reporting for payments made to individuals over \$500 and requires that the taxpayer specify the amount of withholding. Two of the Hacienda information reporting forms are
 - Form 480.6A, Informative Return - Other Income Not Subject to Withholding
 - Form 480.6B, Informative Return - Other Income Subject to Withholding
- (4) Data from the Form 480.6A and Form 480.6B has occasionally been provided to ET-WSD from the Hacienda. This information is compared with IRS internal data sources to identify potential employment tax noncompliance, including worker misclassification, by businesses in Puerto Rico.
- (5) Current steps, filters, and tolerance thresholds for the Form 480 work source are detailed in the Form 480 process document, which is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility for the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the Form 480 process document. All ET-WSD process documents are stored on the ET-WSD SharePoint site.
- (6) Internal data for this work source is stored on the Compliance Data Warehouse. Internal data sources include, but are not limited to
 - Form 1040-SS
 - Form 1040-PR
 - Form W-2
 - Form 1099-MISC or Form 1099-NEC for nonemployee compensation received after January 1, 2020

- (7) Internal data for this work source is available in April for those forms filed in the previous calendar year. Data for the Form 480.6A and Form 480.6B is provided from the Hacienda on an ad hoc basis.
- (8) The ET-WSD group manager will decide when and whether to request a data run of the Form 480 lead inventory based on the review status 08 inventory as described in IRM 4.23.23.2.3, Monitoring ET-WSD Inventory. The ET-WSD group manager or ET-WSD gatekeeper will request a Form 480 lead run using the data request process in IRM 4.23.23.4.1.1, Procedures for Making Data and Lead Requests.
- (9) The ECS senior data analyst or ET-WSD compliance intelligence analyst will provide the leads to the ET-WSD group manager and ET-WSD gatekeeper that meet the current filters in a spreadsheet that includes the following columns for the classifier to complete
 - a. Date classified
 - b. Classification outcome
 - c. Grade of employee
 - d. Notes
- (10) Once the leads are received by the ET-WSD group manager and ET-WSD gatekeeper, Form 480 leads are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (11) Form 480 leads are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to Form 480 leads. Selected Form 480 leads will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-selected Form 480 leads are handled consistent with IRM 4.23.23.5.2, Classification.
- (12) All Form 480 leads that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.

4.23.23.3.4.2

(04-03-2023)

Officer Compensation Leads

- (1) This section provides specific procedures for leads generated in the officer compensation workstream.
- (2) Officer compensation leads seek to identify S-Corporation shareholders filing Form 1120-S, U.S. Income Tax Return for an S Corporation, who are also corporate officers that report little to no wages but are performing services for the company or who are receiving distributions more than wages claimed. See IRM 4.23.5.7.3.2, Officer Compensation Issue Development, regarding officer compensation examination techniques.
- (3) Current steps, filters, and tolerance thresholds for the Officer Compensation workstream are detailed in the Officer Compensation process document, which is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility of the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the Officer Compensation process document. All ET-WSD process documents are stored on the ET-WSD SharePoint site.
- (4) Internal data for the Officer Compensation workstream is stored on the Compliance Data Warehouse. Internal data sources include, but are not limited to

- Form 1120-S
- Form 1040
- Form 1065, U.S. Return of Partnership Income
- Form W-2
- Form 1099-MISC

Note: Internal data for this work source is available in September for those forms filed in the previous calendar year.

- (5) The ET-WSD group manager will decide when and whether to request a data run of the Officer Compensation lead inventory based on the review of status 08 inventory as described in IRM 4.23.23.2.3, Monitoring ET-WSD Inventory. The ET-WSD group manager or ET-WSD gatekeeper will request an officer compensation lead run using the data request process in IRM 4.23.23.4.1.1, Procedures for Making Data and Lead Requests.
- (6) The ECS senior data analyst or ET-WSD compliance intelligence analyst will provide the leads to the ET-WSD group manager and ET-WSD gatekeeper that meet the current filters in a spreadsheet that includes the following columns for the classifier to complete
 - a. Date classified
 - b. Classification outcome
 - c. Grade of employee
 - d. Notes
- (7) Once the leads are received by the ET-WSD group manager and ET-WSD gatekeeper, Officer Compensation leads are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (8) Officer Compensation leads are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to Officer Compensation leads. Selected Officer Compensation leads will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-selected Officer Compensation leads are handled consistent with IRM 4.23.23.5.2, Classification.
- (9) All Officer Compensation lead selects that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.

4.23.23.3.4.3
(04-03-2023)

Non-Filer Leads - CAWR

- (1) This section provides information and guidance for generating leads for the Combined Annual Wage Reporting (CAWR) program.
- (2) In general, the CAWR program involves verification that employers paid the proper amount of taxes, withholding, and advanced earned income credit. See IRM 4.23.3.3.1, Combined Annual Wage Report (CAWR), regarding the CAWR matching that occurs on various tax filings to determine a taxpayer's liability for employment taxes.
- (3) A CAWR lead in employment tax examination can present various issues, including:
 - a. High number of Form W-2 payees impacted;

- b. Unpostable returns because the taxpayer's filing does not match the taxpayer's employment tax filing requirement (e.g., filing a quarterly Form 941, when the taxpayer has a Form 944 filing requirement);
 - c. Large credit balances on account;
 - d. A CAWR assessment with other employment tax issues (e.g. worker classification); and
 - e. Potential for fraud.
- (4) ET-WSD receives CAWR data from an annual UWR submitted by Employment Tax Policy for an annual extract of CAWR leads. The data is available in April for the prior filing year.
- (5) Additional internal data for the CAWR work source is stored in the Compliance Data Warehouse, IDRS, and the Servicewide Employment Tax Research System and is available in April for those forms filed in the previous calendar year. This data includes, but is not limited to
- Form 1099-MISC
 - Form W-3, Transmittal of Wage and Tax Statements
 - Form W-2
 - Form 1040
 - Form 941
 - North American Industry Classification System (NAICS) codes
 - Accounts with deleted or unposted employment tax returns.
- (6) Current steps, filters, tolerance thresholds, and ranking criteria for the CAWR work source for Employment Tax Examination are detailed in the CAWR process document, which is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility of the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the CAWR process document. All ET-WSD process documents are stored on the ET-WSD SharePoint site.
- (7) In addition to the CAWR leads that ET-WSD generates and classifies for Employment Tax Exam, ET-WSD also provides certain CAWR leads to SB/SE Campus for classification and examination. A separate process document for SB/SE Campus CAWR that details the filters, tolerance thresholds, and ranking criteria is maintained by the ECS senior data analyst or ET-WSD compliance intelligence analyst on the ET-WSD SharePoint site. The SB/SE Campus CAWR process document states the current contact for delivery of SB/SE Campus CAWR leads.
- (8) Once leads are generated from the CAWR filtering, the ECS senior data analyst or ET-WSD compliance intelligence analyst will provide to the ET-WSD group manager and ET-WSD gatekeeper the leads that meet the current filters for Employment Tax Examination in a spreadsheet that includes the following columns for the classifier to complete:
- Date classified
 - Classification outcome
 - Grade of employee
 - Notes.
- (9) CAWR leads are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assign-

ments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.

- (10) CAWR leads for Employment Tax Examination are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to CAWR leads. Selected CAWR leads will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-selected CAWR leads are handled consistent with IRM 4.23.23.5.2, Classification.
- (11) All CAWR leads that require surveying in ET-WSD should follow the procedures found in IRM 4.23.23.7, Surveying Cases.

4.23.23.3.4.4 (04-03-2023) **Fringe Benefits**

- (1) This section provides information and guidance for generating leads for fringe benefit cases.
- (2) A fringe benefit is any cash, property, or service that an employee receives in addition to regular taxable wages, either directly or indirectly (e.g., benefits received to an employee's family members). IRC 61 states that, except as otherwise provided, gross income means all income from whatever source derived, including but not limited to, compensation for services including fees, commissions, fringe benefits, and similar items. See IRM 4.23.5.15, Fringe Benefits, for a list of examples of fringe benefits.
- (3) Once a fringe benefit is identified, it must be determined whether there is a statutory exclusion to including the benefit in gross income. See IRM 4.23.5.15.1, Statutory Exclusions from Gross Income, and IRM 4.23.5.15.2, Fringe Benefits under IRC Section 132 and Definitions.
- (4) Current steps, filters, and tolerance thresholds for the fringe benefit workstream are detailed in the fringe benefit process document, which is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility for the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the fringe benefit process document. All ET-WSD process documents are stored on the ET-WSD SharePoint site.
- (5) Internal data for the fringe benefit workstream is stored on the Compliance Data Warehouse. Internal data sources include, but are not limited to:
 - Form 1120, U.S. Corporation Income Tax Return
 - Form W-2
 - Form 941
 - Form 941-PR
 - Form 1065
 - Form 1120-S
 - NAICS code information
 - Historic A-CIS and ERCS data
- (6) Internal data for this work source is available on a continuous basis.
- (7) Data from the Hacienda is also used for identifying fringe benefit leads for businesses operating in Puerto Rico. See IRM 4.23.23.3.4.1.4, The Hacienda Form 480 (Puerto Rico), regarding information received from the Hacienda.
- (8) The ET-WSD group manager will decide when and whether to request a data run of the fringe benefit lead inventory based on the review status 08 inventory

as described in IRM 4.23.23.2.3, Monitoring ET-WSD Inventory. The ET-WSD group manager or ET-WSD gatekeeper will request a fringe benefits lead run using the data request process in IRM 4.23.23.4.1.1, Procedures for Making Data and Lead Requests.

- (9) The ECS senior data analyst or ET-WSD compliance intelligence analyst will provide the leads to the ET-WSD group manager and ET-WSD gatekeeper that meet the current filters in a spreadsheet that includes the following columns for the classifier to complete
 - Classification outcome
 - Notes
- (10) Once the leads are received by the ET-WSD group manager and ET-WSD gatekeeper, fringe benefit leads are considered by the ET-WSD group manager, ET-WSD gatekeeper, and ET-WSD compliance intelligence analyst during weekly classification planning calls in determining and sending classification assignments to classifiers. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (11) Fringe benefits leads are classified consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to fringe benefit leads. Selected fringe benefits leads will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Non-selected fringe benefit leads are handled consistent with IRM 4.23.23.5.2, Classification.
- (12) All fringe benefits lead selects that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.

4.23.23.3.4.5
(04-03-2023)

Tip Employer Leads

- (1) This section provides information and guidance for generating leads for tip employers.
- (2) An employer is required to deduct and deposit an employee's share of social security and Medicare tax on tips. See IRM 4.23.7.2, Introduction, regarding the employer's withholding obligation and employer's responsibility to furnish a Form W-2 to the employee.
- (3) An employee is required to provide a written statement to the employer by the tenth day of the month following an employee's receipt of tips under IRC 6053(a) and may be subject to penalties under IRC 6652 for failure to properly report tips. See IRM 4.23.7.3, Employee Tip Reporting, for the information required to be provided in the written statement as well as the use of Form 4070, Employee's Report of Tips to Employer, and Form 4070-A, Employee's Daily Record of Tips, for this purpose.
- (4) The National Tip Reporting Compliance Program (NTRCP) classifies Form 4137 tip leads and examines all tip cases. See IRM 4.23.7, Employment Tax, Employment Tax on Tip Income, regarding the role of the NTRCP.
- (5) The ET-WSD Tip Coordinator classifies Form 8027 tip leads that are examined by the NTRCP.

4.23.23.3.4.5.1
(04-03-2023)

Form 4137 Tip Compliance Program Leads

- (1) The Form 4137 is completed by employees, in conjunction with a Form 1040, to report and pay Social Security and Medicare taxes on tips, as well as federal income tax withholding, on tips not reported to the employer. The Form 4137 notice allows the IRS to aggregate unreported tips reported on the Form 4137 for each employer in order to provide the Section 3121(q) Notice and Demand for the employer's share of the applicable FICA due on the unreported tips. See IRM 4.23.7.4.1, Form 4137 Compliance Program, regarding the Form 4137 compliance program administered by the NTRCP.
- (2) Current steps, filters, and tolerance thresholds for the Form 4137 Compliance Program are detailed in the Form 4137 Compliance Program process document, which is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility for the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the Form 4137, Compliance Program process document. All ET-WSD process documents are stored on the ET-WSD Share-Point site.
- (3) Internal data for the Form 4137, Compliance Program is stored in CDW . Internal data sources include, but are not limited to:
 - Form 4137
 - Form W-2
 - Form 941
 - Form 944
 - Form 1040.
- (4) Data pulls for the Form 4137 compliance program are completed annually by the ECS senior data analyst or ET-WSD compliance intelligence analyst and sent to NTRCP Form 4137 point of contact via a secured email on a schedule agreed upon by the NTRCP and ET-WSD.
- (5) The NTRCP makes selection decisions based on the data provided in paragraph (4) of this section and sends the list of selected cases, including examiner assignment information, back to the ECS senior data analyst or ET-WSD compliance intelligence analyst via secured email.
- (6) Selected cases are assigned to the examining employee in the Form 4137 database by the ECS senior data analyst or ET-WSD compliance intelligence analyst.
- (7) The ECS senior data analyst or ET-WSD compliance intelligence analyst will establish selected cases in status 10 and EGC of the assigned employee using an AM424 database tool with the following coding information:
 - a. Tracking code 7887
 - b. Project code 1034 for Form 4137 Correspondence Contact
- (8) The ECS senior data analyst or ET-WSD compliance intelligence analyst sends back to the Form 4137 point of contact the following via secured email:
 - a. Form 4137 installation package
 - b. Spreadsheet inventory files for each employee assigned cases to import into the Form 4137 database.

4.23.23.3.4.5.2
(04-03-2023)
Form 8027 Leads

- (1) The Form 8027 is filed annually by certain large food or beverage establishments to report to the IRS on its food or beverage operations and employees' reported tips, consistent with the reporting requirement found in 26 CFR 31.6053-3. See IRM 4.23.7.5.1, Form 8027 Requirements, for information regarding who is required to file the Form 8027 and what information is reported.
- (2) On the Form 8027, large food or beverage establishment employers may be required to allocate among tipped employees an amount equal to the excess of eight percent of gross receipts of the establishment for the payroll period over the aggregate amount of tips reported by the employees. See 26 CFR 31.6053-3(d).
- (3) This allocation of a percentage of gross receipts to tipped employees is entered into the employee's Form W-2, Box 8. The employee is required to report this allocation on Form 4137.
- (4) The employer is not liable for the Social Security and Medicare taxes on allocated tips because the tips were not reported by the employee on a written statement. If unreported tips are determined through the Form 4137 Tip compliance program, the employer is liable for Social Security and Medicare taxes on unreported tips. See IRM 4.23.7.4.1, Form 4137 Compliance Program, regarding the Form 4137 compliance program administered by the NTRCP.
- (5) Form 8027 leads are generated based on internal data that determines whether a large food or beverage establishment employer has potentially underreported tips, or has potentially failed to file a Form 8027. Data from the Form 8027 is used by the NTRCP for various works sources.
- (6) The ECS senior data analyst retrieves the annual raw extract of processed Form 8027 data in a specified folder on the ECS shared drive.
- (7) The raw data extract is converted by the ECS senior data analyst. The steps for this process are detailed in the Form 8027 process document, which is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility for the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the Form 8027 process document. All ET-WSD process documents are stored on the ET-WSD SharePoint site.
- (8) The converted Form 8027 file is uploaded to a secured server to be imported into the Service-Wide Employment Tax Research System (SWETRS) in January or in May. The secured server location and SWETRS contacts for the Form 8027 data are located in the Form 8027 process document.
- (9) After the Form 8027 data is converted, the ECS senior data analyst or ET-WSD compliance intelligence analyst creates the Form 8027 Annual Database (Single Year Tables) for End-Users and sends an email to the NTRCP, CETO, and Tax Exempt and Government Entities contacts named in the Form 8027 process document, notifying these contacts that the database is ready for transfer.
- (10) Form 8027 leads are delivered annually to the ET-WSD Tip Coordinator by the ECS senior data analyst and are classified by the ET-WSD Tip Coordinator consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to Form 8027 leads. Selected Form 8027 leads will be handled consistent with IRM

4.23.23.5.3, Procedures for Selected Cases. Non-selected Form 8027 leads are handled consistent with IRM 4.23.23.5.2, Classification.

- (11) All Form 8027 lead selects that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.

4.23.23.3.4.6 (04-03-2023) **COVID-19 Employer Credit Leads**

- (1) This section provides procedures for leads generated for COVID-19 Employer Credit leads.
- (2) The ERC is a credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021 (up to \$10,000 of qualified wages per employee for the year), and equal to 70% of the qualified wages an eligible employer pays to employees after December 31, 2020 and before January 1, 2022 (up to \$10,000 of qualified wages per employee per calendar quarter). See IRM 3.14.2.7.4.10.2, Employee Retention Credit, for an explanation of the credit and the changes made to the credit from 2020 and 2021.
- (3) The sick and family leave credit applies to qualified sick and family leave wages paid by employers for leave taken by an employee from April 1, 2020 through September 30, 2021. See IRM 3.14.2.7.4.10.1, Credits for Qualified Sick and Family Leave Wages, for an explanation of the credit and the changes made to the credit from 2020 and 2021.
- (4) Through January 31, 2022, common law employers could request an advance payment of the ERC or the sick and family leave credit ("COVID-19 Employer Credits") by filing the Form 7200, Advanced Payment of Employer Credits Due to COVID-19. Employers could also claim COVID-19 Employer Credits on their original employment tax return.
- (5) COVID-19 Employer Credit issues consider:
 - a. whether advance employer credits paid to common law employers as a result of filing the Form 7200 match the third-party payer's reporting of advanced credits on its aggregate employment tax return ("true-up");
 - b. whether an employer incorrectly reported COVID-19 Employer Credits on their employment tax return or claimed ERC wages on PPP wages used for PPP loan forgiveness.
- (6) Selected leads sent to Employment Tax Examination fall under the Employment Tax Credits plan category. See IRM 4.23.23.2.1, Examination Workplan Development.

4.23.23.3.4.6.1 (04-03-2023) **COVID-19 True-Up**

- (1) Through January 31, 2022, common law employers could request and receive advanced ERC and sick and family leave credits through the filing of the Form 7200. If the common law employer uses a third-party payer (TPP) for filing the employment tax return, the common law employer is required to state this on the Form 7200.
- (2) In the context of TPPs, the advanced credits paid to the common law employer are reported on the third-party payer's aggregate employment tax return on Schedule R, Allocation Schedule for Aggregate Form 94X Filers.
- (3) The COVID-19 true-up work sources ensures that the advanced payments made to common law employers are reconciled with amounts reported on the TPP employment tax return on Schedule R.

- (4) Current steps, filters and tolerance thresholds for the COVID-19 true-up work source are detailed in the COVID-19 true-up process document that is subject to review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility for the ECS senior data analyst to maintain the COVID-19 true-up process document. All ET-WSD process documents are stored on the ET-WSD SharePoint site.
- (5) Internal data for the COVID-19 true-up work source is updated by cycle date and uploaded to the business objects environment.
- (6) The ECS senior data analyst takes the following actions weekly to prepare COVID-19 true-up classification leads:
 - a. Imports data into the true-up database to filter potential inconsistencies between the common law employer Form 7200 reported COVID-19 Employer Credits and the aggregate employment tax return filed by the third-party payer.
 - b. Updates each record with the Form 7200 shared drive directory.
 - c. Prepares the IDRS research listed in the COVID-19 true-up process document using the Generalized IDRS interface (GII).
 - d. Updates the notes column to include important conditions needed for classification review by the ET-WSD COVID-19 Employer Credits Coordinator.
- (7) Systemic non-selects through the filtering process are updated as non-selects, which is based on current thresholds and tolerances listed in the COVID-19 true-up process document.
- (8) Weekly, the ECS senior data analyst will provide the classification leads by secure email to the ET-WSD COVID-19 Employer Credits Coordinator for review in a spreadsheet that includes the following columns for the ET-WSD COVID-19 Employer Credits Coordinator to complete:
 - Classification outcome
 - Notes
- (9) Weekly, the ET-WSD COVID-19 Employer Credits Coordinator will review all leads consistent with the procedures in the COVID-19 true-up job aid. If the ET-WSD COVID-19 Employer Credits Coordinator determines that the lead is a potential fabricated entity, this information is sent to the RICS analyst for review via secured email.
- (10) All select and non-select decisions are documented by the ET-WSD COVID-19 Employer Credits Coordinator on the classification assignment sheet.
- (11) All classification decisions are sent by secured email by the ET-WSD COVID-19 Employer Credits Coordinator to the ECS senior tax analyst for review and input in the true-up database.
- (12) After the review by the ECS senior tax analyst in paragraph (11) of this section, selected cases are sent to Campus by the ET-WSD COVID-19 Employer Credits Coordinator via secured email for letter delivery. A non-response by the taxpayer to the Campus letter may result in the lead being sent back to ET-WSD for Employment Tax Examination assignment. See IRM 4.23.23.5.3, Procedures for Selected Cases, to select non-response COVID-19 true-up cases for Employment Tax Examination.

4.23.23.3.4.6.2
(04-03-2023)
**COVID-19 Employer
Credits**

- (1) The COVID-19 Employer Credits work source considers whether an employer correctly reported COVID-19 Employer Credits on their employment tax return or claimed ERC wages on PPP wages used for PPP loan forgiveness.
- (2) Current steps, filters, and tolerance thresholds for the COVID-19 Employer Credit leads are in the COVID-19 Employer Credits process document, which is subject to the review and update requirements found in IRM 4.23.23.4.2, Lead Process Documentation, Security, and Retention. It is the responsibility of the ECS senior data analyst or ET-WSD compliance intelligence analyst to maintain the COVID-19 Employer Credits process document. All ET-WSD process documents are stored on the ET-WSD SharePoint site.
- (3) Internal data for the COVID-19 Employer Credits work source is stored in CDW and SWETRS. This data includes:
 - a. Form 941
 - b. Form 943
 - c. Form 944
 - d. Form CT-1
 - e. Schedule R
- (4) Internal fabricated entities data, generated as part of RICS referral processing, and maintained by ET-WSD, is also used for the COVID-19 Employer Credits work source. See IRM 4.23.23.3.1.1.11, COVID-19 Return Integrity Compliance Services (RICS) Referrals.
- (5) External PPP loan forgiveness data is also used for the COVID-19 Employer Credits work source per the MOU between SB/SE and the Small Business Administration for the limited purpose of determining whether a taxpayer's ERC should be disallowed.
- (6) The data filtered by the ECS senior tax analyst is used to generate leads for both Campus and Employment Tax Examination COVID-19 Employer Credits work sources. In both instances, leads that are identified are sent to the ET-WSD COVID-19 Employer Credits Coordinator for classification by secured email. If PPP loan forgiveness data is necessary for the review of the lead, this information is provided to the ET-WSD COVID-19 Employer Credits Coordinator to review and include in the case building materials for selected cases.
- (7) The ET-WSD COVID-19 Employer Credits Coordinator will classify leads consistent with procedures found in IRM 4.23.23.5.2, Classification. Refer to the ET-WSD Desk Guide for specific procedures pertaining to COVID-19 Employer Credit leads. Selected COVID-19 Employer Credit leads will be handled consistent with IRM 4.23.23.5.3, Procedures for Selected Cases. Selected cases will have a project code consistent with the guidance found in the ET-WSD Desk Guide, and a tracking code depending on the main issue of selected case based on the procedures found in the ET-WSD Desk Guide:
 - 2545 - Sick and family leave Credits
 - 2546 - Employee Retention Credits
 - 3067 - Small Business Association Exclusion
- (8) Non-selected COVID-19 Employer Credit leads are handled consistent with IRM 4.23.23.5.2, Classification.
- (9) All COVID-19 Employer Credit leads that require surveying should follow the procedures found in IRM 4.23.23.7, Surveying Cases.

4.23.23.4
(06-29-2021)
**Data and Lead Requests
and Process
Documentation**

- (1) This section provides information and guidance for data and lead request and process documentation.

4.23.23.4.1
(06-29-2021)
Data and Lead Requests

- (1) To improve oversight and gain a better understanding of where data extracts or analysis are originating from, ET-WSD requires a Data Request form to be filled out, approved, and submitted to an ET-WSD Data request coordinator for processing and monitoring.
- (2) Requests types include:
- Basic Data Extract: requires a simple extract from a data source without the need to transform or manipulate the data or combine it with another data source for analysis. This request is expected to have a 10-business day turn-around.
 - Data Analysis: requires the ECS senior data analyst or ET-WSD compliance intelligence analyst (ECS data analysts) to perform some type of analysis on the data (e.g., statistics, data comparison, predictive models, etc.). The output should only be used for information purposes and should not be used to send out leads. Turn-around time is dependent on the complexity of the request which will be negotiated by the assigned analyst.
 - Work-stream Lead Generation: (for HQ analysts only): initiates the production of leads that will be classified and sent to the field. Turn-around time is dependent on the complexity of the request which will be negotiated by the assigned analyst.
 - Campus Case Selection - Combined Annual Wage Report (CAWR): is a pre-defined extract meeting ET Campus non-filer CAWR criteria. This request is expected to have a 10-business day turn-around.
 - Other (Explanation needed): any other request that does not meet of the of the preceding request types. Indicate the organization or individual who will receive this information. Turn-around time is dependent on the complexity of the request which will be negotiated by the assigned analyst.
- (3) The data request form ensures data requests are clearly communicated, enhances quality, accuracy of data provided, and accountability.
- (4) The data request form includes the requestor's information, a brief description of information required (i.e. workstream and/or tracking/project codes, data source/report/objective of data request), expected delivery date, and manager approval with comment.
- (5) Those employees who are authorized to make a data request include but are not limited to the following business units: SB/SE Specialty Employment Tax (Examination, Policy and WSD), Research, Applied Analytics and Statistics (RAAS), and NTRCP. Job series may include program managers, program evaluation and risk analysts, group managers, and internal revenue agents.
- (6) The ET-WSD group manager (or designee) will review and approve all Data Request forms. Upon delivery, the ET-WSD group manager (or designee) will review the data. The data standards under IRM 1.7.1.3.1, Data Standards, provide the required framework for the program manager (or designee) reviews.

4.23.23.4.1.1
(06-29-2021)

Procedures for Making Data and Lead Requests

- (1) Request for data extracts and/or data analysis assistance should be prepared on the current data request form.
- (2) The requestor must fully complete the data request form to request information or analysis from ECS data analysts.
- (3) The requestor's manager must approve, sign, and date the data request form.
- (4) The requestor will mail the completed data request form to the ET-WSD Data Request mailbox at **SBSE ET-WSD Data Requests*.
- (5) Any requests for data made outside of this process will be sent back to the requestor for proper submission.

4.23.23.4.1.2
(06-29-2021)

Procedures for Processing Lead Requests

- (1) Upon receipt of a data request form, the ET-WSD data request coordinator will review the form to ensure it contains appropriate information to process the request.
- (2) The ET-WSD data request coordinator will assign the data request form an ID and maintain an activity log that records the following information:
 - a. Request ID
 - b. Requestor name
 - c. Organization requesting
 - d. Request type
 - e. Request date
 - f. Workstream
 - g. Project code (if applicable)
 - h. Tracking code (if applicable)
- (3) The ET-WSD data request coordinator will submit all logged data request forms to the ET-WSD group manager for review and approval.
 - a. If denied, the ET-WSD group manager will document the denial on the data request form and return the form back to the requestor.
 - b. When approved, the ET-WSD group manager will work with the ECS data analysts on the information that will be provided back to requestor for the request.
- (4) Upon receipt of approved request, the ECS data analysts will fulfill the request and log the following fields into the activity log:
 - a. Process document
 - b. Actions
 - c. Number of leads
 - d. Date request received
 - e. Workstream filter approved
 - f. Name of ECS data analyst fulfilling request
 - g. Date request completed
 - h. File name for completed request
 - i. Code or query utilized
 - j. System used to pull data
 - k. Date of data pull
 - l. Path to file location of data

- (5) ECS data analyst will complete requests within ten business days or provide feedback to the requestor on delays or the need for additional information to complete the request.
- (6) The ET-WSD data request coordinator will track requests weekly until completion. Delays will be timely communicated to the requestor.
- (7) A copy of data provided is archived in accordance with IRM 1.7.1.3.1, Data Standards.

4.23.23.4.2
(04-03-2023)

**Lead Process
Documentation,
Security, and Retention**

- (1) Lead process documents for ET-WSD are managed by either the ECS senior tax analyst or ET-WSD compliance intelligence analyst. Management of lead process will be determined by the program manager and ET-WSD group manager. A document detailing current lead responsibilities will be maintained by the ET-WSD group manager on the ET-WSD group manager shared drive.
- (2) It is the responsibility of the analyst assigned to the lead process to keep lead process documents current with ET-WSD processes.
- (3) All current ET-WSD lead process documents are stored on the ET-WSD SharePoint site.
- (4) At least annually, the ET-WSD group manager will meet with the ET-WSD compliance intelligence analyst and ECS senior tax analyst to discuss current lead filters and processes to determine whether changes to filters should be made and the ET-WSD group manager will document the discussion in an email or memorandum to be saved on the ET-WSD group manager shared drive. Such discussions should consider:
 - Workplan needs
 - Business results
 - Changes in law that may impact sources of work
 - Guidance provided by Employment Tax Policy
 - Any other information that may impact filters.
- (5) Any changes to lead process filters or methodology requires a signed approval memorandum stored on the ET-WSD group manager shared drive. Signed approval is required by
 - a. ET-WSD compliance analyst or ECS senior tax analyst that manages the lead process,
 - b. ET-WSD group manager, and
 - c. Program manager.
- (6) The ET-WSD compliance analyst and ECS senior tax analyst are required to electronically store all data generated for data requests in IRM 4.23.23.4.1.2, Procedures for Processing Lead Requests, including all Statistical Analysis System (SAS) query codes, and all databases used on the ET-WSD shared drive consistent with the stated retention period in a location designated by the ET-WSD group manager and program manager. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (7) Quarterly, the ET-WSD group manager and program manager are required to complete a CDW Data Security Certification for employees that have CDW access. This certification requires review of CDW query logs to confirm that queries are consistent with documented filters, that TIN and name queries are

justified, and that CDW is not being accessed during off-duty hours. To complete the certification, the ET-WSD group manager and program manager will conduct necessary follow-up with the analysts regarding questions about the query logs and document those discussions in an email to the analyst. The email documentation will be maintained by the respective manager on manager's shared drive.

- (8) Additionally, the ET-WSD group manager and program manager are required to complete an annual functional review as stated in IRM 1.4.6.8.1, Managers Security Handbook, for their employees with CDW access. This review will be documented in the quarterly CDW Data Security Review Certification document for the quarter that the functional review was completed.

4.23.23.5
(04-03-2023)
**Classification of
Referrals and Leads**

- (1) This section provides the procedures for classification of referrals and leads and documentation of classification decisions.
- (2) Unless otherwise stated, these procedures apply to the classification of the following referrals:
- IRM 4.23.23.3.1.1.2, Bank Secrecy Act (BSA) Referrals;
 - IRM 4.23.23.3.1.1.3, Collection Referrals;
 - IRM 4.23.23.3.1.1.4, Criminal Investigation (CI) Referrals;
 - IRM 4.23.23.3.1.1.8, SS-8 Unit Referrals;
 - IRM 4.23.23.3.1.1.10.3, Form 3949-A Referrals;
 - IRM 4.23.23.3.1.2.1, Department of Labor Referrals;
 - IRM 4.23.23.3.1.2.2, Occupational Safety and Health Administration Referrals;
 - IRM 4.23.23.3.1.2.3, Questionable Employment Tax Practices Referrals;
 - IRM 4.23.23.3.1.3.1, Classification Settlement Program Referrals; and
 - IRM 4.23.23.3.1.3.2, Voluntary Classification Settlement Program Referrals.
- (3) These procedures apply to the classification of the following leads:
- IRM 4.23.23.3.4.1, Worker Classification Leads;
 - IRM 4.23.23.3.4.2, Officer Compensation Leads;
 - IRM 4.23.23.3.4.3, Non-Filer Leads - CAWR; and
 - IRM 4.23.23.3.4.4, Fringe Benefits.
- (4) All classification decisions are subject to the review requirements in IRM 4.23.23.1.4, Program Controls.

4.23.23.5.1
(06-29-2021)
**Pre-Classification
Planning**

- (1) The ET-WSD group manager, ET-WSD compliance intelligence analyst, and ET-WSD gatekeeper should conduct a weekly teleconference to determine work source classification for the upcoming week. In making those determinations, the following should be considered:
- a. Current wall inventory. See IRM 4.23.23.1.3, Program Reports and Monthly Briefings, for inventory monitoring reports.
 - b. Employment tax examination needs based on current status 10 inventory and historical new start data.
 - c. PPA Base Inventory report. See IRM 4.23.23.1.3, Program Reports and Monthly Briefings, for reports generated by PPA.
 - d. Information and guidance provided through the ECS management chain regarding priority work.

- e. The work sources and volume that are available for classification.
- (2) The weekly classification conference should resolve the following for classification for the upcoming week:
 - a. The work source and volume of the classification,
 - b. Classification assignments per classifier, and
 - c. Due dates for classification assignments.
- (3) The weekly teleconference may result in a decision that a lead work source should be run by either the ET-WSD compliance intelligence analyst or ECS senior tax analyst. If a lead work source should be run, the ET-WSD gatekeeper will follow the procedures in IRM 4.23.23.4.1.1, Procedures for Making Data and Lead Requests, to complete and submit the data request form.
- (4) By close of business on Friday, the ET-WSD gatekeeper will draft and upload the classification assignments to the ET-WSD shared drive in the Weekly Classification folder, by creating an electronic subfolder named the month-day-year of the first business day of the week. In addition to providing on the classification assignment the items in paragraph (2) of this section, the classification sheet will provide any specific classification guidance for each workstream, which may include relevant citations to the ET-WSD Desk Guide.
- (5) The ET-WSD gatekeeper will include with the electronic classification assignment sheet the following documents in the electronic Weekly Classification subfolder:
 - a. For the classification of leads, the lead classification spreadsheet generated by either the ET-WSD compliance intelligence analyst or ECS senior data analyst. See IRM 4.23.23.3.4, Leads. The spreadsheet name will include at the end of the name the initials of the assigned ET-WSD classifier.
 - b. For the classification of referrals, an electronic subfolder is created with the name of the referral type and the initials of the assigned ET-WSD classifier that will include

Include
i. A copy of the referral log with only those referrals not yet classified. See IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals, for information regarding the referral log.
ii. A copy of all referral documentation saved on the shared drive. See IRM 4.23.23.3.1.4, Receipt and Tracking of Referrals, for the location of the referral documentation.

- (6) After assigning the classification inventory, the ET-WSD gatekeeper will relocate all referrals in the electronic referral folders assigned to classification to their respective "Sent to Classification" electronic folder for storage.
- (7) Prior month's classification assignments are relocated monthly to the classification Archive folder on the ET-WSD shared drive by the ET-WSD gatekeeper for retention consistent with the retention standard. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

- (8) The ET-WSD group manager will review on a monthly basis the classification assignment sheets drafted by the ET-WSD gatekeeper to ensure assignments and direction are consistent with weekly classification teleconferences and ECS directives.

4.23.23.5.2
(04-03-2023)
Classification

- (1) Classification is the process of determining whether a lead or referral should be selected for examination.
- (2) ET-WSD coordinators classify the referrals generated from their specific referral programs. Specific classification guidance for ET-WSD coordinator classification is provided in following sections:
 - IRM 4.23.23.3.1.1.1, Accounts Maintenance Research Hold Referrals;
 - IRM 4.23.23.3.1.1.5, Penalty Abatement Requests from Collections;
 - IRM 4.23.23.3.1.1.6, Prompt Determination Requests;
 - IRM 4.23.23.3.1.1.7, Return Preparer Referrals;
 - IRM 4.23.23.3.1.1.9, Tickler File Referrals;
 - IRM 4.23.23.3.1.1.10.1, Whistleblower Type A Claims;
 - IRM 4.23.23.3.1.1.10.2, Whistleblower Type B Claims;
 - IRM 4.23.23.3.1.1.11, COVID-19 Return Integrity and Compliance Services (RICS) Referrals; and
 - IRM 4.23.23.3.1.3.3, Voluntary Closing Agreement Procedures.
- (3) The following lead generated work is classified by ET-WSD coordinators and follows the procedures in the listed sections:
 - IRM 4.23.23.3.4.5.2, Form 8027 Leads, and
 - IRM 4.23.23.3.4.6.2, COVID-19 Employer Credits.
- (4) The referrals and leads listed in IRM 4.23.23.5, Classification of Referrals and Leads, are classified by ET-WSD classification specialists (ET-WSD classifiers).
- (5) ET-WSD classifiers receive weekly classification assignments drafted by the ET-WSD gatekeeper and approved by the ET-WSD group manager on the ET-WSD shared drive. See IRM 4.23.23.5.1, Pre-Classification Planning.
- (6) ET-WSD classifiers will use the ET-WSD Desk Guide for specific guidance on selection criteria based on the work source being classified. In addition, ET-WSD classification typically includes review of the following IDRS command codes:
 - a. INOLES - to verify entity information (including related entities) and BOD code
 - b. BMFOLE - to determine the NAICS code and appropriate filing requirement
 - c. AMDISA - to determine whether the return is controlled by Employment Tax in any status or by Income Tax in status 10 or 12
 - d. BMFOLI - to determine the filing history of the taxpayer, freeze codes, and collectability
 - e. BMFOLZ - to determine the prior audit history
 - f. BMFOLT - to determine the ASED. The TC 150 and return received date on the transcript can be used to determine the correct ASED.
- (7) ET-WSD classifiers may also utilize the following tools while classifying:

- a. yK1 (see the yK1 Link Analysis Tool website article located at <http://mysbse.web.irs.gov/examination/tip/yk1/default.aspx> for more information);
 - b. Accurint (see IRM 4.75.13.10.3.2, Accurint – Public Records Research Tool, for more information); and
 - c. FinCEN (see IRM 4.1.5.2.3, Financial Crimes Enforcement Network (FinCEN)).
- (8) ET-WSD classifiers record all classification determinations on the electronic spreadsheet provided by the ET-WSD gatekeeper with the weekly classification assignment. See IRM 4.23.23.5.1, Pre-Classification Planning. The following sections of the electronic spreadsheet need to be completed:
 - a. Date classified
 - b. Classifier name
 - c. Selected/non-selected
 - d. Grade of employee
 - e. Notes (for non-selected cases, only provide reason for non-selection).
- (9) Common reasons for non-selection of ET-WSD referrals and leads include:
 - Entity is out of business
 - The amount at issue is de minimis based on current guidelines in the ET-WSD Desk Guide
 - Prior examination with the same issue.
- (10) Completed electronic spreadsheets are uploaded by the ET-WSD classifier to the Project Spreadsheet folder in the Electronic Classification folder for the appropriate fiscal year and month the classification assignment was completed on the ET-WSD shared drive. The ET-WSD gatekeeper will relocate all completed spreadsheets to the appropriate “Archive” folder monthly for retention purposes. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (11) The ET-WSD gatekeeper maintains the following electronic spreadsheet logs of classification efforts in the appropriate fiscal year and month subfolder of the “Reports” folder on the ET-WSD shared drive
 - WSD Results - provides monthly counts by work source, grade of employee, the volume of cases classified, and the select and non-select rates. The spreadsheet also tabulates annual counts.
 - Master Count - provides monthly counts classification by post of duty number and tracking codes.
- (12) Specific instructions for selected cases can be found in IRM 4.23.23.5.3, Procedures for Selected Cases.
- (13) All classification decisions are subject to the review requirements in IRM 4.23.23.1.4, Program Controls.

4.23.23.5.3
(04-03-2023)
Procedures for Selected Cases

- (1) For each selected case, the ET-WSD classifier will complete the electronic Employment Tax Classification Sheet (classification sheet). The classification sheet will contain the following information:
 - Taxpayer name from INOLES transcript
 - TIN from INOLES transcript

- Residence state of taxpayer from INOLES transcript
- Classifier SEID
- Date classified
- Indication of whether the issue is a limited scope issue
- Selected issues
- Return type - review BMFOLE transcript to determine the appropriate filing requirement for the tax period/year being controlled. Refer to the ET-WSD Desk Guide for specific guidance on reviewing a BMFOLE transcript
- Indication of whether the taxpayer is a non-filer
- Assignment type - see IRM 4.23.19, Employment Tax Case Assignment and Grading Criteria, for guidance on determining the appropriate grade assignment
- Tax period - when identifying a tax period to control, select the tax period with the earliest statute date. If there are multiple tax periods with the same statute date, select the latest tax period
- Project code - refer to the ET-WSD Desk Guide for a current list of all project codes
- Tracking code - refer to the ET-WSD Desk Guide for a current list of all tracking codes
- Source code - auto-populated field based on whether the taxpayer is a non-filer. Refer to the ET-WSD Desk Guide for additional source code information
- MFT - auto-populated field based on return type. See IRM 4.23.20.7.2, Determining if Taxpayer is under an Employment Tax Audit, for a listing of MFT codes for employment tax returns
- Activity code – auto-populated field based on return type
- Aging reason code 51 - auto-populated field applied when case is assigned to a Tax Compliance Officer (TCO)
- Push code 036 – auto populated field when filer status of the return is unfiled or unposted. The push code 36 indicator along with the TRDBV determined statute date indicator ensures that the statute is properly updated once controls are established to reflect the appropriate deemed statute date for unposted returns
- Statute date - when identifying a tax period to control, select the tax period with the earliest statute date. If there are multiple tax periods with the same statute date, select the latest tax period. Refer to the ET-WSD Desk Guide for examples on how to determine the correct statute date
- TRDBV determined statute date - auto-populated when the filing status is “filed and unposted.” When there is a TC150 SFR or no TC150 on a Form 941 or Form 944 module, the ET-WSD classifier must take additional steps to verify the statute date. These additional steps include:

Number	Step
1	Research TRDBV command code on IDRS to determine if the taxpayer attempted to file a return contrary to its filing requirement for the specific year in question. If a return was filed on the wrong form this will be reflected as an unposted return under the TRDBV command code.

Number	Step
2	Review the unposted return to determine if it matches the filing requirement. If it does not match, the ET-WSD classifier should look at the image of the return that was filed to determine if it meets the criteria for a valid return. If all criteria are met, the return is considered a valid return for purposes of the period of limitations on assessment even if the taxpayer filed the return on the incorrect form.
3	Review the history section on TRDBV to determine when the return was processed and for what tax period.
4	Use the earliest TRDBV received date to determine the deemed statute on the “non-filed” period.

- Inventory Status – status will be status 08:

(2) For selected cases the ET-WSD classifier will:

- Complete and save the appropriate electronic selected case cover sheet spreadsheet for the work source of selected cases. The selected case cover sheet includes the same fields as the electronic classification spreadsheet (see IRM 4.23.23.5.2, Classification,) but only includes selected cases. The selected case cover sheet is saved in the electronic project spreadsheet folder in folder for the appropriate fiscal year’s Electronic Classification folder on the ET-WSD shared drive.
- Send an email to the ET-WSD gatekeeper that states which project spreadsheet has additional cases added to it.
- Create an electronic case folder to place all the electronic classification documentation for the selected case. The electronic case folder is created and saved in the ET-WSD classifier’s designated folder in the subfolder for the month the case was selected. The name of the electronic case folder is the taxpayer’s TIN. The documents in the electronic case file are named consistent with the guidance in the ET-WSD Desk Guide and include the classification sheet, case insert for the work source (see IRM 4.23.23.5.4, Case Inserts), IDRS transcripts, and supporting documentation and research in PDF format.

(3) The ET-WSD gatekeeper will take the following steps:

- Run the AM424 database tool to establish the returns in status 08, including relevant tracking and project codes. Refer to the ET-WSD Desk Guide for an updated list of project and tracking codes. It is the ET-WSD gatekeeper’s responsibility to work with Team 203 to address systemic problems or issues as controls are established
- Transfer all electronic case folders to the Team 203 shared drive.

(4) The ET-WSD gatekeeper will save the status 08 electronic summary spreadsheet listings in the “Cases to Campus” folder on the ET-WSD shared drive, placing the spreadsheets in the appropriate subfolder based on the fiscal year and month of the transfer.

4.23.23.5.4
(06-29-2021)
Case Inserts

- (1) All workstreams require a manager-approved corresponding case insert for inclusion in the electronic case files. The case insert provides specific information for use in examination activities. Current case inserts are stored on the ET-WSD shared drive.
- (2) For ET-WSD coordinator generated cases, it is the responsibility of the ET-WSD coordinator assigned to the work source to create and maintain the case inserts.
- (3) For remaining referrals and leads, it is the responsibility of the ET-WSD gatekeeper to create and maintain the case inserts.
- (4) The case insert provides information about the following:
 - a. How and why the case was selected
 - b. Suggested activities to be performed with the data provided
 - c. Direction that the examiner should consider all potential issues that may or may not be contained in the case file
 - d. Instructions to complete and return specific feedback to assist with refining future data analysis, where relevant
 - e. Contact information for questions about how or why the case was selected.

4.23.23.6
(06-29-2021)
Examination Inventory Ordering and Delivery

- (1) This section provides the procedures for Examination Inventory Ordering and Delivery.

4.23.23.6.1
(04-03-2023)
Examination Inventory Ordering

- (1) On the 2nd Monday of the month, the ET-WSD compliance intelligence analyst will prepare the electronic order forms, separated by Employment Tax Examination territory and group. The order form provides the following group information, utilizing data from ERCS:
 - a. 12-month rolling primary starts average per month
 - b. 12-month rolling primary starts per agent per month
 - c. Data regarding status 10 inventory, including volume of cases per work stream, per post of duty, and per months in status
 - d. Estimated order needs based on historical primary starts data.
- (2) The ET-WSD group manager will forward the order forms to the respective territory managers with a deadline of the following Friday for returning the completed order forms back to ET-WSD.
- (3) Completed order forms, approved by the appropriate Employment Tax Examination territory manager are emailed back to the ET-WSD group manager and ET-WSD gatekeeper.
- (4) The ET-WSD group manager reviews the order and will either:
 - a. Approve the request or
 - b. Contact the Employment Tax Examination group manager to discuss the request and make necessary adjustments if the number of cases requested is excessive based on the group's available status 10 inventory, or inconsistent with Examination workplan priorities.
- (5) Finalized orders are provided to the ET-WSD gatekeeper for order delivery.

4.23.23.6.2
(04-03-2023)
**Examination Inventory
Order Filling and
Delivery**

- (1) ET-WSD gatekeeper will first fill the order by selecting **expedite** cases for the group based on location. If a group did not order any cases, expedited cases will still be sent to the group. When necessary, the ET-WSD gatekeeper will reach out to discuss with the Exam group manager the impact to the order resulting from sending out expedited cases. This is to allow for any changes by the Exam group manager that are consistent with Exam workplan priorities. Expedited cases are:
 - IRM 4.23.23.3.1.1.6, Prompt Determination Requests
 - IRM 4.23.23.3.1.1.10.2, Whistleblower Type B Claims
 - IRM 4.23.23.3.1.3.3, Voluntary Closing Agreement Program Procedures
 - IRM 4.23.23.3.2, Claims for Refund, Audit Reconsiderations, and Doubt as to Liability
 - IRM 4.23.23.3.2.5, Railroad Retirement Act Claims and Referrals (claims only).
- (2) The remainder of the order will be filled by work stream, and grade, etc. from the current adjusted Wall Report. See IRM 4.23.23.1.3, Program Reports and Monthly Briefings, regarding the Wall Report.
- (3) The ET-WSD gatekeeper uses prioritization guidance found in the ET-WSD Desk Guide in selecting cases to be sent to Employment Tax Examination groups and fills based on the POD requested by the Employment Tax Examination group manager. If cases are not available for the requested POD, the ET-WSD gatekeeper refers to the POD crosswalk to select cases from primary POD locations.
- (4) Once the ET-WSD gatekeeper has finished selecting the cases for the order, the ET-WSD gatekeeper forwards the list of selected cases and the order form to the ET WSD group manager for review and approval. The email should be sent with high importance. The ET-WSD group manager has five business days to approve the order.
- (5) When the order is approved, the ET-WSD gatekeeper sends a request to the Team 203 mailbox. The subject line of the email should read: "Inventory Request for 212 - [Secondary Business Code] - [Employee Group Code]."
 - a. For TE cases, the body of the email reads: "Please assign the attached list of cases to 212 - [Secondary Business Code] - [Employee Group Code], Group Manager [name of employment tax exam group manager], in status 10 and delivery via ERCS."
 - b. For all other cases, the body of the email reads: "Please assign the attached list of cases to 212 - [Secondary Business Code] - [Employee Group Code], Group Manager [name of employment tax exam group manager], in status 10, with no special instructions. Please ship via IMS and notify me when they have been assigned."
- (6) Once the ET-WSD gatekeeper is notified that campus has completed the order, the ET-WSD gatekeeper will send an email to the Employment Tax Examination group manager with an attachment of the order form and inventory request spreadsheet. The ET-WSD gatekeeper will carbon copy the ET-WSD group manager to the email.

- (7) The body of the email reads: "Attached is a list of cases assigned to fulfill your recent order. Please verify for your records that all cases on the list are assigned to your group in ERCS and in IMS." However, TE cases should only confirm delivery via ERCS.
- (8) The ET-WSD gatekeeper maintains list of the following information on the ET-WSD shared drive:
 - a. When cases were requested
 - b. When request was submitted to Team 203
 - c. When Team 203 completed the request
 - d. The date the employment tax examination group was notified of delivery
 - e. Number of cases requested
 - f. Number of cases filled.

4.23.23.7 (06-29-2021) **Surveying Cases**

- (1) The ET-WSD gatekeeper is authorized to survey controlled inventory or cases previously classified before assignment to employment tax examination. The ET-WSD gatekeeper may also be directed by the ET-WSD group manager to survey cases as the result of the review in IRM 4.23.23.2.3, Monitoring ET-WSD Inventory.
- (2) After the ET-WSD gatekeeper completes the monthly order requisition, the ET-WSD gatekeeper will review the available wall inventory to determine whether cases need to be surveyed. In determining whether a selected case will be surveyed, the ET-WSD gatekeeper will consider the following:
 - a. Time left on the statute for filed return cases. The ET-WSD gatekeeper should refer to the ET-WSD Desk Guide for specific guidance of appropriate time needed on a statute for employment tax examination to accept a case for each work source
 - b. Days in Status. Typically, selected cases should not be held on the inventory wall past 6 months. If the case is on the inventory wall for more than 6 months, the ET-WSD gatekeeper should review to determine whether the case should be expedited to employment tax examination or surveyed.
- (3) For those returns that the ET-WSD gatekeeper has determined will be surveyed, the ET-WSD gatekeeper will take the following steps:
 - a. Create an electronic spreadsheet of cases to be surveyed that includes taxpayer name, TIN, statute date, MFT, and reason for disposal
 - b. The ET-WSD gatekeeper emails the list to Team 203, indicating the disposal code, with a carbon copy to the ET-WSD group manager to close the cases on AIMS/ERCS.
- (4) The ET-WSD group manager will approve the survey listing by responding to the email that will be retained on the ET-WSD group manager shared drive for the appropriate retention period. IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

4.23.23.8 (06-29-2021) **Miscellaneous Procedures**

- (1) This section provides the procedures for the following:
 - a. Operations Assistance Requests from Taxpayer Advocate Services
 - b. Income Tax Referrals from Employment Tax Examination
 - c. Form 4669, Statement of Payments Received.

4.23.23.8.1
(06-29-2021)

**Operations Assistance
Requests from Taxpayer
Advocate Services**

- (1) The ET-WSD OAR coordinator receives OARs via secured email from TAS on a Form 12412, Operations Assistance Request, and will have a Form 3210 attached.
- (2) The ET-WSD OAR coordinator logs the OAR on the electronic OAR case log spreadsheet for the appropriate fiscal year stored on the ET-WSD shared drive.
- (3) ET-WSD follows the procedures in IRM 4.19.25.1.8.1, Operations Assistance Request (OAR), Form 12412, regarding time frames for handling an OAR and expedited OAR and completion of the Form 12412.
- (4) The ET-WSD OAR coordinator conducts IDRS research to determine whether the case is, or previously was, examined by an employment tax examination group.
- (5) If the underlying case for the OAR is currently under examination, or was previously examined by an employment tax examination group, the ET-WSD OAR coordinator will take the following steps:
 - a. Complete Section V, boxes 2, 3, 9 and 10 on the Form 12412
 - b. Send a secured email to the group manager, attaching the Form 12412, with a carbon copy sent to the ET-WSD group manager. The email will include instructions on following up directly with TAS consistent with the due date on the Form 12412.
- (6) If the OAR does not involve an employment tax case, or there is otherwise no employment tax examination involvement, the ET-WSD OAR coordinator will take the following steps:
 - a. Complete Section V, boxes, 1, 2, and 3 and Section VI, box 2a on the Form 12412
 - b. Send a secure email to the TAS employee named on the Form 12412, attaching the Form 12412. Indicate in the email the reason for rejection.
- (7) Electronic copies of completed OARs are retained on the ET-WSD shared drive for 6 months, consistent with IRM 4.19.25.1.8.1, Operations Assistance Request (OAR), Form 12412.

4.23.23.8.2
(06-29-2021)

**Income Tax Referrals
from Employment Tax
Examination**

- (1) ET-WSD receives income tax referrals from employment tax examination resulting from employment tax examinations. See IRM 4.23.8.11.2, Information Return Penalty – Inside Of Folder, for employment tax examination procedures for submitting an income tax referral to ET-WSD.
- (2) Income tax referrals are logged on an electronic spreadsheet for the month and year the referral was received. The spreadsheet is saved on the ET-WSD shared drive.
- (3) By the fifth day of the month, the following documents pertaining to the referrals from the prior month are prepared for mailing to the Brookhaven Campus:
 - a. Completed Form 3210 listing all of the transferred referrals
 - b. Completed Form 13634, Campus Case Building Instructions
 - c. A copy of the prior month's spreadsheet log.
- (4) Referrals are mailed to the Brookhaven Campus at the following address:

Brookhaven Campus Classification
Stop 634
1040 Waverly Avenue
Holtsville, NY 11742-1129

4.23.23.8.3
(06-29-2021)
**Form 4669 Statement of
Payments Received**

- (1) A payor who fails to withhold the required tax from a payee may be entitled to relief under IRC 3402(d), IRC 3102(f)(3), IRC 1463, or 26 CFR 1.1474-4, if the payor can show that the payee reported the payments and paid the corresponding tax. Form 4669, Statement of Payments Received, is used by a payor to show that it is entitled to such relief.
- (2) A Form 4669 secured employment tax examination is sent to ET-WSD for compliance review. IRM 4.23.8.4.3, Procedures for Relief Under IRC 3402(d) and/or IRC 3102(f)(3) in Examination.
- (3) Form 4669 referrals are logged by the ET-WSD TE on an electronic tracking spreadsheet for year the referral was received, on the tab for the appropriate month. The spreadsheet is saved on the ET-WSD shared drive.
- (4) The ET-WSD TE reviews Form 4669 referrals that are received to determine whether the payee has filed income tax returns and has included the income in question.
- (5) The ET-WSD TE will record the following data on the Form 4669 tracking log:
 - a. Payer information, including name, TIN, and years examined
 - b. Payee information, including name and TIN
 - c. Tax year as stated on the Form 4669
 - d. Amount of payments on the Form 4669.
- (6) The ET-WSD TE will conduct IDRS research, using command code INOLES, to determine if TIN and payee name on the Form 4669 match TIN and payee name on IDRS. The action will be recorded on the electronic tracking spreadsheet.
- (7) The ET-WSD TE will conduct IDRS research to determine if the payment amount reported on the Form 4669 was reported on the payee's tax return. This research may include the following command codes:
 - IMFOLI/BMFOLI
 - RTVUE/BRTVU
 - TRDBV
- (8) Upon review of Form 4669 and internal payment information, the following chart provides guidance for the ET-WSD TE on how to route the Form 4669:

If	Then
Payments appear to be included on the return	Outcome is noted on the electronic tracking log and no further action will be taken.

If	Then
Payments appear to be reported under a TIN other than the TIN on the Form 4669	The alternate TIN will be recorded on the electronic tracking log and no further action is taken.
Payments do NOT appear to be reported on the return and current income tax referral requirements are met as provided in the ET-WSD Desk Guide	Prepare referral to income tax by: 1. Notate referral made to income tax on the electronic tracking log 2. Complete a Form 5346 and forward with the Form 4669 to the <i>*SBSE ET WSD Referrals</i> mailbox for the ET-WSD Form 4669 coordinator to review.
Payment do NOT appear to be reported on the return and the return does not meet current income tax referral requirements as provided in the ET-WSD Desk Guide	Referral should not be made and reason noted on the electronic tracking log.

- (9) The ET-WSD Form 4669 Coordinator will review referrals prepared for income tax. All approved referrals will be forwarded electronically to the Brookhaven Campus.
- (10) The ET-WSD Form 4669 Coordinator will update the electronic tracking log with the date that the referrals are sent to the Brookhaven campus at the following address:
- Brookhaven Campus Classification
Stop 634
1040 Waverly Avenue
Holtsville, NY 11742-1129
- (11) All original Form 4669 documents not forwarded to the Brookhaven Campus will be retained in accordance with the applicable retention standard. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.

Exhibit 4.23.23-1 (04-03-2023)
Terms/Definitions and Acronyms

Acronym	Definition
A-CIS	AIMS Computer Information System
AM	Account Management
AMRH	Accounts Maintenance Research Hold
AOIC	Automated Offer in Compromise
AIMS	Audit Information Management System
ARP	American Rescue Plan Act of 2021
BSA	Bank Secrecy Act
CAS	Case Assignment Sheet
CBP	Customs and Border Protection
CCP	Centralized Case Processing
CDW	Compliance Data Warehouse
CETO	Centralized Employment Tax Operation
CIC	Coordinated Industry Case
CI	Criminal Investigation
CIO	Centralized Insolvency Operation
CIP	Compliance Initiative Project
CIS	Correspondence Imaging System
CNC	Currently Not Collectible
COVID-19	Coronavirus Disease 2019
CSC	Cincinnati Service Center
CSP	Classification Settlement Program
CSTO	Centralized Specialty Tax Operations
DATL	Doubt as to Liability
DC	Disposal Code
DMV	Department of Motor Vehicles
DOL	Department of Labor
DW	Data Warehouse
EDI	Electronic Data Interchange
ECS	Exam Case Selection
EGC	Employee Group Code

Exhibit 4.23.23-1 (Cont. 1) (04-03-2023)
Terms/Definitions and Acronyms

Acronym	Definition
EITCRA	Earned Income Tax Credit Referral Automation
ERC	Employee Retention Credit
ERCS	Examination Returns Control System
ETEP	Employment Tax Examination Program
ETNF	Employment Tax Non-Filer
e-Trak	A web-based servicewide document tracking application
ET-WSD	Employment Tax Workload Selection and Delivery
FFRCA	Families First Coronavirus Response Act
FICA	Federal Insurance Contributions Act
FinCEN	Financial Crimes Enforcement Network
FTI	Federal Tax Information
FUTA	Federal Unemployment Tax Act
GAO	Government Accountability Office
GII	Generalized IDRS Interface
GL	Governmental Liaison
IAR	Independent Administrative Review
IAT	Integrated Automation Technologies
IBMIS	Issue Based Management Information System
ICE	Initial Claim Evaluation
IDRS	Integrated Data Retrieval System
IMS	Issue Management System
IPS	Integrated Procurement System
IT	Information Technology
LB&I	Large Business and International
Leads	A data-driven approach to case selection involving the filtering and analyzing of electronically stored information from taxpayer forms and returns, searching for anomalies that may raise employment tax compliance issues
MFT	Master File Tax
MOU	Memorandum of Understanding
NAICS	North American Industry Classification System

Exhibit 4.23.23-1 (Cont. 2) (04-03-2023)**Terms/Definitions and Acronyms**

Acronym	Definition
NTRCP	National Tip Reporting Compliance Program
OAR	Operation Assistance Request
OD	Operating Division
ODB	Operational Database
OFE	Office of Fraud Enforcement
OIC	Offer in Compromise
OOB	Out of Business
OSHA	Occupational Safety and Health Administration
OSC	Ogden Service Center
PAC	Program Action Case
PDF	Portable Document Format
PGLD	Privacy, Governmental Liaison, and Disclosure Office
PII	Personally Identifiable Information
POC	Point of Contact
POD	Post of Duty
PPA	Performance, Planning and Analysis
PPP	Paycheck Protection Program
PSC	Preparer Sterling Committee
QETP	Questionable Employment Tax Practices
RA	Revenue Agent
RAR	Revenue Agent Report
Referrals	Information provided through internal (IRS) and external (federal agencies, state agencies, and taxpayers) that may raise employment tax compliance issues
RICS	Return Integrity and Compliance Services
RO	Revenue Officer
RPC	Return Preparer Coordinator
RPO	Return Preparer Office
RRTA	Railroad Retirement Tax Act
RRB	Railroad Retirement Board

Exhibit 4.23.23-1 (Cont. 3) (04-03-2023)**Terms/Definitions and Acronyms**

Acronym	Definition
SAS	Statistical Analysis System - a statistical software suite developed by SAS Institute for data management, advanced analytics, multivariate analysis, business intelligence, criminal investigation, and predictive analysis
SB/SE	Small Business/Self-Employed
SB/SESEE	Small Business/Self-Employed Symantec Endpoint Encryption
SBU	Sensitive But Unclassified
SDT	Secure Data Transfer
SME	Subject Matter Expert
SPR	Safeguards Procedures Report
SRS	Specialist Referral System
SWETRS	Servicewide Employment Tax Research System
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TC	Transaction Code
TCO	Tax Compliance Officer
TE	Tax Examiner
TIGTA	Treasury Inspector General for Tax Administration
TIN	Taxpayer Identification Number
TIPRA	Tax Increase Prevention and Reconciliation Act of 2005
TPP	Third Party Payer
UNAX	Unauthorized Access
VCAP	Voluntary Closing Agreement Process
VCSP	Voluntary Classification Settlement Program
WC	Whistleblower Coordinator
WIP	Work in Process
WO	Whistleblower Office
WSD	Workload Selection and Delivery