



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.25.3

JULY 13, 2023

EFFECTIVE DATE

(07-13-2023)

PURPOSE

- (1) This transmits revised IRM 4.25.3, Estate and Gift Tax, Planning, Classification and Selection.

MATERIAL CHANGES

- (1) All references to **WSD Paralegal** throughout this IRM were updated to **WSD Compliance Clerk** to reflect the employee structure in Estate and Gift Workload Selection and Delivery.
- (2) All references to **WSD Supervisory Attorney** throughout this IRM were updated to **WSD Group Manager** as needed.
- (3) References to **Campus** throughout this IRM were updated to **Cincinnati Centralized EG Campus Operation** as needed.
- (4) Changes were made throughout to reflect an electronic classification process for the review of filed estate and gift tax returns.
- (5) 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
4.25.3.1, Program Scope and Objectives	Updated to incorporate changes to the review process resulting from using LB&I Content Management and Collaboration (CMC) for classification of filed estate and gift tax returns.
4.25.3.1.4, Program Controls	Updated to incorporate changes to the review process resulting from using CMC for the classification of filed estate and gift tax returns.
4.25.3.1.5, Terms/Definitions and Acronyms	Subsection moved to IRM 4.23.3.1.6. Additional acronyms used within EG WSD added to the table.
4.25.3.1.5, Program Reports and Monthly Briefings	New subsection added to reflect the program reports generated in and used by EG WSD employees, as well as monthly briefings prepared by EG WSD employees.
4.23.3.1.6, Related Resources	Subsection moved to IRM 4.23.3.1.7. Updated paragraph (1) to include the Knowledge Management website for Estate and Gift.
4.25.3.2, Fairness in Case Selection	Subsection modified to reflect screening procedures for estate and gift tax returns

4.25.3.3, Pre-Classification Planning	Subsection moved to IRM 4.25.3.4 and renamed “CMC Classification Roles, Training and Assignments” to reflect changes made as the result of using CMC for the classification of filed estate and gift tax returns.
4.25.3.3, Workplan Development and Inventory	New subsection added on procedures for annual workplan development and statute control of EG WSD inventory
4.25.3.3.1, Pre-Classification Responsibilities	Subsection deleted due to changes in classification processes resulting from the use of CMC for the classification of filed estate and gift tax returns. All procedures related to pre-classification are now located in IRM 4.25.3.4.
4.25.3.3.1, Workplan and Inventory Monitoring	New subsection added on procedures for ensuring sufficient status 08 and 10 inventory and the annual review of the screening criteria for estate and gift tax returns.
4.25.3.3.2, Pre-Classification Information	Subsection deleted due to changes in classification processes resulting from the use of CMC for the classification of filed estate and gift tax returns. All procedures related to pre-classification are now located in IRM 4.25.3.4.
4.25.3.3.2, Statute Control for EG WSD Inventory	New subsection added for procedures to monitor the statutes for EG WSD inventory.
4.25.3.4, Classification of Filed Estate and Gift Tax Returns	Moved to IRM 4.25.3.5 and renamed “CMC Classification of Filed Estate and Gift Tax Returns” to reflect the use of CMC for classification.
4.25.3.4.1, Classification of Filed Estate and Gift Tax Returns in General	Moved to IRM 4.25.3.5.1 and renamed “CMC Classification of Filed Estate and Gift Tax Returns”. Changes made to include procedures for classifying filed estate and gift tax returns in CMC.
4.25.3.4.1, CMC Classification Roles	New subsection added to define the roles for CMC classification.
4.25.3.4.2, Selection and Non-Selection Decisions	Subsection deleted. Selection and non-selection guidance is now located in IRM 4.25.3.5.1.
4.25.3.4.2, CMC Training and Classification Information	New subsection added to provide guidance on training classifiers to classify in CMC.
4.25.3.4.3, Valuation of Listed and Over-the Counter-Securities	Moved to IRM 4.25.3.5.3. Changes made to reflect process changes resulting from using CMC for classification.
4.25.3.4.3, CMC Classification Assignments	New subsection added to provide guidance on the assignment of classifiers in CMC.

4.25.3.4.4, Classification of IRC section 6166 and 2032A Elections	Moved to IRM 4.25.3.5.4, Classification of IRM section 2032A Elections and IRM 4.25.3.5.5, Classification of IRM section 6166 Elections. Changes made to reflect process changes resulting from using CMC for classification.
IRM 4.25.3.4.4.1, IRC section 6166 Elections Accepted as Filed	Subsection deleted. Guidance located in IRM 4.25.3.5.5, Classification of IRM section 6166 Elections. Updated to include procedures for classification using CMC.
IRM 4.25.3.4.4.2, IRC section 6166 Election Selected for Examination.	Subsection deleted. Guidance located in IRM 4.25.3.5.5, Classification of IRM section 6166 Elections. Updated to include procedures for classification using CMC.
IRM 4.25.3.4.4.3, IRC section 2032A Elections Accepted as Filed	Subsection deleted. Guidance located in IRM 4.25.3.5.4, Classification of IRM section 2032A Elections. Updated to include procedures for the classification of filed estate and gift tax returns in CMC.
IRM 4.25.3.4.4.4, IRC section 2032A Election Selected for Examination	Subsection deleted. Guidance located in IRM 4.25.3.5.4, Classification of IRM section 2032A Elections. Updated to include procedures for the classification of filed estate and gift tax returns in CMC.
IRM 4.25.3.5, Post Classification of Filed Estate and Gift Tax Returns	Moved to IRM 4.25.3.6. Title changed to "Post Classification of Filed Estate and Gift Tax Returns on CMC."
IRM 4.25.3.5.1, Returns Accepted as Filed during Classification of Filed Estate and Gift Tax Returns	Subsection deleted. Guidance for returns accepted as filed during classification located at IRM 4.25.3.6.4. This section includes guidance on the handling of selected and accepted as filed returns.
IRM 4.25.3.2, Returns Selected for Field Consideration during Classification of Filed Estate and Gift Tax Returns	Subsection deleted. Guidance for returns accepted as filed during classification located at IRM 4.25.3.6.4. This section includes guidance on the handling of selected and accepted as filed returns
IRM 4.25.3.5.2, Perfection	New subsection added for procedures to make perfection requests for CMC classification.
IRM 4.25.3.5.2, Returns Selected for Field Consideration of Deceased Spousal Unused Exclusion (DSUE)	Subsection deleted. DSUE issues are handled under the general classification guidance found in IRM 4.25.3.5.1.
IRM 4.25.3.5.7, IRC 6163 Elections	New subsection added for procedures related to IRC 6163 elections.
IRM 4.25.3.5.8, Classification of IRC 2056A Elections	New subsection added for procedures related to IRC 2056A elections.
IRM 4.25.3.6, Classification of Prompt Assessment Requests	Subsection moved to IRM 4.25.3.7.

IRM 4.25.3.6.1, Prompt Assessment Requests in General	Subsection moved to IRM 4.25.3.7.1. Changes made to reflect an effort to send a digital copy of the prompt assessment request to the Prompt Assessment Coordinator, and to change the period of review by the Prompt Assessment Coordinator from three days to five days.
IRM 4.25.3.6.1, CMC Manager Review and Approval of Classified Returns	New subsection added to provide procedures for the review and approval of classified returns in CMC.
IRM 4.25.3.6.2, Prompt Assessment Request Classification	Subsection moved to IRM 4.25.3.7.2. Changes made to include relevant IRM citations, specific guidance on reviewing the prompt assessment request and risking the request. Guidance added for the EG WSD National Gatekeeper review and surveying of prompt assessment requests.
IRM 4.25.3.6.2, Examination Analyst Review of the Weekly Report and Estate and Gift Tax Return Inventory	New subsection added to provide procedures for the role of the EG WSD Examination Analyst in moving EG WSD inventory after it is classified.
IRM 4.25.3.6.3, Updating Returns After CMC Classification	New subsection added for guidance on updating returns after CMC classification and guidance on closing returns with certain freeze codes.
IRM 4.25.3.7, Selected Claims for Refund from the Campus	Subsection moved to IRM 4.25.3.8. Title changed to "Selected Claims for Refund from the Cincinnati Centralized EG Campus Operation."
IRM 4.25.3.7.1, National Gatekeeper Review of Selected Claims for Refund from the Campus	Subsection moved to IRM 4.25.3.8.1. Title Changed to "EG WSD National Gatekeeper Review of Selected Claims from the Cincinnati Centralized EG Campus Operation.". Procedures updated to include a process for handling improperly made refunds claims and to include a process for establishing the claim by EG WSD.
IRM 4.25.3.8, Classification of Non-Filer and Under-Reporter Project Cases	Subsection moved to IRM 4.25.3.9. Section updated to remove "Joint Operations Center" returns from the list of non-filer and under-reporter cases.
IRM 4.25.3.8.1, Fed/State Non-Filer and Under-reporter Estates	Subsection moved to IRM 4.25.3.9.1. Background information added on the Office of the Governmental Liaison and procedures were added on requesting an originally filed return from the state and for the review and documenting of survey decisions by the EG WSD Gatekeeper.
IRM 4.25.3.8.2, Joint Operations Center (JOC)	Subsection removed. EG WSD does not receive non-filer or under-reporter cases from the JOC.

IRM 4.25.3.8.3, 706GS(D)	Subsection moved to IRM 4.25.3.9.2. Procedures updated to not establish 706GS(D) non-filer cases until one month after the extension deadline and for the review and documenting of survey decisions by the EG WSD Gatekeeper.
IRM 4.25.3.9, Consultations and Referrals from Other Business Units	Subsection moved to IRM 4.25.3.10.
IRM 4.25.3.9.1, Consultations from Other Business Units	Subsection moved to IRM 4.25.3.10.1.
IRM 4.25.3.9.2, Classification of Referrals from Other Business Units	Subsection moved to IRM 4.25.3.10.2
IRM 4.25.3.9.2.1, General Examination Referrals	Subsection moved to IRM 4.25.3.10.2.1. "Project Coordinator" changed to "Referral Coordinator" to better reflect the role; procedures were added to require the Referral Coordinator to risk rate the referral and for the review and documenting of survey decisions by the EG WSD Gatekeeper.
IRM 4.25.3.9.2.2, Global High Wealth Referrals	Subsection moved to IRM 4.25.3.10.2.2. Procedures updated for the Global High Wealth Coordinator to send referrals to an EG Exam SME for a classification determination and updated for the review and the documenting of survey decisions by the EG WSD Gatekeeper .
IRM 4.25.3.9.2.3, Tax Delinquency Investigation Collection Credit Balance Referrals	Subsection moved to IRM 4.25.3.10.2.3. Procedures updated for guidance on establishing and case building by the EG WSD Compliance Clerk and for the review documenting of survey decisions by the EG WSD Gatekeeper.
IRM 4.25.3.9.2.4, offshore referrals	Subsection moved to IRM 4.25.3.10.2.4. Procedures were clarified for selection of a case with an expired statute and added for the documenting of survey decisions by the EG WSD Gatekeeper .
IRM 4.25.3.9.2.5, Whistleblower and Informant Referrals	Subsection moved to IRM 4.25.3.10.2.5.
IRM 4.25.3.9.2.5.1, Whistleblower Type A Referrals	Subsection moved to IRM 4.25.3.10.2.5.1. Procedures updated to reflect that Whistleblower case files are now sent to the EG WSD Whistleblower Coordinator electronically, and when possible, sent to EG Exam electronically. Procedures added for risk rating the referral and for the review and documenting of survey decisions by the EG WSD Gatekeeper.

IRM 4.25.3.9.2.5.2, Whistleblower Type B Referrals	Subsection moved to IRM 4.25.3.10.2.5.2. Procedures updated to reflect that Whistleblower case files are now sent to the EG WSD Whistleblower Coordinator electronically, and when possible, sent to EG Exam, for SME review and examination, electronically. Procedures added for risk rating the referral and for the review and documenting of survey decisions by the EG WSD Gatekeeper.
IRM 4.25.3.9.2.5.3, Informant Form 3949-A Referrals	Subsection moved to IRM 4.25.3.10.2.5.3. Procedures updated to reflect that informant case files are now sent to the EG WSD Information Referral Coordinator electronically, and when possible, sent to EG Exam, for SME review and examination, electronically. Procedures added for risk rating the referral and for the review and documenting of survey decisions by the EG WSD Gatekeeper.
IRM 4.25.3.9.2.6, Doubt as to Liability	Subsection moved to IRM 4.25.3.10.2.6. Procedures updated for risk rating the referral and for sending the referral, when possible, to EG Exam electronically.
IRM 4.25.3.9.2.7, Operations Assistance Request Referrals from Taxpayer Advocate Service	Subsection moved to IRM 4.25.3.10.2.7. Procedures updated to add relevant IRM guidance. Extended the time for review from 24 hours to 72 hours if the request is not required to be expedited. Updated for sending the request to EG Exam, when possible, electronically.
IRM 4.25.3.9.2.8, Return Preparer Referrals	Subsection moved to IRM 4.25.3.10.2.8. Procedures updated to include referrals from EG Exam, for sending the referral to EG Exam, when possible, electronically, and for the review and documenting of survey procedures by the EG WSD National Gatekeeper.
IRM 4.25.3.10, Requisition of Estate and Gift Tax Returns	Subsection moved to IRM 4.25.3.11.
IRM 4.25.3.10.1, Return Requisitions	Subsection moved to IRM 4.25.3.11.1. Procedures updated to include the process for return order requests, review of the order by EG WSD, and meetings with EG Exam to discuss the order concerns
IRM 4.25.3.10.2, Filing Orders and Surveying Cases	Subsection moved to IRM 4.25.3.11.2. Procedures update to include a process for electronic delivery of returns, the priority of order filling, the updating of returns to EG Exam Groups by EG WSD, and the paperless surveying of returns.
IRM 4.25.3.10.3, Shipment of Cases	Subsection moved to IRM 4.25.3.10.3. Procedures updated for the electronic delivery of cases to EG Exam.

EFFECT ON OTHER DOCUMENTS

IRM 4.25.3 dated July 23, 2018 is superseded.

AUDIENCE

This section contains instructions and guidelines for Small Business/Self-Employed Estate and Gift Tax Specialty Programs' employees.

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

4.25.3

Planning, Classification, and Selection

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4.25.3.1
(07-13-2023)
Program Scope and Objectives

- (1) **Purpose**—IRM 4.25.3, Estate and Gift Tax Planning, Classification and Selection, establishes clear and consistent procedures for documentation of case selection, non-selection and survey decisions. IRM also establishes the related review and approval requirements for those decisions when providing cases for compliance activity. It:
 - a. Establishes standards and procedures for classifying filed estate and gift tax returns, prompt assessment requests, referrals, and Servicewide initiatives.
 - b. Establishes the standards and procedures for managerial quality reviews of classified cases to ensure that cases with the best examination potential are being sent for examination review.
 - c. Establishes the standards and procedures for the Content Management and Collaboration (CMC) Managers' review of selected returns and prioritization of returns to send for examination review.
 - d. Establishes the standards and procedures for surveying selected cases.
 - e. Provides direction for the completion of field orders for selected returns.
- (2) **Audience**—These procedures apply to the IRS employees responsible for identifying and classifying filed estate and gift returns, referrals, project cases, and Servicewide initiatives, including:
 - a. Attorney-Advisor/Legal Specialist coordinators
 - b. CMC Managers
 - c. Estate Tax Attorney/Legal Specialist classifiers
 - d. Transfer Tax Technician classifiers
 - e. Administrative Personnel
 - f. Managers
- (3) **Policy Owner**—The Director, Exam Case Selection - Specialty owns the Estate and Gift Workload Selection and Delivery (EG WSD) Program.
- (4) **Primary Stakeholders:**
 - EG WSD
 - Specialty Examination - Estate and Gift Tax
 - Specialty Examination Policy, Estate and Gift Tax Policy
- (5) **Program Goals**—The goals of EG WSD are consistent with the mission of Exam Case Selection to provide policy guidance on selection of cases and delivery of inventory for Examination, create the Examination work plan, and set direct assignment criteria for routing of examination work.

4.25.3.1.1
(07-23-2018)
Authority

- (1) **Statutory Authority:**
 - a. Internal Revenue Code (Title 26 of the US Code) Chapter 11 provides the statutory authority for the taxation of estates.
 - b. Internal Revenue Code Chapter 12 provides the statutory authority for the taxation of gifts.
 - c. Internal Revenue Code Chapter 13 provides the statutory authority for the taxation of generation-skipping transfers.
- (2) Policy Statement 4-21, Selection of Returns for Examination, states that the primary objective in selecting returns for examination is to promote the highest degree of voluntary compliance on the part of the taxpayers. This requires the exercise of professional judgment in selecting sufficient returns of all classes of

returns in order to assure all taxpayers of equitable consideration, 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 1.11.1.6.5, General Management Responsibilities, provides that all IRS managers must ensure that their employees have access to internal management documents defining policies and procedures necessary to perform their jobs. IRS managers who are responsible for establishing the program, policy, process and procedures necessary to implement and manage a program area for the Service are program owners. They are responsible for:
 - a. Ensuring IRM content is reviewed annually for accuracy and completeness;
 - b. Analyzing issues that may provoke a change to the IRM, such as new or revised legislation, court opinions, issuance of regulations, changes in procedure that result from other factors (organizational, operational, technology, etc.);
 - c. Ensuring IRM authors and/or coordinators reporting to them are properly trained.
- (4) 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 guidance must comply with published guidance and not supersede the IRM.

4.25.3.1.2
(07-13-2023)
**Roles and
Responsibilities**

- (1) The Director, Exam Case Selection is responsible for oversight of Estate and Gift Case Selection.
- (2) The Employment Tax and Estate & Gift Tax Exam Case Selection Program Manager (Program Manager) is responsible for oversight of EG WSD operations.
- (3) The EG WSD Group Manager is responsible for the oversight of the EG WSD group.

4.25.3.1.3
(07-23-2018)
**Role of Estate and Gift
Workload Selection and
Delivery**

- (1) To accomplish the mission of Exam Case Selection, EG WSD will perform the following:
 - a. Implement policies related to case selection and review progress towards delivering against the Estate and Gift Tax Examination work plan.
 - b. Provide centralized oversight and program coordination of workload selection, classification, and delivery for Specialty Estate and Gift Tax, and of information reporting compliance.
 - c. Develop standardized policy and program direction for ordering, classifying, and delivering workload to support plan goals.
 - d. Monitor Specialty Estate and Gift Tax Examination inventory and timely deliver inventory on an as-needed basis, to support program goals, and strategic plan objectives.
 - e. Support development of workload initiatives to identify areas of non-compliance.
 - f. Provide input to develop the Specialty Estate and Gift Tax Examination workplan.
 - g. Provide input to develop the SB/SE Division Strategic Plan.

- h. Provide input to develop the Specialty Estate and Gift Tax Examination workload studies.

4.25.3.1.4
(07-13-2023)
Program Controls

- (1) All information management systems that are utilized have safeguard measures in place that address all key components of Information Technology (IT) security requirements to restrict access to sensitive data.
- (2) By the 15th of each month, The EG WSD CMC Manager will review 10% of classification efforts and survey decisions for the prior month of their employee cadre to ensure selects and non-selects adhere to examination case selection policy. The review will be documented in a memorandum or feedback form, that will be maintained in digital format on the EG WSD shared drive.
 - a. For reviews of Estate and Gift Specialty Examination classifiers' classification efforts, the EG WSD Group Manager will provide a copy of the documentation to the Chief, Estate and Gift Tax and Excise (or designee). The CMC Manager will provide a copy to the classifier via secure email.
 - b. For reviews of the Cincinnati Centralized Estate and Gift Campus Operation (Cincinnati Centralized EG Campus Operation) classification efforts, the EG WSD Group Manager will provide monthly documentation to the Cincinnati Centralized EG Campus Operation Department Manager. The CMC Manager will provide a copy to the classifier via secure email.
- (3) The EG WSD Group Manager (or designee) will conduct quarterly reviews of the CMC Manager reviews completed pursuant to paragraph (2) of this section to ensure such reviews adhere to examination case selection policy. These reviews by the EG WSD Group Manager (or designee) will be documented in a memorandum.
- (4) The EG WSD Group Manager (or designee) will also conduct a 10% quarterly review of classification efforts. This includes classification completed in CMC (see IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns), and classification completed by EG WSD Coordinators. These reviews by the EG WSD Group Manager (or designee) will be documented in a memorandum provided to the CMC Managers/EG WSD Coordinators.
- (5) As part of the Program Review process, the Program Manager (or designee) will conduct a review of the reviews in subsections (2), (3), and (4) of this section to ensure these reviews adhere to the examination case selection policy.

4.25.3.1.5
(07-13-2023)
Program Reports and Monthly Briefings

- (1) **Program Reports:** Information regarding inventory levels and program workplan progress are included on, but not limited to, the following reports:
 - a. Internal Inventory Monitoring Reports Generated by the EG WSD Examination Analyst Monthly: Status 10 Report, Inventory Wall Report, Summary Information Report from AIMS Centralized Information System (A-CIS), Awaiting Classification Report, Disaster Area Return Listings;
 - b. Monthly Reports from Performing Planning and Analysis (PPA): Base Inventory Work in Process, New Starts, and Director's Briefing;
 - c. Classification Data report prepared by the EG WSD Examination Analyst;
 - d. Weekly Examination Returns Control System (ERCS) report prepared by the EG WSD Examination Analyst;

- e. CMC Weekly Report prepared by LB&I that includes information on the status 06 inventory in CMC, status 08 in the LB&I Workload Identification System (LWIS), and inventory in the LB&I Image Network (LIN).

(2) **Monthly Briefings:**

- a. EG WSD Coordinators/Gatekeeper/Analysts: by close of the 20th day of each month, a monthly briefing document is due to the EG WSD Manager that may be submitted by secure email. A template for this purpose will be provided by the EG WSD Group Manager.
- b. EG 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 secure email. A template for this purpose will be provided by the Program Manager.

4.25.3.1.6
(07-13-2023)

**Terms/Definitions and
Acronyms**

- (1) Below are acronyms and definitions for terms frequently used throughout this IRM:

Acronym	Definition
A-CIS	AIMS Centralized Information System
AIMS	Audit Information Management System
AOIC	Automated Offer in Compromise
ASED	Assessment Statute Expiration Date
BMF	Business Master File
CBF	Case Built File
CMC	Content Management and Collaboration
DATL	Doubt as to Liability
DC	Disposal Code
DIN	Document Image Network
DLN	Document Locator Number
DSUE	Deceased Spousal Unused Exclusion
ECS	Exam Case Selection
EGC	Employee Group Code
EG Exam	Specialty Examination, Estate & Gift/Excise Exam
EG WSD	Estate and Gift Workload Selection and Delivery
ERCS	Examination Returns Control System
GHW	Global High Wealth
IAR	Independent Administrative Review

Acronym	Definition
IDRS	Integrated Data Retrieval System
JOC	Joint Operations Center
LB&I	Large Business and International
LIN	LB&I Image Network
LWIS	LB&I Workload Identification System
MFTRA	Master File Transcript Request
MOU	Memorandum of Understanding
OAR	Operations Assistance Request
OVDI	Offshore Voluntary Disclosure Initiative
PDF	Portable Document Format
POC	Point of Contact
PPA	Performance, Planning and Analysis
PSP	Planning and Special Programs
RAAS	Research, Applied Analytics & Statistics
RPO	Return Preparer Office
SAIN	Standard Audit Index Number
SFR	Substitute For Return
SME	Subject Matter Expert
SOI	Statistics of Income
SRS	Specialist Referral System
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
TDI	Tax Delinquency Investigation
TIN	Taxpayer Identification Number
TIPRA	Tax Increase Prevention Reconciliation Act of 2005
UNAX	Unauthorized Access
UIL	Uniform Issue List
UNAX	Unauthorized Access

4.25.3.1.7
(07-13-2023)

Related Resources

- (1) For general guidance, procedures, tax law, and regulations on a wide variety of estate and gift tax issues, refer to the Estate and Gift Tax Knowledge Base Homepage at <https://portal.ds.irsnet.gov/sites/vl043/pages/default.aspx>.

4.25.3.2
(07-13-2023)
**Fairness in Case
Selection**

- (2) Refer to IRC 7803, which is also known as **The Taxpayer Bill of Rights (TBOR)**, <https://www.irs.gov/taxpayer-bill-of-rights>, for information about how IRS employees are expected to carry out their duties with integrity and fairness. The IRS must administer the law with integrity and fairness to all taxpayers. Under TBOR, IRS employees must exercise professional judgment in conducting enforcement activities.
- (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.” A “fair and just tax system” is also a cornerstone in the TBOR. IRS employees are expected to carry out their duties with integrity and fairness. Fairness and integrity, therefore, apply to how the IRS administers tax laws to all taxpayers as well as how IRS employees interact with each taxpayer and tax professional.
 - (2) 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 consider 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 non-compliance using scoring mechanisms, data driven algorithms, third party information, whistleblower information and information provided by the taxpayer. No one individual can control the enforcement selection decision-making processes, and involvement is limited 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*, IRS employees do their jobs with a focus on taxpayer rights, including due process and appeal rights. The Internal Revenue Code grants taxpayers certain rights when working with the IRS, and these rights are embodied in Pub 1, Your Rights as a Taxpayer. In addition, managers and employees adhere to administrative and legislative procedures. Managerial as well as quality reviews of selection decisions occur during each phase of the selection and assignment process. IRS employees are managed and evaluated on how well they provide fair and equitable treatment of taxpayers as required by the Restructuring and Reform Act of 1998. Also, taxpayers may administratively appeal most IRS decisions, including the assessment of additional tax or penalties, the denial of a refund claim, or issuance of a lien or levy. An employee in the Office of Appeals, an independent and impartial function within the IRS, will contact the taxpayer, hear the case and decide whether to sustain the enforcement action. Most taxpayers can also petition the U.S. Tax Court for a pre-assessment review of any proposed or additional tax or seek a refund in other federal courts.
 - (3) SB/SE supports administration of tax law 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 the most efficient use of finite examination staffing and other resources. Employees must exercise their professional judgment, not personal opinions, when making return selection decisions. As explained in Policy Statement Pub 1-236, IRS employees are expected to carry out their duties with integrity and fairness:

- a. *To ensure fairness to the taxpaying public*, our Examination Workplan provides a balanced approach for return delivery and allocation of resources to address areas of the Tax Gap by considering factors such as income levels, geographic locations, and return types.
 - b. *To ensure an equitable process for all taxpayers*, return selection decisions are made utilizing available experience and/or statistics indicating the probability of substantial error. No one individual can control the examination selection decision-making process. We limit involvement to only those employees whose duties require them to be included.
 - 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.
- (4) 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.
- (5) Identification of cases – To ensure an equitable process for all taxpayers, fairness and integrity are built into the return identification process. The primary source of cases with examination potential are filed estate (Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return) and gift (Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return) tax returns. For filed Form 706 and Form 709 returns, a combination of methods, including automated processes, historical data, data-driven algorithms, employee technical expertise, and third party information is used to identify cases for classification. The identification of cases for classification is documented and contains the following:
- a. Data source
 - b. Selection methods
 - c. Selection authority
 - d. Classification results
 - e. Program manager and EG WSD group manager approval

4.25.3.2.1
(07-23-2018)
Taxpayer Rights

- (1) EG 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>.

4.25.3.2.1.1
(07-23-2018)

**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 mission of the IRS which requires that employees 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 unauthorized access (UNAX) requirements, refer to IRM 4.10.1.2.1.12, Unauthorized Access (UNAX).
- (3) For information relating to Identity Theft and Incident Management Program, see IRM 25.23.1.2.2, Identity Theft Victim Assistance (ITVA)- Program Responsibilities.

4.25.3.3
(07-13-2023)

**Workplan Development
and Inventory**

- (1) An annual Estate and Gift Examination workplan is developed by PPA that determines workstream volumes by program and location. Estate and Gift workplan information is used to determine program priorities with the allocation of resources, workload selection, and assessment of program effectiveness within Exam Case Selection (ECS).
- (2) The Program Manager, the EG WSD Group Manager, and the EG WSD Examination Analyst are all responsible for providing input and assumptions to PPA towards development of the workplan. Input traditionally provided by ECS includes:
 - Workstream coding information
 - Anticipated mix and volume of workstreams
 - Delivery of workstreams information
 - Identification of work

4.25.3.3.1
(07-13-2023)

**Workplan and Inventory
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 Estate and Gift Examination (EG Exam) for purposes of the new starts and closure plan.
- (2) The EG WSD Group Manager is required to review the reports in IRM 4.25.3.1.5, Program Reports and Monthly Briefings, for workplan and inventory monitoring purposes.
- (3) The EG WSD Group Manager is responsible for delivery of sufficient status 10 inventory to EG Exam for purposes of the new starts and closure plan.
- (4) The EG WSD Group Manager and EG WSD National Gatekeeper are responsible for ensuring sufficient wall inventory to fill EG Exam orders. To ensure sufficient wall inventory to fill EG Exam orders:
 - a. Prior to the beginning of the fiscal year, the EG WSD Group Manager will determine the resources needed for classification. Such resource needs will take into consideration the time it takes to classify, anticipated delivery needs, and anticipated classification volume based on current screening criteria, and return filing volumes. Resource needs also take into consideration EG Exam priorities. The EG WSD Group Manager will work with EG Exam to secure resources for classification.
 - b. Monthly, the EG WSD National Gatekeeper and EG WSD Group Manager will determine monthly classification assignments for the EG

Exam cadre of classifiers based on the priorities listed in paragraph (a) of this section. It is the responsibility of the EG WSD National Gatekeeper that there are sufficient returns loaded into CMC for the monthly classification assignment.

- c. The EG WSD Group Manager and EG WSD National Gatekeeper will review EG Exam orders consistent with IRM 4.25.3.11.1, Return Requisitions.
 - d. Weekly, the EG WSD Group Manager, EG WSD Examination Analyst, and EG WSD National Gatekeeper will review the inventory awaiting in LIN, and the inventory available in status 08 in LWIS. Concerns regarding insufficient inventory will be raised to the Program Manager to address resource needs. Coordination with EG Exam will occur as needed to address classification resource concerns.
- (5) At least annually, the EG WSD Group Manager, EG WSD Coordinators, and EG WSD National Gatekeeper will conduct a review of business results as compared to the EG WSD prioritization of cases sent to EG Exam and make recommendations to changes to case prioritization based on this review. This review must be documented in a memorandum to the Program Manager. Changes to the prioritization must be approved in writing by the Program Manager prior to implementation.
- (6) At least annually, the EG WSD Group manager must review the current screening criteria for Form 706 and Form 709 returns. This review must be documented in a memorandum to the Program Manager. Changes to the prioritization must be approved in writing by the Program Manager before implementation. Any changes to the current screening filters may require coordination with Wage and Investment, Submission Processing (see IRM 3.11.106, Estate and Gift Tax Returns), and Research Applied Analytics and Statistics (RAAS).

4.25.3.3.2
(07-13-2023)
**Statute Control for EG
WSD Inventory**

- (1) The EG WSD Group Manager is responsible for reviewing weekly an ERCS inventory report of all assessment statute expiration dates (ASED) within EG WSD employee group code (EGC).
- (2) Returns in Status 08 and in LWIS:
- a. Weekly, the EG WSD Group Manager will verify the ASED of returns in status 08 and in LWIS by referring to the ERCS inventory report and the "Available in LWIS" tab of the Weekly CMC report. See IRM 4.25.3.1.5, Program Reports and Monthly Briefings, for a list of monitoring reports in EG WSD.
 - b. For any return that has less than 18 months remaining on the ASED, the EG WSD Group Manager will provide a listing to the EG WSD National Gatekeeper.
 - c. The EG WSD Gatekeeper will have one week to review the return listing. If the return prioritization is the lowest priority tier, the return should be surveyed consistent with IRM 4.25.3.11.2, Filing Orders and Surveying Cases. In all other cases, the EG WSD National Gatekeeper should discuss with the EG WSD Group Manager the appropriate action. If it is decided that the return should be sent to EG Exam, the EG WSD National Gatekeeper will work with EG Exam to determine where the return file should be sent. If EG Exam is unable to examine the return, the return should be surveyed consistent with IRM 4.25.3.11.2, Filing Orders and Surveying Cases.

- (3) Returns in Status 06 in CMC:
 - a. Weekly, the EG WSD Group Manager will verify the ASED of returns in CMC for classification by referring to the weekly ERCS inventory report and the "Weekly Report After" tab of the Weekly CMC Report. See IRM 4.25.3.1.5, Program Reports and Monthly Briefings, for a list of monitoring reports in EG WSD.
 - b. For any return that has less than 18 months on the ASED the EG WSD Group Manager will provide a listing to the CMC Manager owning the case in CMC to provide direction to the classifier to prioritize classification of the short statute case.
 - c. The EG WSD Group Manager will review selected cases from the prior week to ensure that there is at least 18 months on the ASED. Selected cases from the prior week with less than 18 months on the statute will be handled consistent with paragraph (2) of this section.
- (4) Monthly, the EG WSD Group Manager and EG WSD Compliance Clerk will receive a 4.1 Table report for EG WSD EGC's from the AIMS/ERCS Program Analyst. See IRM 4.4.27.5.1, Table 4.0 and 4.1 - Statute Control Reports, for information regarding 4.1 Table reports.
 - a. Within 5 business days of receipt, the EG WSD Compliance Clerk will follow the instructions in IRM 4.4.27.5.1.1, Procedures for Working the Statute Control Report, to review and reconcile the 4.1 Table report. The completed report will be signed by the EG WSD Compliance Clerk and sent via secure email to the EG WSD Group Manager for review and signature.
 - b. The EG WSD Group Manager is responsible for the review and signature of the 4.1 Table report.
 - c. Completed 4.1 Table reports are stored in the designated folder on the EG WSD shared drive.

4.25.3.4
(07-13-2023)
**CMC Classification
Roles, Training and
Assignments**

- (1) This section provides information on roles, training, and assignments for the classification of filed estate and gift tax returns in CMC.

4.25.3.4.1
(07-13-2023)
**CMC Classification
Roles**

- (1) **CMC Classifier (or Classifier):** the CMC classifier (classifier) is responsible for classifying returns in CMC. Prior to beginning of the fiscal year, the EG WSD Group Manager will determine the resources needed for CMC classification and work with EG Exam to secure resources for classification. See IRM 4.25.3.3.1, Workplan and Inventory Monitoring. Selection of the CMC classification cadre and the length of the classification detail is determined by EG Exam, with input by EG WSD.
 - a. The Form 706 and Form 709 returns meeting EG WSD screening criteria are classified by EG Exam employees.
 - b. The Form 706-NA, United States Estate (and Generation-Skipping Transfer) Tax Return, for the estate of a nonresident citizen of the United States, is classified on CMC by Cincinnati Centralized EG Campus Operation employees.

- (2) **CMC Manager:** CMC Managers are the EG WSD National Gatekeeper and Coordinators on the EG WSD staff. CMC Managers are responsible for the following tasks as it pertains to their classification cadre:
- Creating the list of classification efforts for the EG WSD Manager to review (IRM 4.25.3.1.4, Program Controls).
 - Assigning classifier inventory (IRM 4.25.3.4.3, CMC Classification Assignments).
 - Reviewing classification determinations for approval or disapproval and acting as the manager designee for classification reviews (IRM 4.25.3.1.4, Program Controls).
 - Monitoring perfection and stock valuation requests (IRM 4.25.3.5.3, Valuation of Listed and Over-the-Counter Securities, and IRM 4.25.3.5.2, Perfection).
 - Providing general support for CMC errors. CMC Managers should refer to the EG WSD CMC Manager/LWIS Delivery Desk Guide for troubleshooting tips for common CMC errors. See IRM 4.25.3.6.1, CMC Manager Review and Approval of Classified Returns, for information on this desk guide.
- (3) **EG WSD Compliance Clerk:** The EG WSD Compliance clerk is available to provide additional research to classifiers:
- IDRS research to determine whether there are related returns and verification of income tax liability
 - Real estate research to determine if property has been sold and the amount of property taxes paid
 - Stock valuation research to determine whether the return should be submitted for verification of stock valuation
 - Verification of Schedule O Charities/Foundation
- (4) If a classifier needs additional research while classifying a return, the classifier should send a secure email to the EG WSD Compliance Clerk with a carbon copy to the CMC Manager, detailing the request that is needed. In addition to the request, include the following information with the request:
- Taxpayer name
 - TIN
 - Master File Tax (MFT)

4.25.3.4.2
(07-13-2023)
**CMC Training and
Classification
Information**

- (1) Each CMC classifier will be assigned a CMC Manager. It is the responsibility of the CMC Manager to provide monthly assignments as directed by the EG WSD Group Manager. See IRM 4.25.3.4.3, CMC Classification Assignments.
- (2) Training of newly selected CMC classifiers will be conducted by EG WSD at least two weeks prior to the start of the classification detail. The training will include:
- Obtaining access to CMC as a classifier
 - Obtaining access to LIN (if the classifier does not previously have access)
 - Navigating CMC and the fields required to be completed for selected and accepted returns (risk summary), including relevant project and tracking codes
 - Converting the risk summary into a portable document format (PDF)
 - Prioritization/risk rating for selected and accepted returns

4.25.3.4.3

(07-13-2023)

**CMC Classification
Assignments**

- Uploading the risk summary to the taxpayer folder and transfer of documents to the case built file (CBF) for selected cases.
 - Perfection and Stock Valuation request procedures
- (1) Form 706, Form 706-NA (referred to collectively as “estate tax returns”) and Form 709 returns that meet EG WSD’s screening criteria are scanned in Kansas City by RAAS on a continuous basis. Scanned returns are uploaded to the Document Image Network (DIN), converted to PDF, and uploaded to LIN.
 - (2) By the 15th day of the month, the EG WSD Group Manager and EG WSD Examination Analyst will determine which returns available for classification in LIN should be loaded into CMC for the following month’s classification based on the following priorities:
 - Progress towards the Examination Workplan (see IRM 4.25.3.3, Workplan Development and Inventory)
 - Available classification resources
 - Time left on statute for available returns
 - Potential for examination adjustment
 - Current classifier and CMC Manager inventory level
 - (3) After the review in paragraph (2) of this section is complete, if there are estate tax returns that will not be placed in classification, the EG WSD Examination Analyst will determine whether those returns have a IRC 6166 or IRC 2032A election. Follow procedures in IRM 4.25.3.5.4, Classification of IRC section 2032A Elections, for accepted as filed returns with an IRC 2032A election and IRM 4.25.3.5.5, Classification of IRC section 6166 Elections, for accepted as filed returns with a IRC 6166 election. All other returns will be given to the EG WSD Compliance Clerk to close consistent with IRM 4.25.3.6.3, Updating Returns After CMC Classification.
 - (4) For estate tax returns to be placed into CMC, the EG WSD Examination Analyst will within one week:
 - a. Provide the return listing to the EG WSD Compliance Clerk to update the EGC to 1899. The EG WSD Compliance Clerk will have one week to complete this task.
 - b. Use ERCS data to obtain the formatted taxpayer identification number (TIN) including the validation digit
 - c. Obtain INOLES and AMDISA data for the returns
 - d. Provide completed data spreadsheet to the EG WSD Group Manager via secure email.
 - (5) For Form 709 returns to be placed into CMC, the EG WSD Examination Analyst will provide the return listing to the EG WSD Compliance Clerk to create an AIMS base for the returns establish them in status 06, EGC 1087 using the database tool. The EG WSD Compliance Clerk will complete this task within one week and monitor the returns until they have an established AIMS base. Once the returns have an established AIMS base, the EG WSD Examination Analyst will follow the steps (b) through (d) in paragraph (4) of this section for the Form 709 return.
 - (6) The EG WSD Group Manager will use the completed spreadsheet in paragraph (4)(d) to assign returns to CMC Managers. For Form 709 returns, the EG WSD Group Manager should first sort the list by address before

making assignments. Each CMC Manager assignment should be on a separate tab. The completed assignment spreadsheet will be stored on the EG WSD shared drive.

- (7) The EG WSD Group Manager will send the assignment spreadsheet from paragraph (6) of this section to the LB&I CMC Analyst indicating that the CMC strat file should be created for the returns listed on the spreadsheet and that the returns should be placed in ready for assignment status on CMC.
- (8) When the returns are in ready for assignment status, the EG WSD Group Manager will send an email to the CMC Managers that includes the classification assignment instructions for the upcoming month.
- (9) Prior to the first of the month, the CMC Managers will assign returns to their classifiers consistent with EG WSD Group Manager's instructions and notify the classifiers via email of the month's classification assignment and due date. Guidance on CMC return assignment can be found in the EG WSD CMC Manager/LWIS Delivery Desk Guide. See IRM 4.25.3.6.1, CMC Manager Review and Approval of Classified Returns, for information on this desk guide.
- (10) It is the continuing responsibility of the CMC Manager to ensure that classifiers have sufficient inventory of returns to classify. This responsibility requires timely assignment of returns for the monthly classification assignment and reviewing the Weekly CMC Report to monitor the current status of classifier inventories. See IRM 4.25.3.1.5, Program Reports and Monthly Briefings, for information on the Weekly CMC Report.
- (11) If classifiers complete their assignments prior to the end of the month, the CMC Manager should coordinate with the EG WSD Examination Analyst and EG WSD Group Manager to secure additional inventory for the classifiers as needed. The EG WSD Examination Analyst and EG WSD Group Manager will follow the procedures in paragraph (2) of section to determine which returns to place into CMC and the procedures in paragraphs (3) through (7) to have those returns sent to CMC for classification.

4.25.3.5
(07-13-2023)
**CMC Classification of
Filed Estate and Gift Tax
Returns**

- (1) This section provides information on procedures during classification of filed estate and gift tax returns in CMC.

4.25.3.5.1
(07-13-2023)
**CMC Classification of
Filed Estate and Gift Tax
Returns**

- (1) Classification is the process of determining whether a return should be selected for audit, the initial issues to be audited, and who should conduct the audit. See IRM 4.1.5.3, Classification, for additional information regarding the classification process.
- (2) Classifiers under the direction of EG WSD, are responsible for determining if cases should be selected for examination or non-selected
- (3) All classifiers have access to the following desk guides located in the Estate and Gift sub-industry folder of the CMC main page:
 - **EG WSD Classification Guide:** is owned by EG WSD and includes the process for classifying estate and gift tax returns in CMC, with specific references to the LB&I CMC User Guide where applicable. The EG WSD Classification Guide is stored in the sub-industry folder on the

main CMC page. It is the responsibility of the EG WSD National Gatekeeper to ensure that this desk guide is updated and that the most recent version is available in the sub-industry folder.

- **LB&I CMC User Guide:** is owned by LB&I and provides information on the functions of CMC.
 - **LB&I LIN User Guide:** is owned by LB&I and provides information on access to and navigation in LIN.
- (4) It is the responsibility of classifiers to read and be familiar with the information found in the desk guides located in the Estate and Gift sub-industry folder of the CMC main page.
 - (5) Classifiers access their assigned return inventory in CMC. Procedures for accessing assigned inventory can be found in the LB&I CMC User Guide. Classifiers experiencing issues in CMC should contact their CMC Manager for assistance.
 - (6) Each assigned return in CMC will include a LIN link to view a scanned image of the return. If an assigned return does not include a LIN link, the classifier will email the CMC Manager for assistance. The CMC Manager will work with the EG WSD Manager and the LB&I CMC Analyst to obtain the LIN link in CMC. Classifier guidance for specific issues with the return image in the LIN link can be found in the EG WSD Classification Guide. LIN access issues should be addressed to the LIN Help Desk.
 - (7) Classifiers are required to review all return schedules to identify up to three significant tax and compliance issues. Before accepting a return as filed, the classifier should review the return for frequently missed issues, paraprofessional issues, and training issues (when applicable). Guidance on these issues is found in the EG WSD Classification Guide.
 - (8) For selected returns, the classifier will document the selection classification in the following manner:
 - a. In the "Taxpayer Overview" box, the classifiers will include their first initial and last name to identify who classified the return.
 - b. Add a UIL (uniform issue list) code and SAIN (standard audit index number) code for each selected issue. See IRM 4.46.6.2.4, Relationship Between SAIN, UIL and ITA, for general information regarding these codes. All SAIN and UIL codes used for estate and gift tax returns are located in the EG WSD Classification Guide.
 - c. Select the risk rating for the issue and the appropriate treatment stream based on the guidelines in the EG WSD Classification Guide.
 - d. In the "Analysis" box provide a brief narrative of the selected issues, the issue type (a list of current issue types can be found in the EG WSD Classification Guide), and the potential adjustment amount based on the current thresholds found in the EG WSD Classification Guide.
 - e. Select the overall risk of the case based on the guidelines in the EG WSD Classification Guide.
 - f. Complete the "Tax Form and Areas of Interest" box by include the schedule, item number, and the relevant PDF page numbers for each selected issue.
 - g. In the "Recommended Treatment Stream Rationale" box, include all applicable project and tracking codes for the case and brief synopsis of the selected issues. A list of current estate and gift project and tracking codes can be found in Document 6209, IRS Processing Codes and Infor-

mation . For every selected case with a project or tracking code, the classifier will also complete the code table found in the sub-industry folder. The classifier will secure email the completed code table to the CMC Manager at the completion of classification for the week.

- (9) For accepted as filed returns, the classifier will document the classification decision in the following manner:
 - a. In the “Taxpayer Overview” box, the classifiers will include their first initial and last name to identify who classified the return.
 - b. Add a UIL and SAIN code for the predominant issue on the return. All SAIN and UIL codes used for estate and gift tax returns are located in the EG WSD Classification Guide. If the return has an IRC 6166 or IRC 2032A election, the classifier will select the UIL and SAIN associated with these elections.
 - c. Select a risk rating of “low” for the issue and the appropriate treatment stream based on the guidelines in the EG WSD Classification Guide.
 - d. Select an overall risk rating of “low” for the case.
 - e. In the “Recommended Treatment Stream Rationale” box, provide a justification for accepting the return as filed based on the justifications listed in the EG WSD Classification Guide. If the classifier selects “Other”, the classifier is required to provide a further description substantiating the accepted as filed decision.
- (10) After documenting the classification decision, the classifier will (instructions for this process can be found in the LB&I CMC User Guide):
 - a. Create a PDF of the risk summary;
 - b. Upload the risk summary PDF to the taxpayer folder on CMC; and
 - c. check the risk summary PDF in to include in the CBF.
- (11) If a classifier is accepting as filed an estate tax return with administration fees to private executors over a threshold as provided in the EG WSD Classification Guide, the classifier will take the additional steps:
 - a. Complete a fillable PDF of Form 5346, Examination Information Report, located in the sub-industry folder.
 - b. Make PDF copies of the relevant pages of the Form 706 and digitally attach those pages to the Form 5346.
 - c. Save a copy of the completed Form 5346 with attachments to the taxpayer folder.
 - d. At the end of the weekly classification, secure email the EG WSD Compliance Clerk all of the completed Form 5346 for the week using the email subject line, “Form 5346 Referrals for the Week of xx/xx/xxxx” with “xx/xx/xxxx” representing the Monday date for the week.
- (12) The EG WSD Compliance Clerk will submit the completed Form 5346 to the EG WSD Group Manager for signature and forward via secure email to the appropriate contact in ECS as outlined in the EG WSD CMC Manager/LWIS Delivery Desk Guide. See IRM 4.25.3.6.1, CMC Manager Review and Approval of Classified Returns, for information on this desk guide.
- (13) If the classifier determines that the return requires perfection, see IRM 4.25.3.5.2, Perfection.
- (14) If the classifier determines that the return requires stock valuation, see IRM 4.25.3.5.3, Valuation of Listed and Over-the-Counter Securities.

- (15) All returns classified at classification are subject to the review requirements in IRM 4.25.3.1.4, Program Controls.

4.25.3.5.2
(07-13-2023)

Perfection

- (1) Perfection is the process of obtaining missing documents required to be filed with the return that are required to make a classification decision. Perfection is completed by the Cincinnati Centralized EG Campus Operation. See IRM 4.25.2.9.2.1, Perfection and Campus Classification. In order for a return to be perfected, it must be missing a document that is required to be included with the return (e., death certificate, will, trust, schedules, and appraisals for assets listed on the return).
- (2) If the return is missing a required document and the classifier finds an audit issue, the return should be selected as discussed in IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns. The classifier should note the perfection documents needed in the "Recommended Treatment Stream Rationale" box.
- (3) If the classifier is unable to determine whether an examination issue exists without the missing documents, the classifier will take the following actions to request perfection for the return:
 - a. Complete the Perfection Cover Sheet for the return type being classified (perfection for Form 706-NA should use the Form 706 Perfection Cover Sheet) found in the sub-industry folder .
 - b. Upload a copy of the completed Perfection Cover Sheet to the taxpayer folder. Refer to the LB&I CMC User Guide instructions for completing this step.
 - c. At the end of the weekly classification assignment, secure email the CMC Manager and the EG WSD Perfection mail box with the subject heading: "Perfection Requests for the Week of xx/xx/xxxx" with "xx/xx/xxxx" representing the Monday date for the week. Attach all Perfection Cover Sheets to the email.
 - d. Maintain all returns requiring perfection in classification inventory while the perfection request is outstanding.
- (4) The EG WSD Compliance clerk monitors the EG WSD Perfection mail box weekly and will perform the following steps:
 - a. Log the perfection request on the EG WSD Perfection Log stored on the EG WSD SharePoint Site https://irsgov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx.
 - b. Ensure that the classifier properly completed the Perfection Cover Sheet and included relevant documentation when required. All incomplete perfection requests will be routed back to the classifier via secure email to address missing information.
 - c. Consolidate the perfection requests and email the requests to the Cincinnati Centralized EG Campus Operation Classification mail box. The subject line of the email is "Perfection Requests for Week of xx/xx/xxxx" with "xx/xx/xxxx" representing the Monday date for the week that the classification was completed.
 - d. Log the date that the perfection request was sent to Cincinnati Centralized EG Campus Operation on the EG WSD Perfection log .

- (5) The Cincinnati Centralized EG Campus Operation will complete perfection requests consistent with IRM 4.25.2.9.2.1, Perfection and Campus Classification. Completed perfection requests are routed to the EG WSD Perfection mailbox.
- (6) The EG WSD Compliance Clerk will take the following steps for completed perfection requests received from Cincinnati Centralized EG Campus Operation:
 - a. Log the receipt date of the perfection request on the EG WSD Perfection log stored on the EG WSD SharePoint Site https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx.
 - b. The classifier will upload a copy of the perfection documentation received from Cincinnati Centralized EG Campus Operation to the taxpayer folder. Refer to the LB&I CMC User Guide instructions for completing this step.
 - c. Archive the classifier perfection request email and Cincinnati Centralized EG Campus Operation email response in the EG WSD Perfection mailbox.
- (7) The classifier will upload a copy of the perfection documentation received from Cincinnati Centralized EG Campus Operation to the taxpayer folder. Refer to the LB&I CMC User Guide instructions for completing this step.
- (8) The classifier will complete the classification of the return consistent with IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns. If the return is selected, the classifier will check in the perfection documentation uploaded to the taxpayer folder to include in the CBF.
- (9) It is the responsibility of CMC Managers to monitor the perfection requests of their classifiers. If a classifier has not received a response on perfection request six weeks after making the request, the CMC Manager will follow up with the EG WSD Compliance Clerk for a status of the perfection request.

4.25.3.5.3
(07-13-2023)
**Valuation of Listed and
Over-the-Counter
Securities**

- (1) Requests to verify the valuation of listed and over-the-counter securities as part of the estate and gift tax return classification process are routed to the Cincinnati Centralized EG Campus Operation. See IRM 4.25.2.9.2.2, Stock Valuations, for the Cincinnati Centralized EG Campus Operation stock valuation procedures.
- (2) Classifiers will determine whether a return needs stock and bond valuation assistance based on the guidelines provided in the EG WSD Classification Guide. This guide includes examples of when it is appropriate for the classifier to conduct research on the valuation of listed and over-the-counter securities instead of making a stock valuation request to the Cincinnati Centralized EG Campus Operation.
- (3) If the return requires stock and bond valuation assistance and the classifier finds an additional audit issue, the return should be selected as discussed in IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns. The classifier should also select and notate the stock valuation issue as a second issue.
- (4) If the only potential issue is the valuation of listed and over-the-counter securities requiring the Cincinnati Centralized EG Campus Operation assistance, the classifier will take the following actions to request stock valuation for the return:

- a. Complete the Stock Valuation Cover Sheet found in the sub-industry folder.
 - b. Create a PDF file of the pages of the return needed for the stock valuation request.
 - c. At the end of the weekly classification assignment, secure email the CMC Manager and the EG WSD Stock Valuation mail box with the subject heading: "Stock Valuation Requests for Week of xx/xx/xxxx" with "xx/xx/xxxx" representing the Monday date for the week. Attach all Stock Valuation Cover Sheets and PDF files of the pages needed for the stock valuation requests to the email.
 - d. Maintain all returns requiring stock valuation assistance in classification inventory while the stock valuation request is outstanding.
- (5) The EG WSD Compliance clerk monitors the EG WSD Stock Valuation mail box weekly and will perform the following steps:
- a. Log the stock valuation request on the EG WSD Stock Valuation log stored on the EG WSD SharePoint https://irsgov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx.
 - b. Ensure that the classifier properly completed the Stock Valuation Cover Sheet and included relevant documentation. All incomplete stock valuation requests will be routed back to the classifier via secure email to address missing information.
 - c. Consolidate the stock valuation requests and email the requests to the Cincinnati Centralized EG Campus Operation Classification mail box. The subject line of the email is "Stock Valuation Requests for Week of xx/xx/xxxx" with "xx/xx/xxxx" representing the Monday date for the week that the classification was completed.
 - d. Log the date that the stock valuation request was sent to the Cincinnati Centralized EG Campus Operation on the EG WSD Stock Valuation log
- (6) The Cincinnati Centralized EG Campus Operation will complete stock valuation requests consistent with IRM 4.25.2.9.2.2, Stock Valuations. Completed stock valuation requests are routed to the EG WSD Stock Valuation mailbox.
- (7) The EG WSD Compliance Clerk will take the following steps for completed stock valuation requests received from the Cincinnati Centralized EG Campus Operation:
- a. Log the receipt date of the stock valuation request on the EG WSD Stock Valuation log stored on the EG WSD SharePoint https://irsgov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx.
 - b. Secure email the classifier and the CMC Manager a copy of the completed stock valuation request from the Cincinnati Centralized EG Campus Operation.
 - c. Archive the classifier stock valuation request email and the Cincinnati Centralized EG Campus Operation email response in the EG WSD Stock Valuation mail box.
- (8) The classifier will upload a copy of the stock valuation documentation received from the Cincinnati Centralized EG Campus Operation to the taxpayer folder. Refer to the LB&I CMC User Guide instructions for completing this step .
- (9) The classifier will complete the classification of the return consistent with IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns . If the return is selected, the classifier will check in the stock valuation documentation

uploaded to the taxpayer folder to include in the CBF.

- (10) It is the responsibility of CMC Managers to monitor the stock valuation requests of their classifiers. If a classifier has not received a response on a stock valuation request six weeks after making the request, the CMC Manager will follow up with the EG WSD Compliance Clerk for a status of the stock valuation request.

4.25.3.5.4
(07-13-2023)
**Classification of IRC
section 2032A Elections**

- (1) To make a qualified IRC 2032A election, the decedent must have been a United States citizen or resident at the time of death, and a completed Schedule A-1 and lien agreement, with all necessary signatures, must be attached to the Form 706. Additionally, the 50 percent and 25 percent liquidity tests of IRC 2032A(b) must be met.
- (2) During classification, the classifier will consider whether the initial eligibility requirements to make the IRC 2032A election have been met.
- (3) If the classifier determines that the IRC 2032A initial eligibility requirements are not met, or that this determination cannot be made in classification, the classifier will select the return for the IRC 2032A issue consistent with IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns . The classifier will select the UIL and SAIN codes for the IRC 2032A issue and the issue will be risked consistent with the procedures in the EG WSD Classification Guide.
- (4) If the classifier determines that the IRC 2032A initial eligibility requirements are met, and there are no other selection issues on the return, the return may be accepted as filed, following the procedures in IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns. The classifier will select the UIL and SAIN codes for the IRC 2032A issue and the issue will be risked "low."
- (5) Weekly, the EG WSD National Gatekeeper will review the Weekly CMC Report to find accepted as filed Form 706 that have a IRC 2032A election. All accepted as filed Form 706 with an IRC 2032A election will be sent via secure email on a spread sheet listing to the Cincinnati Centralized EG Campus Operation Classification mail box for processing of the lien package, as outlined in IRM 4.25.2.8.7, Lien Packages to Advisory. The spreadsheet listing should include:
 - Taxpayer name
 - TIN
 - Election type
 - LIN link to the Form 706

4.25.3.5.5
(07-13-2023)
**Classification of IRC
section 6166 Elections**

- (1) Prior to classification, the Cincinnati Centralized EG Campus Operation reviews all Form 706 returns, with an election under IRC 6166 as described in IRM 4.25.2.8.3, IRC 6166 Installments. The Cincinnati Centralized EG Campus Operation sends a Letter 2568-C, Follow-up for Installment Billing & Section 6161 Balance Due Billing: Form 706, to provide notice that the election was tentatively granted pending review by an EG Exam group. See IRM 4.25.2.8.3.7, Case Establishment.
- (2) Generally, an estate qualifies for an IRC 6166 election if :
 - The value of the decedent's interest in a closely-held business exceeds 35 percent of the adjusted gross estate (not including passive assets);

- The decedent was a United States citizen or resident at the time of death;
 - The estate made a timely filed IRC 6166 election by attaching a full and complete notice of election with a timely filed estate tax return;
 - The business qualifies as a closely-held business as defined in IRC 6166 (b).
- (3) In certain cases there may be additional eligibility requirements. See IRC 6166 (b) through (h).
 - (4) During classification, the classifier will consider whether the initial eligibility requirements to make the IRC 6166 election have been met.
 - (5) If the classifier determines that the IRC 6166 initial eligibility requirements are not met, or that this determination cannot be made in classification, the classifier will select the return for the IRC 6166 issue consistent with IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns. The classifier will select the UIL and SAIN codes for the IRC 6166 issue and the issue will risked consistent with the procedures in the EG WSD Classification Guide.
 - (6) If the classifier determines that the IRC 6166 initial eligibility requirements are met, and there are no other selection issues on the return, the return may be accepted as filed, following the procedures in IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns. The classifier will select the UIL and SAIN codes for the IRC 6166 issue and the issue will risked **low**.
 - (7) Weekly, the EG WSD National Gatekeeper will review the Weekly CMC Report to find accepted as filed Form 706 return that have an IRC 6166 election. All accepted as filed Form 706 with a IRC 6166 election will be sent via secure email on a spreadsheet listing to the Cincinnati Centralized EG Campus Operation Classification mail box for processing of the lien package, as outlined in IRM 4.25.2.8.7, Lien Packages to Advisory. The spreadsheet listing should include:
 - Taxpayer name
 - TIN
 - Election type
 - LIN link to the Form 706

4.25.3.5.6
(07-13-2023)
IRC 6163 Elections

- (1) During the processing of Form 706, those returns with Part 3 (Elections by the Executor) Question 4 (Do you elect to postpone part of the taxes due to a reversionary or remainder interest described in section 6163?) checked "yes" are scanned and set to the Cincinnati Centralized EG Campus Operation to determine if the election is valid.
- (2) The Cincinnati Centralized EG Campus Operation will forward such requests to the EG WSD Gatekeeper, who serves as the Subject Matter Expert (SME) for such requests, and will determine whether the election is valid.
- (3) The EG WSD Gatekeeper will provide a response to the Cincinnati Centralized EG Campus Operation regarding the validity of the election within five (5) business days of receiving the request.

4.25.3.5.7
(07-13-2023)
**Classification of IRC
2056A Elections**

- (1) The general rule regarding the marital deduction under IRC 2056 is that no deduction is allowed for property passing to a non-U.S. citizen spouse who does not become a citizen of the United States before the estate tax return is filed.
- (2) There is an exception to this general rule, allowing a marital deduction on property passing to a Qualified Domestic Trust (QDOT) under IRC 2056A. The estate tax on property transferred to a QDOT is deferred until:
 - Distributions of principal are made to the non-U.S. citizen spouse,
 - The non-U.S. citizen spouse dies, or
 - The QDOT ceases to be a QDOT.
- (3) The basic requirements for a QDOT election can be found in IRC 2056A, Qualified Domestic Trust.
- (4) During classification, the classifier will consider whether the requirements to make the IRC 2056A election have been met.
- (5) If the classifier determines that the IRC 2056A requirements are not met, or that this determination cannot be made in classification, the classifier will select the return for the IRC 2056A issue consistent with IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns. The classifier will select the UIL and SAIN codes for the IRC 2056A issue and the issue will be risked consistent with the procedures in the EG WSD Classification Guide.
- (6) If the classifier determines that the IRC 2056A initial eligibility requirements are met, and there are no other selection issues on the return, the return may be accepted as filed following the procedures in IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns. The classifier will select the UIL and SAIN codes for the IRC 2056A issue and the issue will be risked "low".
- (7) Weekly, the EG WSD National Gatekeeper will review the Weekly CMC Report to find accepted as filed Form 706 returns that have an IRC 2056A election. All accepted as filed Forms 706 with an IRC 2056A election will be sent via secure email on a spreadsheet listing to the Cincinnati Centralized EG Campus Operation Classification mail box for processing of the lien package, as outlined in IRM 4.25.2.8.7, Lien Packages to Advisory. The spreadsheet listing should include:
 - Taxpayer name
 - TIN
 - Election type
 - LIN link to the Form 706

4.25.3.6
(07-13-2023)
**Post Classification of
Filed Estate and Gift Tax
Returns**

- (1) This section provides information on procedures after filed estate and gift tax returns have been classified using CMC.

4.25.3.6.1
(07-13-2023)
**CMC Manager Review
and Approval of
Classified Returns**

- (1) Once a classifier completes the classification of a return in CMC, the classification effort is automatically routed to the CMC Manager for review and approval in CMC. The CMC Manager is required to approve in CMC the classification decision before the return can be selected for examination or accepted as filed.

- (2) The steps for reviewing and approving classification efforts in CMC can be found in the CMC Manager/LWIS Delivery Desk Guide. The CMC Manager/LWIS Delivery Desk Guide provides all the EG WSD CMC Manager procedures of working within CMC, as well as the EG WSD National Gatekeeper procedures for delivery in LWIS, and the EG WSD Compliance Clerks responsibilities related to CMC Classification.
- (3) If the CMC Manager notices that the classifier missed any required step in the classification process (see IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns, for required classification steps), the CMC Manager will disapprove the classification effort and notate the reason for disapproval in the "Manager Risk Notes" tab of CMC. Disapproving the classification effort will automatically route the return back to the classifier for action.
- (4) If CMC Manager does not find any errors in the classification effort, the CMC Manager will approve the classification effort.
- (5) The code tables received by the CMC Manager for approved classifications efforts (see IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns) will be forwarded to the EG WSD Examination Analyst for inclusion on the selected return listing (see IRM 4.25.3.6.2, EG WSD Examination Analyst Review of the Weekly Report and Estate and Gift Tax Return Inventory).
- (6) The CMC Manager is also required to perform a 10% written review of all completed classification efforts. See IRM 4.25.3.1.4, Program Controls, regarding the 10% review requirement.
- (7) Upon approval of classification efforts, the CMC Manager will forward to the EG WSD National Gatekeeper and EG WSD Examination Analyst any code tables received from classifiers for the prior week for approved classification efforts. See IRM 4.25.3.5.1, CMC Classification of Filed Estate and Gift Tax Returns, regarding the code table.

4.25.3.6.2 (07-13-2023)

EG WSD Examination Analyst Review of the Weekly Report and Estate and Gift Tax Return Inventory

- (1) The EG WSD Examination Analyst will weekly pull an ERCS listing for all returns in primary business code (PBC) 213. This listing will be compared to the Weekly CMC report to create a listing of the following:
 - Returns available in LIN for classification. See IRM 4.25.3.4.3, CMC Classification Assignments.
 - Returns meeting EG WSD's screening criteria with less than 20 months left on the statute that are not available in LIN to provide to the EG WSD Group Manager for expedited handling.
 - Returns accepted as filed during the prior's week's CMC classification to provide to the EG WSD Compliance Clerk for closure consistent with IRM 4.25.3.6.3, Updating of Returns After CMC Classification.
 - Returns selected during the prior week's CMC classification, including the project and tracking code information provided by the CMC Manager on the code table (see IRM 4.25.3.6.1, CMC Manager Review and Approval of Classified Returns) to provide to the EG WSD Compliance Clerk for updating consistent with IRM 4.25.3.6.3, Updating of Returns After CMC Classification.
 - A listing of returns in status 08 with less than 18 months on the statute to provide to the EG WSD Group Manager for review. See IRM 4.25.3.3.2, Statute Control for EG WSD Inventory.

- (2) Weekly, the EG WSD Examination Analyst will run a report that provides CMC classification metrics to share with the EG WSD Group Manager and CMC Managers. The metrics captured in the report include:
- Weekly classification counts by classifier and return type
 - Select rates by classifier and return type
 - Weekly CMC Manager reviews by CMC Manager and return type

4.25.3.6.3
(07-13-2023)
**Updating of Returns
After CMC Classification**

- (1) For returns selected for EG Exam consideration during CMC classification, the EG WSD Compliance Clerk will use the listing provided by the EG WSD Examination Analyst (see IRM 4.25.3.6.2, EG WSD Examination Analyst Review of the Weekly Report and Estate and Gift Tax Return Inventory), to update the selected return to status 08 on AIMS/ERCS. The EG WSD Compliance Clerk will update on ERCS any tracking and project codes on selected returns.
- (2) For returns accepted as filed during CMC classification, the EG WSD Compliance Clerk will use the listing of accepted as filed returns provided by the EG WSD Examination Analyst (see IRM 4.25.3.6.2, EG WSD Examination Analyst Review of the Weekly Report and Estate and Gift Tax Return Inventory) and preform the following steps separately for estate and gift tax returns:
- a. Copy and paste the TIN, MFT, and tax period into the database template located in the “EG Data Import” folder of the database tool.
 - b. Open the database tool and select the “disposal code (DC) 20” option and follow the database tool steps.
- (3) Completion of the database tool steps generates up to three documents:
- A spreadsheet listing of returns that successfully closed out DC 20
 - A spreadsheet listing of returns that could not be closed out DC 20 (if there are any)
 - A text file print out of the returns successfully closed out DC 20
- (4) The EG WSD Compliance Clerk will take the following steps with the spreadsheet listing of returns successfully closed out DC 20:
- a. Forward the listing via secure email to the EG WSD Examination Analyst to obtain the open Document Locator Number (DLN) of the closed out returns. The EG WSD Examination Analyst will send the listing, with the open DLNs, back to the EG WSD Compliance Clerk via secure email.
 - b. Add to the listing received back from the EG WSD Examination Analyst the EG WSD Compliance Clerk’s IDRS number and the date that the returns were closed.
- (5) The completed spreadsheet in paragraph (4) of this section, along with the text file print out of the returns successfully closed out DC 20, are forwarded via secure email to Kansas City Files using the contact found in the EG WSD CMC Manager/LWIS Delivery Desk Guide.
- (6) The EG WSD Compliance Clerk will take the following steps with the spreadsheet listing of returns that did not successfully close out DC 20:
- a. Add the returns to a master listing of returns that could not be closed out DC 20 that are being monitored for closure.

- b. Research the accounts on IDRS to determine the reason the return will not close out using the database tool and indicate in the notes section the reason the return would not close, using the reasons in paragraph (7) of this section.
 - c. Provide a copy of the updated master listing of returns that could not be closed out DC 20 via secure email to the EG WSD Examination Analyst.
- (7) The reasons that a return often cannot close are listed below. In each instance, the account information is required to be sent to the Cincinnati Centralized EG Campus Operation to address the account issue. The EG WSD Examination Analyst will prepare a Cincinnati Centralized EG Campus Operation **Action Request** form and a spreadsheet that includes the taxpayer name control, TIN, tax period, LIN link, and an indication that the return has been accepted as filed. This request is sent via secure email to Cincinnati Centralized EG Campus Operation Classification mail box:
- **Form 706-NA** : these accounts require routing to Cincinnati Centralized EG Campus Operation for closure and issuance of transfer certificate. See IRM 4.25.2.8.8, Monitoring International Accounts.
 - **Merge Account Issues**: An account merge issue exists if the estate has two separate accounts where there should only be one account (see IRM 4.25.2.5.3, Account Merge Issues). Once EG WSD is notified that the account merge issue is addressed, the EG WSD Compliance Clerk will monitor the account until it can be closed using the procedures in paragraph (2) of this section.
 - **-R Freeze**: See IRM 21.5.6.4.35, -R Freeze, for information on this freeze type. Once EG WSD is notified that the -R freeze is removed, the EG WSD Compliance Clerk will monitor the account until it can be closed using the procedures in paragraph (2) of this section.
 - **-F Freeze**: See IRM 21.5.6.4.12, -F Freeze, for information on this freeze type. Once EG WSD is notified that the -F freeze is removed, the EG WSD Compliance Clerk will monitor the account until it can be closed using the procedures in paragraph (2) of this section.
 - **-A Freeze**: See IRM 21.5.6.4.2, -A Freeze, for information on this freeze type generally and IRM 4.25.2.3.1, Amended Form 706 or 706-NA, for information on this freeze type for estate tax returns. In the case of an -A freeze, the amended filing must have also been reviewed and accepted as filed prior to requesting removal of the -A freeze. A copy of the amended return must also be included with the request to Cincinnati Centralized EG Campus Operation to remove the -A freeze.
- (8) Once the error on the account is addressed, the EG WSD Compliance Clerk can then use the database tool to close out the return and remove the return from the master listing of returns being monitored for closure.

4.25.3.7
(07-23-2018)

Classification of Prompt Assessment Requests

- (1) This section provides information on procedures for classifying Prompt Assessment Requests from the Cincinnati Centralized EG Campus Operation.

4.25.3.7.1
(07-13-2023)
**Prompt Assessment
Requests in General**

- (1) Requests for prompt assessment of gift tax liability under IRC 6501(d) are sent from Cincinnati Centralized EG Campus Operation to the EG WSD National Gatekeeper. Refer to IRM 25.6.1.9.6.1, Request for Prompt Assessment, for procedures on prompt assessment requests generally and IRM 4.25.2.5.6, Form 4810, for the Cincinnati Centralized EG Campus Operation prompt assessment procedures.
- (2) Within two days of receipt of the prompt assessment request, the EG WSD National Gatekeeper will:
 - a. Review the prompt assessment request for completeness and input the request on the prompt assessment spreadsheet located on the EG WSD SharePoint (https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx).
 - b. Determine whether any of the Form 709 returns subject to the prompt assessment request are on LIN. If they are, the LIN links will be provided to the EG WSD Compliance Clerk with the paper prompt assessment request.
- (3) The EG WSD Compliance Clerk will:
 - a. Scan the prompt assessment request and all attachments.
 - b. Scan any Form 709 returns subject to the prompt assessment request if not available on LIN.
 - c. Create an electronic case folder for the prompt assessment request in the designated location of the EG WSD shared drive.
 - d. Upload the scanned prompt assessment request and any scanned Form 709 returns in the folder created in paragraph (3)(c) of this section.
 - e. Send a secure email to the EG WSD Prompt Assessment Coordinator to advise that a new prompt assessment request is available for review and provide the LIN links for those Form 709 returns available on LIN, or scanned, and electronic folder location for the prompt assessment request.
- (4) If the prompt assessment request file cannot be sent electronically to the EG WSD Prompt Assessment Coordinator (e.g., the Form 709 returns are too large and not available on LIN), then the physical file will be mailed by the EG WSD Compliance Clerk to the EG WSD Prompt Assessment Coordinator within two days of receipt, along with a completed Form 3210, Document Transmittal. See IRM 10.5.1.6.9.3, Shipping, for guidance on completing the Form 3210 .
- (5) Within five days of receipt of the prompt assessment request, the EG WSD Prompt Assessment Coordinator will review and make a determination on the request. If the prompt assessment request was mailed to the EG WSD Prompt Assessment Coordinator, the Coordinator will mail back the request to the EG WSD Compliance Clerk, along with a completed Form 3210 .

4.25.3.7.2
(07-13-2023)
**Prompt Assessment
Request Classification**

- (1) The prompt assessment request file from the Cincinnati Centralized EG Campus Operation must include the following, consistent with IRM 4.25.2.5.6, Form 4810:
 - a. Form 4810, Request for Prompt Assessment under Internal Revenue Code Section 6501(d), or a written request for prompt assessment, completed by the estate's fiduciary;
 - b. Form 709 returns for which prompt assessment is being requested; and

- c. Letters testamentary.
- (2) The EG WSD Prompt Assessment Coordinator will confirm the prompt assessment statute on the Form 709 returns subject to the prompt assessment request and will confirm the correct statute date is reflected on AIMS/ERCS.
- (3) The EG WSD Prompt Assessment Coordinator will:
- a. Verify that the requirements for making a prompt assessment request are met. Refer to IRM 25.6.1.9.6.1, Request for Prompt Assessment.
 - b. If the requirements of making a prompt assessment are met, review all schedules on the return for compliance issues.
 - c. Draft a memorandum to the file that includes the statute date of the return(s), summary of the facts, issues presented, and the risk rating consistent with the guidelines in the EG WSD Classification Guide.
 - d. Save a copy of the memorandum in the electronic case folder created by the EG WSD Compliance Clerk for the prompt assessment request. See IRM 4.25.3.7.1, Prompt Assessment Request in General.
 - e. Send a copy of the completed memorandum to the EG WSD National Gatekeeper.
 - f. Update the spreadsheet on the EG WSD SharePoint (https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx) and include the deny, select, or accept as filed determination.
- (4) If the requirements for making a prompt assessment request are not met, then the EG WSD Prompt Assessment Coordinator will deny the request. The EG WSD Prompt Assessment Coordinator will advise the EG WSD National Gatekeeper that the memorandum drafted in paragraph (3) of this section should be attached to the prompt assessment request and to mail the request back to the Cincinnati Centralized EG Campus Operation for purposes of denying the prompt assessment request.
- (5) If the EG WSD Prompt Assessment Coordinator selects the return for examination, the EG WSD National Gatekeeper will, within five days of receipt, review the selected issues and the risk rating to ensure it is consistent with the guidelines found in the EG WSD Classification Guide. If this review concludes that the prompt assessment request should not be selected, the EG WSD National Gatekeeper will:
- a. Draft an updated memorandum to include in the paper case file and electronic case file.
 - b. Send the updated memorandum to the EG WSD Group manager via secure email for approval.
 - c. Provide a copy of the updated memorandum to the EG WSD Prompt Assessment Coordinator via secure email.
- (6) Approved selects after the EG WSD National Gatekeeper review in paragraph (5) of this section will be handled by the EG WSD National Gatekeeper within one day of the completed review in the following manner:
- a. Determine which EG Exam group to send the prompt assessment request, bearing in mind that location is a priority consideration in distributing cases;
 - b. Contact the EG Exam Group Manager receiving the return to inform the manager of all issues and the prompt assessment statute date;

- c. Provide the Form 709 returns (either the paper filed returns or LIN links) to the EG WSD Compliance Clerk.
- (7) For selected prompt assessment requests, the EG WSD Compliance Clerk will within one day of receiving the Form 709 returns from the EG WSD National Gatekeeper (see paragraph (6)(c) of this section):
 - a. Establish the Form 709 returns on AIMS/ERCS in status 08 and EGC 1087. Refer to the EG WSD Handbook for procedures on establishing prompt assessment requests.
 - b. Assemble case building materials and upload to the electronic case folder created by the EG WSD Compliance Clerk for the prompt assessment request. Refer to the EG WSD Handbook for case building materials for prompt assessment requests. The EG WSD Handbook is a manual that lists all cases reviewed by EG WSD Coordinators, by tracking code, and provides specific instruction on the review, establishment and case building materials for each.
 - c. Once the Form 709 returns are full AIMS, the EG WSD Compliance Clerk will update the returns to status 10 and the EGC of the EG Exam group receiving the returns.
 - d. Ship the paper filed Form 709 returns to the EG Exam group if the returns cannot be sent electronically. See IRM 4.25.3.11.3, Shipment of Cases, for procedures to ship paper case files.
 - e. Re-file those Form 709 paper returns that are being delivered to EG Exam via LWIS. Refer to procedures in the EG WSD CMC Manager/LWIS Delivery Guide for current procedures for re-filing returns with an open AIMS base.
- (8) Once the Form 709 returns are full AIMS, the EG WSD National Gatekeeper will:
 - a. Secure email the EG WSD Group Manager the electronic case file.
 - b. Send the Form 709 returns to the EG Exam Group via LWIS (when possible). EG WSD guidance for LWIS can be found in the EG WSD CMC Manager/LWIS Delivery Desk Guide.
- (9) If the EG WSD Prompt Assessment Coordinator determines that the prompt assessment request should not be selected for examination, or the EG WSD National Gatekeeper review in paragraph (5) of this section determines that the request will not be sent to EG Exam, the EG WSD National Gatekeeper will provide the case file, with the completed memorandum stating this determination, to the Cincinnati Centralized EG Campus Operation for re-filing.
- (10) Electronic case files in EG WSD custody will be retained by EG 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, Records and Information Management Records Control Schedules.
- (11) Prompt Assessment requests are subject to the review requirements found in IRM 4.25.3.1.4, Program Controls.

4.25.3.8
(07-13-2023)

Selected Claims for Refund from the Cincinnati Centralized EG Campus Operation

- (1) This section provides information on procedures for reviewing and establishing selected claims from the Cincinnati Centralized EG Campus Operation.

4.25.3.8.1
(07-13-2023)

EG WSD National Gatekeeper Review of Selected Claims for Refund from the Cincinnati Centralized EG Campus Operation

- (1) Upon receiving a selected claim for refund from the Cincinnati Centralized EG Campus Operation, the EG WSD National Gatekeeper will verify that the claim is properly made and timely filed. Refer to IRM 4.25.9.4, Claims for Refund, for procedures on filing claim for refund requests.
- (2) If the claim for refund is not properly made, is untimely, or is a protective claim that is not yet ripe for examination, the EG WSD National Gatekeeper will return the claim to the Cincinnati Centralized EG Campus Operation with documentation as to why the claim is being returned.
- (3) If the claim for refund is properly made, the EG WSD National Gatekeeper will review the **Selected Claim Transmittal** form to confirm that the proper claim amount is reported and make corrections as necessary to this form.
- (4) Subsequent to the EG WSD National Gatekeeper's review, selected claims for refund will be hand delivered to the EG WSD Compliance Clerk, who will establish the claim on AIMS/ERCS in status 08, EGC 1080. Refer to the EG WSD Handbook on procedures for establishing claims.
- (5) Once the claim is full AIMS, the claim will be placed in the designated location for claims to be used in filling EG Exam orders. Refer to IRM 4.25.3.11.2, Filling Orders and Surveying Cases, for EG Exam order filling procedures.
- (6) Claims from the Cincinnati Centralized EG Campus Operation are currently paper case files and will be mailed to EG Exam. See procedures in IRM 4.25.3.11.3, Shipment of Cases, for the procedures to ship paper case files.
- (7) Selected claims for refund are subject to the review requirements found in IRM 4.25.3.1.4, Program Controls.

4.25.3.9
(07-13-2023)

Classification of Non-Filer and Under-Reporter Project Cases

- (1) This section provides information on procedures for the classification of non-filer and under-reporter project cases.
- (2) Non-filer and under-reporter returns are classified and selected by EG WSD Project Coordinators. Returns under this heading include:
 - a. Fed/State Non-Filer Estates
 - b. 706-GS(D)
- (3) Non-filer and under-reporter project cases are subject to the review requirements found in IRM 4.25.3.1.4, Program Controls.

4.25.3.9.1
(07-13-2023)

Fed/State Non-Filer and Under-reporter Estates

- (1) The EG WSD Fed/State Coordinator receives state estate tax return data from the IRS Governmental Liaison pursuant to an existing Memoranda of Understanding (MOU) with the states. IRM 11.4.1, Governmental Liaison Operations, for information regarding the Office of the Governmental Liaison.
- (2) The EG WSD Fed/State Coordinator will save the data on the EG WSD shared drive and send the data to the ECS Senior Tax Analyst. The ECS Senior Tax

Analyst will compare the state data to available IRS data to determine if there are any non-filers or potential under-reporter cases. Any non-filer or potential under-reporter leads are returned to the EG WSD Fed/State Coordinator. All data reviewed by the ECS Senior Tax Analyst will be saved on the EG WSD shared drive.

- (3) The EG WSD Fed/State Coordinator will conduct IDRS research to determine whether the estate filed and will select cases where the lead indicates that the estate had a filing requirement and no estate tax return was filed. The EG WSD Fed/State Coordinator will also select cases where the lead indicates that the estate under-reported the amount of its gross estate on its federal estate tax return, based on tolerances provided in the EG WSD Handbook. For each selected case, the EG WSD Fed/State Coordinator will complete a classification sheet indicating the reason for selection and the risk rating, consistent with the guidelines in the EG WSD Classification Guide.
- (4) The EG WSD Fed/State Coordinator will enter the decedent estate information for each lead on the Fed/State spreadsheet located on the EG WSD Share-Point, https://irsgov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx, and document the reason for the select or non-select decision.
- (5) For selected cases, the EG WSD Fed/State Coordinator will:
 - a. For filed estate tax returns, determine whether the return is available on LIN.
 - b. Create an electronic case file for each selected case in the designated location on the EG WSD shared drive.
 - c. Upload the classification sheet and LIN link (when available) to the electronic case file created in paragraph (5)(b) of this section.
 - d. Send via secure email to an EG WSD Compliance Clerk the information necessary to establish the AIMS/ERCS record and the location of the electronic case file.
- (6) For selected cases, the EG WSD Compliance Clerk will
 - a. Establish the Fed/State case on AIMS/ERCS, in status 08, EGC 1895, with the applicable tracking code (see Document 6209 for tracking codes used in EG WSD). Refer to SFR procedures IRM 4.4.9.6, Substitute for Return, for establishing non-filer cases and the EG WSD Handbook for procedures for establishing Fed/State referral cases.
 - b. For filed estate tax returns that are not available on LIN, order the estate tax return. Follow procedures for completing the Form 2275, Records Request, Charge and Recharge, found in IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference, and fax the request to the contact found in EG WSD CMC Manager/LWIS Delivery Guide based on the current status of the return.
 - c. Assemble case building materials and upload to the electronic case folder created by the EG WSD Fed/State Coordinator in paragraph (5)(b) of this section. Refer to the EG WSD Handbook for case building materials for Fed/State referrals.
- (7) When the case is established on AIMS/ERCS, the EG WSD Fed/State Coordinator will request a copy of the state filing from the state by completing the Form 8796, Request for Return/Information, Federal/State Tax Exchange Program - IRS Use Only. The EG WSD Fed/State Coordinator will send the completed Form 8796 via secure email to the EG WSD Group Manager. The

signed Form 8796 is submitted by the EG WSD Fed/State Coordinator to the IRS Governmental Liaison to request a copy of the original return filed with state.

- (8) Upon receipt of the state return, the EG WSD Fed/State Coordinator will
 - a. When possible, scan the state return and upload to the electronic case file created in paragraph (5)(c) of this section or
 - b. Mail the state return to the EG WSD Compliance Clerk when scanning the state return is not feasible.
- (9) The EG WSD National Gatekeeper will review all selected case files and the risk rating of each case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide. If this review concludes that a case should be surveyed, the EG WSD National Gatekeeper will
 - a. Draft an updated memorandum to include in the electronic case file.
 - b. Send the updated memorandum to the EG WSD Group manager via secure email for approval.
 - c. Send a copy of the updated memorandum to the EG WSD Fed/State Coordinator.
- (10) Approved selects after the EG WSD National Gatekeeper's review in paragraph (9) of this section will be made available to fill EG Exam group orders consistent with procedures for filling orders. Refer to IRM 4.25.3.11.2, Filling Orders and Surveying Cases.
- (11) Fed/State cases surveyed after the EG WSD National Gatekeeper review in paragraph (9) of this section, or not assigned for examination, will be surveyed consistent with the procedures found in IRM 4.25.3.11.2, Filling Orders and Surveying Cases. If the case is not surveyed by the EG WSD Gatekeeper after the review in paragraph (9) of this section, but later not sent to EG Exam, the EG WSD National Gatekeeper will document the reason that the case was later surveyed on the classification sheet.
- (12) Paper and electronic case files in EG WSD custody will be retained by EG 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.

4.25.3.9.2
(07-13-2023)
706-GS(D)

- (1) The Cincinnati Centralized EG Campus Operation will forward to the EG WSD Compliance Clerk all of the Form 706-GS(D-1), Notification of Distribution From a Generation-Skipping Trust, where there is no corresponding Form 706-GS (D), Generation-Skipping Transfer Tax Return for Distributions, filed, based on current EG WSD screening criteria. Current screening criteria is maintained by the EG WSD Group Manager on the EG WSD shared drive.
- (2) The EG WSD Compliance Clerk will maintain the paper Form 706-GS(D-1) filings until one month following the extension deadline for the Form 706-GS (D) . After this time period has passed, the EG WSD Compliance Clerk will confirm that a Form 706-GS (D) has not been filed by reviewing the BMFOLT command code on IDRS.
- (3) If a Form 706-GS (D) has not been filed, the EG WSD Compliance Clerk will

- a. Establish the non-filer case on AIMS/ERCS, in status 08, EGC 1895, with the applicable tracking code (see Document 6209 for tracking codes used in EG WSD). Refer to SFR procedures IRM 4.4.9.6, Substitute for Return, for establishing non-filer cases and the EG WSD Handbook for procedures for establishing Form 706-GS (D) cases.
 - b. Assemble and print case building materials. Refer to the EG WSD Handbook for case building materials for Form 706-GS (D) cases.
 - c. Complete a Form 706-GS (D) classification sheet for each case.
 - d. Place the case building materials and classification sheet in a separate folder for each case along with the Form 706-GS(D-1). Group together folders for taxpayers receiving a distribution from the same trust in order to be sent to EG Exam together.
- (4) When the Form 706-GS (D) cases are fully established on AIMS/ERCS, the EG WSD National Gatekeeper will review the selected cases to ensure the case meets the EG WSD screening criteria. If this review concludes that a case should not have been selected, the EG WSD National Gatekeeper will draft a memorandum to include in the paper case file and provide a copy of the memorandum to the Cincinnati Centralized EG Campus Operation via secure email.
 - (5) EG WSD Compliance Clerk will place selected cases in a designated location for Form 706-GS (D) cases. The EG WSD National Gatekeeper will fill EG Exam orders with these cases consistent with procedures for filling orders. Refer to IRM 4.25.3.11.2, Filling Orders and Surveying Cases.
 - (6) Form 706-GS (D) cases surveyed after the EG WSD National Gatekeeper review, or not assigned for examination will be surveyed consistent with the procedures found in IRM 4.25.3.11.2, Filling Orders and Surveying Cases. If the case is not surveyed by the EG WSD Gatekeeper after the review in paragraph (4) of this section, but later not sent to EG Exam, the EG WSD National Gatekeeper will document the reason that the case was later surveyed on the classification sheet. The Form 706-GS (D-1) case file will be sent to the Cincinnati Centralized EG Campus Operation for re-filing.
 - (7) Form 706-GS (D) cases are currently paper cases files and will be mailed to EG Exam. See procedures in IRM 4.25.3.11.3, Shipment of Cases, for the procedures to ship paper case files.

4.25.3.10
(07-23-2018)
**Consultations and
Referrals from Other
Business Units**

- (1) This section provides information on procedures for consultations and referrals from other business units.

4.25.3.10.1
(07-13-2023)
**Consultations from
Other Business Units**

- (1) Revenue Agents in other business units may request a four-hour consultation from EG Exam regarding potential estate and gift issues in the course of their examination by using the Specialist Referral System (SRS).
 - a. The EG WSD Consultation Coordinator reviews the request on the SRS system to determine if appropriate for EG Exam review.
 - b. In reviewing the consultation request, the EG WSD Consultation Coordinator may ask the Revenue Agent to provide additional information to help make a determination on the consultation or if a referral is needed.

- c. If the EG WSD Consultation Coordinator accepts the consultation request, the request will be transferred on SRS to an EG Exam group manager located near the taxpayer, or the Revenue Agent, for purposes of a consultation.
 - d. If the EG WSD Consultation Coordinator, or EG Exam, after consultation, determines that a case referral is warranted, the Revenue Agent will be instructed to complete the **Referral to Estate and Gift Tax Program** form and any supporting documentation and submit via secure email to the EG WSD Referral Coordinator.
- (2) Revenue Officers may request a four-hour consultation from EG Exam regarding assistance with a taxpayer application for estate tax lien discharge, by using SRS.
- a. The EG WSD Consultation Coordinator will determine if an estate tax return has been filed for the taxpayer.
 - b. If an estate tax return was not filed, or if filed but not assigned, the EG WSD Consultation Coordinator will transfer the consultation request to the EG Exam Group Manager located near the taxpayer.
 - c. If an estate tax return for the taxpayer has been assigned, the EG WSD Consultation Coordinator will transfer the consultation request to the EG Exam Group Manager where the case was assigned.

4.25.3.10.2
(07-23-2018)

**Classification of
Referrals from Other
Business Units**

- (1) EG WSD receives the following referrals from other business units:
- a. General Exam Referrals
 - b. Global High Wealth Referrals
 - c. Collection Credit Balance Taxpayer Delinquency Investigation Referrals
 - d. Offshore Referrals
 - e. Whistleblower Referrals
 - f. Offer in Compromise/Doubt as to Liability Referrals
 - g. Operations Assistance Request Referrals
 - h. Return Preparer Referrals
- (2) Referrals from other business units are subject to the review requirements found in IRM 4.25.3.1.4, Program Controls.

4.25.3.10.2.1
(07-13-2023)

**General Examination
Referrals**

- (1) General examination referrals are submitted to the EG WSD Referral Coordinator. The referral must include a completed **Referral to Estate and Gift Tax Program** form, found on the on the Knowledge Management website <https://portal.ds.irsnet.gov/sites/vl011/Lists/GHW/DispItemForm.aspx?ID=4>, along with any supporting documentation such as the following:
- Bank statements
 - Appraisals
 - Deeds
 - Promissory notes
 - Trusts
 - Contracts of sale
- (2) When an examination referral is received, the EG WSD Referral Coordinator will input related information on the designated EG WSD SharePoint spreadsheet https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx. The EG WSD Referral Coordinator will review the referral for audit

potential. The spreadsheet will be updated to reflect if the referral has been selected for EG Exam review or rejected. The comment section will include the reason for selection or rejection

- (3) For selected referrals, the EG WSD Referral Coordinator will:
 - a. For filed returns, determine whether the return is located on LIN.
 - b. Create an electronic case file for the selected case in the designated location on the EG WSD shared drive.
 - c. Draft a memorandum that includes a summary of the facts, the issues presented, and the risk rating consistent with the guidelines found in the EG WSD Classification Guide.
 - d. Upload the memorandum and a copy of the LIN link (when available) to the electronic case file created in paragraph (3)(b) of this section.
 - e. Send via secure email to an EG WSD Compliance Clerk the information necessary to establish the AIMS/ERCS record and the location of the electronic case file.
- (4) For selected referrals, the EG WSD Compliance Clerk will:
 - a. Establish the examination referral on AIMS/ERCS, in status 08, EGC 1895, with the applicable tracking code (see Document 6209 for tracking codes used in EG WSD). Refer to SFR procedures IRM 4.4.9.6, Substitute for Return, for establishing non-filer cases and the EG WSD Handbook for procedures for establishing examination referral cases.
 - b. For filed returns that are not available on LIN, order the return. Follow procedures for completing the Form 2275 found in IRM 4.25.1.3.1, Obtaining Historical Gift Tax Returns (Form 709), (gift tax returns) and IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference, (estate tax returns). Fax the request to the contact found in EG WSD CMC Manager/LWIS Delivery Guide based on the current status of the return.
 - c. Assemble case building materials and upload to the electronic case folder created by the EG WSD Referral Coordinator. Refer to the EG WSD Handbook for case building materials for examination referrals.
- (5) Once the case is established on AIMS/ERCS, the EG WSD National Gatekeeper will review the selected case issues and the risk rating of the case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide. If this review concludes that a case should not have been selected, the EG WSD National Gatekeeper will:
 - a. Draft an updated memorandum to include in the electronic case file.
 - b. Send the updated memorandum to the EG WSD Group manager via secure email for approval.
 - c. Send a copy of the updated memorandum to the EG WSD Referral Coordinator.
- (6) Examination referrals selected after the EG WSD National Gatekeeper review in paragraph (5) of this section will be made available to fill EG Exam orders consistent with IRM 4.25.3.11.2, Filling Orders and Surveying Cases.
- (7) Examination referrals surveyed after the EG WSD National Gatekeeper review in paragraph (5) of this section, or not assigned for examination, will be surveyed consistent with the procedures found in IRM 4.25.3.11.2, Filling Orders and Surveying Cases. If the case is not surveyed by the EG WSD

Gatekeeper after the review in paragraph (5) of this section, but later not sent to EG Exam, the EG WSD National Gatekeeper will document the reason that the case was later surveyed in the electronic case file.

- (8) When a referral is rejected by the EG WSD Referral Coordinator, the EG WSD Referral Coordinator will inform the Revenue Agent and provide the reason for rejection via secure email.
- (9) Electronic records for general examination referrals are retained by EG 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.

4.25.3.10.2.2
(07-13-2023)
**Global High Wealth
Referrals**

- (1) Global High Wealth (GHW) referrals are submitted to the EG WSD GHW Coordinator for review. The referral must include a completed **Referral to Estate and Gift Tax Program** form, found on the on the Knowledge Management website <https://portal.ds.irsnet.gov/sites/vl011/Lists/GHW/DispItemForm.aspx?ID=4>, along with any supporting documentation. Refer to IRM 4.25.3.10.2.1, General Examination Referrals, for examples of supporting documentation.
- (2) When a GHW referral is received, the EG WSD GHW Coordinator will input the referral information on the designated EG WSD SharePoint spreadsheet, https://irsgov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx.
- (3) Within five days of receipt of the GHW referral, the EG WSD GHW Coordinator will review the referral to ensure an estate or gift tax issue is present. All referrals with an estate and gift tax issue will be selected for EG Exam subject matter expert (SME) review. If no estate and gift tax issue is present, the referral will be rejected. The spreadsheet will be updated to reflect if the referral has been selected for SME review or rejected and the comments will include the reason for rejection.
- (4) For GHW referrals requiring SME review, the EG WSD GHW Coordinator will:
 - a. For filed returns, determine whether the return is available on LIN.
 - b. Create an electronic case file the referral in the designated location on the EG WSD shared drive.
 - c. Upload a copy of the LIN link (when available) to the electronic case file created in paragraph (4)(b) of this section.
 - d. Send via secure email to the EG WSD Compliance Clerk the information necessary to establish the AIMS/ERCS record and the location of the electronic case file.
- (5) The EG WSD Compliance Clerk will:
 - a. Establish the GHW referral on AIMS/ERCS in status 09, source code 45, and include the applicable tracking code (see Document 6209 for tracking codes used in EG WSD). Refer to SFR procedures, IRM 4.4.9.6, Substitute for Return, for establishing non-filer cases and the EG WSD Handbook for procedures establishing GHW referrals.
 - b. For filed returns that are not available on LIN, order the return. Follow procedures for completing the Form 2275 found in IRM 4.25.1.3.1, Obtaining Historical Gift Tax Returns (Form 709), (gift tax returns) and IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference, (estate tax returns). Fax the request to the contact found in EG WSD CMC Manager/LWIS Delivery Guide based on the current status of the return.

- c. Assemble case building materials and upload to the electronic case folder created by the EG WSD Referral Coordinator in paragraph (4)(b) of this section. Refer to the EG WSD Handbook for case building materials for GHW referrals.
- (6) Once the GHW referral is established on AIMS/ERCS:
 - a. The EG WSD GHW Coordinator will contact the designated EG Exam SME and Group Manager via secure email and request a SME review.
 - b. The EG WSD GHW Coordinator will send via secure e-mail to the SME and Group Manager the electronic case file created in paragraph (4)(b) of this section.
 - c. When the return is not available on LIN, the EG WSD Compliance Clerk will mail the return to the EG Exam Group Manager. See IRM 4.25.3.11.3, Shipment of Cases, for sending returns to EG Exam.
- (7) The SME will have 45 days to complete the review of the GHW referral. Upon completion of the review, the SME will:
 - a. Prepare a memorandum including a summary of the facts, issues present, a select or non-select decision, and a risk rating consistent with the guidelines found in the EG WSD Classification Guide.
 - b. Secure email the memorandum to the EG WSD GHW Coordinator.
- (8) After the completion of the SME review in paragraph (7) of this section, the EG WSD Compliance Clerk will update the AIM/ERCS record to status 08, EGC 1895 and the EG WSD GHW Coordinator will update the spreadsheet in paragraph (2) of this section, indicating whether the referral was selected or accepted.
- (9) For GHW referrals selected after SME review, the EG WSD GHW Coordinator will upload the memorandum in paragraph (7)(a) of this section to the electronic case file created in paragraph (4)(b) of this section.
- (10) The EG WSD National Gatekeeper will review the selected case file and the risk rating of the case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide. If this review concludes that a case should be surveyed, the EG WSD National Gatekeeper will:
 - a. Draft an updated memorandum to include in the electronic case file.
 - b. Send the updated memorandum to the EG WSD Group manager via secure email for approval.
 - c. Send a copy of the updated memorandum to the EG WSD GHW Coordinator.
- (11) Approved selects after the EG WSD National Gatekeeper review in paragraph (10) of this section will be made available to fill EG Exam group orders consistent with procedures for filling orders. Refer to IRM 4.25.3.11.2, Filling Orders and Surveying Cases.
- (12) GHW referrals not selected in SME review, surveyed after the EG WSD National Gatekeeper review in paragraph (10) of this section, or not assigned for examination, will be surveyed consistent with procedures found in IRM 4.25.3.11.2, Filling Orders and Surveying Cases. If the case is not surveyed by the EG WSD Gatekeeper after the review in paragraph (10) of this section, but later not sent to EG Exam, the EG WSD National Gatekeeper will document the reason that the case was later surveyed in the electronic case file.

- (13) When a GHW referral is rejected or surveyed after SME review, the EG WSD GHW Coordinator will inform the Revenue Agent and provide the reason for rejection or survey via secure email.
- (14) Electronic records for GHW referrals are retained by EG 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.

4.25.3.10.2.3
(07-13-2023)

**Tax Delinquency
Investigation Collection
Credit Balance Referrals**

- (1) Tax Delinquency Investigation (TDI) Credit Collection Balance referrals originate when a pre-payment on a Form 706 posts but a Form 706 is not filed on or by the extension date.
- (2) The EG WSD TDI Coordinator contacts Collection annually to request a list of estate tax return TDI referrals.
- (3) The EG WSD TDI Coordinator will prepare a spreadsheet with the list of cases, identifying the Territory and Group, which will be maintained on the EG WSD SharePoint, https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx. The most recent Territory and Group information can be found in the EG WSD Classification Guide.
- (4) The EG WSD TDI Coordinator will conduct IDRS research to determine whether the estate filed and will select cases where the lead indicates that the estate had a filing requirement and no return was filed. For selected cases, the EG WSD TDI Coordinator will:
 - a. Create an electronic case file for each selected case in the designated location on the EG WSD shared drive.
 - b. Complete a classification sheet indicating the reason for selection and the risk rating, consistent with the guidelines in the EG WSD Classification Guide.
 - c. Upload the classification sheet to the electronic case file created in paragraph (4)(a) of this section.
 - d. Send via secure email to an EG WSD Compliance Clerk the location of the electronic case file and a copy of the completed spreadsheet discussed in paragraph (3) of this section to establish the AIMS/ERCS record for selected cases.
- (5) For selected case, the EG WSD Compliance Clerk will:
 - a. Establish the non-filer cases on AIMS/ERCS in status code 08 and EGC 1895, with the applicable tracking code (see Document 6209 for tracking codes used in EG WSD). Refer to IRM 4.4.9.6, Substitute for Return, for establishing non-filer cases and the EG WSD Handbook for establishing TDI Collection Credit Balance referrals.
 - b. Assemble case building materials and upload to the electronic case folder created by the EG WSD TDI Coordinator. Refer to the EG WSD Handbook for case building materials for TDI Collection Balance referrals.
- (6) Once the cases are established on AIMS/ERCS, the EG WSD National Gatekeeper will review the selected case files and the risk rating of each case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide. If this review concludes that a case should have been surveyed, the EG WSD National Gatekeeper will:
 - a. Draft an updated memorandum to include in the electronic case file.

- b. Send the updated memorandum to the EG WSD Group manager via secure email for approval.
 - c. Send a copy of the updated memorandum to the EG WSD TDI Coordinator.
- (7) Approved selects after the EG WSD National Gatekeeper review in paragraph (6) of this section will be made available to fill EG Exam group orders consistent with procedures for filling orders. Refer to IRM 4.25.3.11.2, Filling Orders and Surveying Cases.
- (8) Cases surveyed after EG WSD National Gatekeeper review in paragraph (6) of this section, or not assigned for field examination, will be surveyed consistent with the procedures found in IRM 4.25.3.11.2, Filling Orders and Surveying Cases. If the case is not surveyed by the EG WSD Gatekeeper after the review in paragraph (6) of this section, but later not sent to EG Exam, the EG WSD National Gatekeeper will document the reason that the case was later surveyed on the classification sheet.
- (9) Electronic records for TDI referrals are retained by EG 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.

4.25.3.10.2.4
(07-13-2023)
offshore referrals

- (1) Offshore referrals, including but not limited to Offshore Voluntary Disclosure Initiative (OVDI) and Treaty referrals, are submitted to the EG WSD Offshore Referral Coordinator from the Liaison for LB&I, SB/SE, and Estate and Gift. The procedures under this heading apply to all offshore referrals. The referral must include documentation supporting the referral. Refer to IRM 4.25.3.10.2.1, General Examination Referrals, for examples of supporting documentation.
- (2) When an offshore referral is received, the EG WSD Offshore Referral Coordinator will input information on the designated EG WSD SharePoint spreadsheet https://irsgov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx. The EG WSD Offshore Coordinator will review the referral for audit potential. The spreadsheet will be updated to reflect if the referral has been selected or rejected and comments will include the reason for the selection or non-selection.
- (3) For all selected cases, the EG WSD Offshore Referral Coordinator will create an electronic case file in the designated location on the EG WSD shared drive and determine whether the return is available on LIN.
- (4) For selected offshore referrals with a filed Form 706 with an expired statute, a Form 906, Closing Agreement on Final Determination Covering Specific Matters, signed by the taxpayer, is first required to establish the return on AIMS/ERCS. For returns requiring a Form 906:
- a. The EG WSD Offshore Referral Coordinator will draft a memorandum that includes a summary of the facts and issues, including a statement that the estate tax return is not established on AIMS/ERCS, and that the EG WSD Offshore Referral Coordinator should be notified when a Form 906 agreement is secure. The memorandum should also include a risk rating, consistent with the guidelines found in the EG WSD Classification Guide.
 - b. The EG WSD Offshore Referral Coordinator will upload to the electronic case file in paragraph (3) of this section: the memorandum in paragraph

- (4)(a) of this section, a copy of the LIN link (when available), the documentation provided with the referral, and instructions on obtaining a Form 906 agreement.
- c. The EG WSD Offshore Referral Coordinator will notify the EG WSD Compliance Clerk via secure email the information necessary to the account on IDRS and the location of the electronic case file.
 - d. The EG WSD Compliance Clerk will research IDRS to determine if any advance payment on the deficiency has been made by the taxpayer. If a payment is posted to the account, the EG WSD Offshore Referral Coordinator will send a request to the Cincinnati Centralized EG Campus Operation email box *SB/SE Estate & Gift 6166, with "Offshore" in the subject line, for input of transaction code 570. This process ensures the payment on the account is not refunded and held until the examination is completed.
 - e. For returns that are not available on LIN, the EG WSD Compliance Clerk will order the estate tax return. Follow the procedures for completing the Form 2275 found in IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference, and fax the request to the contact located in EG WSD CMC Manager/LWIS Delivery Guide for closed returns.
 - f. The EG WSD Compliance Clerk will assemble case building materials and upload to the electronic case folder created by the EG WSD Offshore Referral Coordinator in paragraph (3) of this section. Refer to the EG WSD Handbook for case building materials for offshore referrals.
 - g. The EG WSD National Gatekeeper will review the selected case issues and the risk rating of the case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide.
 - h. If the EG WSD National Gatekeeper's review in paragraph (4)(g) of this section concludes that a case should not have been selected, the EG WSD National Gatekeeper will draft a memorandum and provide to the EG WSD Group Manager for approval. Upon approval, the EG WSD National Gatekeeper's memorandum will be uploaded to the electronic case file and provided to the EG WSD Offshore Referral Coordinator via secure email.
 - i. If the EG WSD National Gatekeeper's review in paragraph (4)(g) of this section concludes the selection is appropriate, the EG WSD National Gatekeeper will work with the EG WSD Offshore Referral Coordinator to determine where the case should be sent for examination. The EG WSD National Gatekeeper will send a secure email to the EG Exam Group Manager to advise that the case is being sent to the group without being controlled on ERCS and that any paper filed returns will be mailed to the EG Exam Group Manager. The electronic case file will be attached to the email. Any paper filed returns will be mailed by the EG WSD Compliance Clerk. See IRM 4.25.3.11.3 Shipment of Cases.
 - j. When the EG WSD Offshore Referral Coordinator receives notification from EG Exam that the Form 906 agreement has been secured, the EG WSD Offshore Referral Coordinator will notify the EG WSD Compliance Clerk to establish the return in status 10, EG Exam group code, with any applicable tracking codes (see Document 6209 for tracking codes used in EG WSD). Refer to the EG WSD Handbook for instructions on establishing offshore referrals with an expired statute.
 - k. For offshore referrals not going to EG Exam, the EG WSD Compliance Clerk will re-file any ordered estate tax returns. Refer to the EG WSD CMC Manager/LWIS Delivery Desk Guide for the location of re-filing.

- (5) For all other selected offshore referrals, including non-filer cases and filed cases with an open (unexpired) assessment statute:
- a. The EG WSD Offshore Referral Coordinator will draft a memorandum that includes a summary of the facts, the issues presented, and the risk rating consistent with the guidelines found in the EG WSD Classification Guide.
 - b. The EG WSD Offshore Referral Coordinator will upload to the electronic case file in paragraph (3) of this section: the memorandum in paragraph (5)(a) of this section, a copy of the LIN link (when available), and the documentation provided with the referral
 - c. The EG WSD Compliance Clerk will establish the case on AIMS/ERCS, in status 08, EGC 1895, with the applicable tracking code (see Document 6209 for tracking codes used in EG WSD). Refer to IRM 4.4.9.6, Substitute for Return, for establishing non-filer cases and the EG WSD Handbook for procedures for establishing offshore referrals. If a return has been filed, and it is not available on LIN, the EG WSD Compliance Clerk will order the paper filed return. Follow the procedures for completing the Form 2275 found in IRM 4.25.1.3.1, Obtaining Historical Gift Tax Returns (Form 709), (gift tax returns) and IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference, (estate tax returns) and fax the request to the contact located in EG WSD CMC Manager/LWIS Delivery Guide based on the current status of the return.
 - d. Once the case is established on AIMS/ERCS, the EG WSD National Gatekeeper will review selected case file and risk rating of the case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide.
 - e. If the EG WSD National Gatekeeper's review in paragraph (5)(d) of this section concludes that a case should not have been selected, the EG WSD National Gatekeeper will draft a memorandum and provide to the EG WSD Group Manager for approval. Upon approval, the EG WSD National Gatekeeper's memorandum will be uploaded to the electronic case file and provided to the EG WSD Offshore Referral Coordinator via secure email.
 - f. If the EG WSD National Gatekeeper's review in paragraph (5)(d) of this section concludes the selection is appropriate, the case will be made available to fill EG Exam group orders consistent with procedures outlined in IRM 4.25.3.11.2, Filling Orders and Surveying Cases.
 - g. In sending the case to EG Exam, the EG WSD National Gatekeeper will send the case to a group with an EG Exam Offshore volunteer, if available. The EG WSD National Gatekeeper will notify the EG Exam Group Manager that the offshore referral is being assigned via secure email. The electronic case file will be attached to the email. Electronic delivery of the return (when available) will be completed via LWIS. The paper case file, when applicable, will be mailed to the EG Exam Group Manager. See IRM 4.25.3.11.3, Shipment of Cases.
 - h. Offshore referral cases surveyed after the EG WSD Gatekeeper review in paragraph (5)(d) of this section, or not selected or assigned for field examination, will be surveyed consistent with the procedures found in IRM 4.25.3.11.2, Filling Orders and Surveying Cases. If the case is not surveyed by the EG WSD Gatekeeper after the review in paragraph (5)(d) of this section, but later not sent to EG Exam, the EG WSD National Gatekeeper will document the reason that the case was later surveyed in the electronic case file.

- (6) Electronic and paper records for offshore referrals are retained by the EG WSD Offshore Referral Coordinator 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.

4.25.3.10.2.5
(07-13-2023)

**Whistleblower and
Informant Referrals**

- (1) This section provides information on procedures for.
 - a. Whistleblower Type A referrals
 - b. Whistleblower Type B referrals
 - c. Form 3949-A, Information Referral
- (2) Whistleblower and Informant referrals are subject to the review requirements found in IRM 4.25.3.1.4, Program Controls.

4.25.3.10.2.5.1
(07-13-2023)

**Whistleblower Type A
Referrals**

- (1) Whistleblower referrals where the amount in dispute is less than \$2 million are designated as "Whistleblower Type A" referrals and the amount of the award is determined under IRC 7623(a). Refer to IRM 25.2.2.1.1.2, IRC 7623(a) Overview, for more information on the Whistleblower Program.
- (2) The Whistleblower Office will notify the EG WSD Whistleblower Coordinator when a new Whistleblower Type A referral is available on e-Trak and it will be designated as a **Whistleblower Type A** referral.
- (3) Within 90 days of receipt of a Whistleblower Type A claim, the EG WSD Whistleblower Coordinator will:
 - a. Input related information on the designated EG WSD Whistleblower SharePoint spreadsheet, https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtWhistl/SitePages/Home.aspx.
 - b. Review the referral for audit potential.
 - c. Draft a memorandum including a summary of the facts and issues presented, and a risk rating, consistent with the guidelines in the EG WSD Classification Guide.
 - d. Update the spreadsheet in paragraph (3)(a) of this section to reflect whether the referral has been selected for EG Exam review and include the reason for the selection or survey decision
- (4) For surveyed Whistleblower Type A referrals, the EG WSD Whistleblower Coordinator will prepare the Form 11369, Confidential Evaluation Report on Claim for Reward, and submit via secure email with the memorandum in paragraph (3)(c) of this section to the EG WSD Group Manager for review and approval. Upon EG WSD Group Manager approval, the EG WSD Whistleblower Coordinator will forward the completed Form 11369 and memorandum by secure email to the Whistleblower Analyst assigned to the referral. Refer to IRM 25.2.2.5, Post Field Review, for procedures on completing and submitting the Form 11369.
- (5) For selected Whistleblower Type A referrals, the EG WSD Whistleblower Coordinator will:
 - a. For filed estate tax returns, determine whether the return is available on LIN.
 - b. Create an electronic case file for the selected case in the designated location on the EG WSD shared drive.

- c. Upload the memorandum drafted in paragraph (3)(c) of this section and the whistleblower referral information from the Whistleblower Office, and the LIN link (when available) to the electronic case file created in paragraph (5)(b) of this section.
 - d. Send via secure email to an EG WSD Compliance Clerk the information necessary to establish the AIMS/ERCS record and the location of the electronic case file.
- (6) For selected cases, the EG WSD Compliance Clerk will:
 - a. Establish the case on AIMS/ERCS in status code 08 and EGC 1895, with the applicable tracking code (see Document 6209, for tracking codes used in EG WSD). Refer to SFR procedures IRM 4.4.9.6, Substitute for Return, for establishing non-filer cases, and the EG WSD Handbook for establishing Whistleblower referrals.
 - b. For filed returns not on LIN, order the paper filed return. Follow procedures for completing the Form 2275 found in IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference, (estate tax returns) and IRM 4.25.1.3.1, Obtaining Historical Gift Tax Returns (Form 709), (gift tax returns). Fax the request to the contact found in EG WSD CMC Manager/LWIS Delivery Guide based on the current status of the return.
 - c. Assemble case building materials and upload to the electronic case folder created by the EG WSD Whistleblower Coordinator. Refer to the EG WSD Handbook for case building materials for Whistleblower Type A referrals.
- (7) Once the selected Whistleblower referral is established on AIMS/ERCS, the EG WSD National Gatekeeper will review selected issues and risk rating of the case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide. If this review concludes that a case should be surveyed, the EG WSD National Gatekeeper will:
 - a. Draft an updated memorandum and Form 11369 to include in the electronic case file.
 - b. Send the updated memorandum and Form 11369 to the EG WSD Group manager via secure email for approval.
 - c. Send a copy of the updated memorandum and Form 11369 to the EG WSD Coordinator via secure email. The EG WSD Whistleblower Coordinator will forward these documents to the Whistleblower Analyst assigned to the referral. Refer to IRM 25.2.2.5, Post Field Review, for procedures on completing and submitting the Form 11369
 - d. Provide the Whistleblower referral to the EG WSD Compliance Clerk to follow survey procedures in IRM 4.25.3.11.2, Filing Orders and Surveying Cases, to close out the referral.
- (8) Cases selected after this review will be made available to fill EG Exam group orders consistent with procedures outlined in IRM 4.25.3.11.2, Filing Orders and Surveying Cases.
- (9) For Whistleblower Type A referrals sent to EG Exam, The EG WSD National Gatekeeper send the electronic case file created in paragraph (5)(b) via secure email to the EG Exam Group Manager and copy EG WSD Whistleblower Coordinator. The EG WSD Whistleblower Coordinator will upload this correspondence to e-Trak. Electronic delivery of the return will be completed via LWIS. The EG WSD Compliance Clerk will mail the paper filed return to the

EG Exam group in instances where a LIN link is not available. See IRM 4.25.3.11.3, Shipment of Cases.

- (10) EG Exam should refer to IRM 4.25.11.10, Whistleblower Examinations, and the Whistleblower Type A case insert provided by EG WSD, for procedures on examining and closing Whistleblower case files. on procedures for examining and closing Whistleblower case files.
- (11) At the conclusion of the examination, EG Exam will secure email the completed Form 11369 to the EG WSD Whistleblower Coordinator. It is the responsibility of the EG WSD Whistleblower Coordinator to review this form for completeness and to secure email the Form 11369 to the Whistleblower Office.
- (12) Electronic records for Whistleblower referrals are retained by EG 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.

4.25.3.10.2.5.2
(07-13-2023)

Whistleblower Type B Referrals

- (1) Whistleblower referrals where the amount in dispute is \$2 million or more are designated as "Whistleblower Type B" referrals and the amount of the award is determined under IRC 7623(b). Refer to IRM 25.2.2.1.1.1, IRC 7623(b) Overview, for more information on the Whistleblower Program.
- (2) The Whistleblower Office will notify the EG WSD Whistleblower Coordinator when a new Whistleblower Type B referral is available on e-Trak and it will be designated as a **Whistleblower Type B** referral.
- (3) Within 5 days of receipt of the Whistleblower Type B referral, the EG WSD Whistleblower Coordinator will:
 - a. Input related information on the designated EG WSD Whistleblower SharePoint spreadsheet, https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtWhistl/SitePages/Home.aspx. It is the responsibility of the EG WSD Whistleblower Coordinator to update the spreadsheet as necessary throughout the review process of the Whistleblower Type B referral. The spreadsheet will be updated to reflect if the referral has been selected for EG Exam review or surveyed and the comments will include the reason for selection or survey decision.
 - b. Review the referral for an estate and gift tax issue that requires further review. If no estate or gift tax issue is present requiring further review, the referral should be surveyed.
- (4) If the EG WSD Coordinator determines that the referral should be surveyed, the EG WSD Whistleblower Coordinator will:
 - a. Draft a memorandum as described in paragraph (3)(c) of IRM 4.25.3.10.2.5.1, Whistleblower Type A Referrals.
 - b. Prepare the Form 11369.
 - c. Submit the memorandum and Form 11369 by secure email to the EG WSD Group Manager Approval.
 - d. Forward the completed Form 11369 and memorandum to the Whistleblower Analyst assigned to the referral. Refer to IRM 25.2.2.5, Post Field Review, for procedures on completing and submitting the Form 11369.
- (5) If the EG WSD Whistleblower Coordinator determines that the referral requires further review, the EG WSD Whistleblower Coordinator will:

- a. For filed estate tax returns, determine whether the return is available on LIN.
 - b. Create an electronic case file for the selected case in the designated location on the EG WSD shared drive.
 - c. Upload the whistleblower referral information from the Whistleblower Office, and the LIN link (when available) to the electronic case file created in paragraph (5)(b) of this section.
 - d. The EG WSD Whistleblower Coordinator will send via secure email to the EG WSD Compliance Clerk the information necessary to establish the AIMS/ERCS record.
- (6) For referrals selected for SME review, the EG WSD Compliance Clerk will:
- a. Within 5 days of receipt of the Whistleblower referral, establish the case on AIMS/ERCS in status code 09 and EGC 1895, with the applicable tracking code (see Document 6209, for tracking codes used in EG WSD). Refer to SFR procedures IRM 4.4.9.6, Substitute for Return, for establishing non-filer cases, and the EG WSD Handbook for establishing Whistleblower referrals for SME review.
 - b. For filed returns not on LIN, order the paper filed return. Follow procedures for completing the Form 2275 found in IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference, (estate tax returns) and IRM 4.25.1.3.1, Obtaining Historical Gift Tax Returns (Form 709), (gift tax returns). Fax the request to the contact found in EG WSD CMC Manager/LWIS Delivery Guide based on the current status of the return.
 - c. Assemble case building materials and upload to the electronic case file created by the EG WSD Whistleblower Coordinator in paragraph (5)(b). Refer to the EG WSD Handbook for case building materials for Whistleblower Type B referrals sent for SME review.
 - d. Mail the paper filed return to the EG Exam group for the SME in instances where a LIN link is not available. See IRM 4.25.3.11.3, Shipment of Cases.
- (7) The EG WSD Whistleblower Coordinator has the following responsibilities in relation to the EG Exam SME review:
- a. Once the referral is established on AIMS/ERCS by the EG WSD Compliance Clerk, send a secure email to the EG Exam Territory Manager, Group Manager, and SME assigned to the Whistleblower Type B referral to advise that there is a referral that EG WSD would like to assign to the SME, and request that the EG Exam Group Manager confirm assignment to the SME. This email will provide the deadline for completion of the SME review.
 - b. Secure email the SME the electronic case file created in paragraph (5)(b) of this section.
 - c. Provide a follow-up email to the EG Exam Territory Manager, Group Manager and SME two weeks after assignment to confirm the deadline for completion of the SME review.
 - d. Confirm that the SME completes the review of the Whistleblower Type B referral 10 days prior to the 90-day SME review deadline.
 - e. Indicate in the case comment section on e-Trak whether a debriefing occurred, and, if not, the reason why a debriefing was not necessary.
- (8) The SME will review the case file, conduct a taint review along with Operating Division Counsel, and, if necessary, a debriefing. The SME will determine

whether the referral should be surveyed or selected for examination. Refer to IRM 25.2.1.4.1, Roles and Responsibilities, for SME responsibilities.

- (9) Upon completion of the SME review, the SME will:
 - a. Prepare a memorandum consistent with paragraph (3)(c) of IRM 4.25.3.10.2.5.1, Whistleblower Type A Referrals . This memorandum will be sent via secure email to the EG WSD Whistleblower Coordinator
 - b. If a paper filed return is mailed to the SME, mail the return to the EG WSD Compliance Clerk.
- (10) For Whistleblower Type B referrals surveyed by the SME:
 - a. The SME will prepare the Form 11369 and submit this form, along with the memorandum in paragraph (9)(a) of this section, by secure email to the EG WSD Whistleblower Coordinator who will submit to the Whistleblower Analyst assigned to the referral. Refer to IRM 25.2.2.5, Post Field Review, for procedures on completing and submitting the Form 11369
 - b. The EG WSD Whistleblower Coordinator will notify the EG WSD Compliance Clerk via secure email to close the reference return on ERCS with disposal code 45 and re-file the return. If the case was established as an SFR, the EG Compliance Clerk will follow procedures in IRM 4.25.3.11.2, Filing Orders and Surveying Cases.
- (11) For Whistleblower Type B referrals selected by the SME, the EG WSD Whistleblower Coordinator will advise the EG WSD Compliance Clerk to update the referral on AIMS/ERCS to status 08 and update the case building materials in the electronic case file created in paragraph (5)(b) of this section. Refer to the EG WSD Handbook for case building materials for selected Whistleblower Type B cases.
- (12) Once the selected Whistleblower referral is updated to status 08 on AIMS/ERCS, the EG WSD National Gatekeeper will review selected issues and risk rating of the case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide. If this review concludes that a case should be surveyed or the case is later not sent to Exam, the EG WSD National Gatekeeper will:
 - a. Draft an updated memorandum and Form 11369 to include in the electronic case file.
 - b. Send the updated memorandum and Form 11369 to the EG WSD Group manager via secure email for approval.
 - c. Send a copy of the updated memorandum and Form 11369 to the EG WSD Coordinator via secure email. The EG WSD Whistleblower Coordinator will forward these documents to the Whistleblower Analyst assigned to the referral. Refer to IRM 25.2.2.5, Post Field Review, for procedures on completing and submitting the Form 11369
 - d. Provide the Whistleblower referral to the EG WSD Compliance Clerk to follow survey procedures in IRM 4.25.3.11.2, Filing Orders and Surveying Cases, to close out the referral.
- (13) Approved selects after the EG WSD National Gatekeeper review in paragraph (12) of this section will be made available to fill EG Exam group orders consistent with procedures outlined in IRM 4.25.3.11.2, Filing Orders and Surveying Cases.

- (14) For Whistleblower Type B referrals sent to EG Exam, The EG WSD National Gatekeeper send the electronic case file created in paragraph (5)(b) of this section via secure email to the EG Exam Group Manager and copy EG WSD Whistleblower Coordinator. The EG WSD Whistleblower Coordinator will upload this correspondence to e-Trak. Electronic delivery of the return will be completed via LWIS. The EG WSD Compliance Clerk will mail the paper filed return to the EG Exam group in instances where a LIN link is not available. See IRM 4.25.3.11.3, Shipment of Cases.
- (15) EG Exam should refer to IRM 4.25.11.10, Whistleblower Examinations, and the Whistleblower Type B case insert provided by EG WSD, for procedures on examining and closing Whistleblower case files. on procedures for examining and closing Whistleblower case files.
- (16) At the conclusion of the examination, EG Exam will secure email the completed Form 11369 to the EG WSD Whistleblower Coordinator. Refer to IRM 25.2.2.5, Post Field Review, for procedures on completing and submitting the Form 11369. It is the responsibility of the EG WSD Whistleblower Coordinator to review this form for completeness and to secure email the Form 11369 to the Whistleblower Office.
- (17) Electronic records for Whistleblower referrals are retained by EG 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.

4.25.3.10.2.5.3
(07-13-2023)

**Informant Form 3949-A
Referrals**

- (1) An informant with information regarding a possible unreported or under-reported transfer tax issue, files a Form 3949-A, Information Referral, or a letter, which is reviewed by the Fresno Submission Processing Image Control Team and routed to the Cincinnati Centralized EG Campus Operation . Upon initial review, these referrals are then routed for consideration by the EG WSD Information Referral Coordinator. Refer to IRM 3.28.1.2, Form 3949-A Information Referral Program.
- (2) When an information referral is received, the EG WSD Information Referral Coordinator will input information on the designated EG WSD SharePoint spreadsheet https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx. The EG WSD Information Referral Coordinator will review the referral for audit potential. The spreadsheet will be updated to reflect if the referral has been selected or rejected and comments will include the justification for tis decision.
- (3) For selected information referrals, the EG WSD Information Referral Coordinator will
 - a. For filed returns, determine whether the return is located on LIN.
 - b. Create an electronic case file for the selected case in the designated location on the EG WSD shared drive.
 - c. Scan the Form 3949-A and store on the EG WSD shared drive.
 - d. Draft a memorandum, including a summary of the facts and the issues presented and a risk rating, consistent with the guidelines in the EG WSD Classification Guide.
 - e. Send via secure email to an EG WSD Compliance Clerk the information necessary to establish the AIMS/ERCS record and the location of the electronic case file.
- (4) For selected information referrals, the EG WSD Compliance Clerk will:

- a. Establish the examination referral on AIMS/ERCS, in status 08, EGC 1895, with the applicable tracking code (see Document 6209 for tracking codes used in EG WSD). Refer to SFR procedures IRM 4.4.9.6, Substitute for Return, for establishing non-filer cases and the EG WSD Handbook for procedures for establishing information referral cases.
 - b. For filed returns that are not available on LIN, order the return. Follow procedures for completing the Form 2275 found in IRM 4.25.1.3.1, Obtaining Historical Gift Tax Returns (Form 709), (gift tax returns) and IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference (estate tax returns). Fax the request to the contact found in EG WSD CMC Manager/LWIS Delivery Guide based on the current status of the return.
 - c. Assemble case building materials and upload to the electronic case folder created by the EG WSD Referral Coordinator. Refer to the EG WSD Handbook for case building materials for information referrals
- (5) Once the case is established on AIMS/ERCS, the EG WSD National Gatekeeper will review selected issues and risk rating of the case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide. If this review concludes that a case should not have been selected, the EG WSD National Gatekeeper will:
 - a. Draft an updated memorandum to include in the electronic case file.
 - b. Send the updated memorandum to the EG WSD Group manager via secure email for approval.
 - c. Send a copy of the updated memorandum to the EG WSD Referral Coordinator.
- (6) Approved selections after the EG WSD National Gatekeeper review in paragraph (5) of this section will be made available to fill EG Exam group orders consistent with procedures outlined in IRM 4.25.3.11.2, Filling Orders and Surveying Cases.
- (7) Information referrals surveyed after the EG WSD National Gatekeeper review in paragraph (5) of this section, or not assigned for examination, will be surveyed consistent with the procedures found in IRM 4.25.3.11.2, Filling Orders and Surveying Cases. If the case is not surveyed by the EG WSD Gatekeeper after the review in paragraph (5) of this section, but later not sent to EG Exam, the EG WSD National Gatekeeper will document the reason that the case was later surveyed in the electronic case file.
- (8) All originally filed Form 3949-A and electronic records for information referrals are retained by EG 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.

4.25.3.10.2.6
(07-13-2023)

Doubt as to Liability

- (1) All Doubt as to Liability (DATL) offers involving Estate and Gift issues will be sent to the EG WSD DATL Coordinator from the DATL unit. Refer to IRM 4.18.1, Exam Offer-in-Compromise, Offers in Compromise Received in Exam.
- (2) Within 10 days of receipt, the EG WSD DATL Coordinator will review the offer to determine if appropriate for assignment to an EG Exam group. The EG WSD DATL Coordinator will input related information on the designated EG WSD SharePoint spreadsheet https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx. The spreadsheet will be updated to reflect if the

referral has been selected for EG Exam review or rejected and in comments will include the reason for selection or non-selection .

- (3) If the offer is not appropriate for EG Exam assignment, the EG 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 a 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.
- (4) If the offer is appropriate for EG Exam assignment, the EG WSD DATL Coordinator will:
 - a. Determine whether the return is located on LIN.
 - b. Create an electronic case file for the DATL offer in the designated location on the EG WSD shared drive.
 - c. Draft a memorandum explaining the facts and issues to be resolved and procedures for DATL cases.
 - d. Download the electronic examination file (if the return was previously examined) from the Issue Management System (IMS) team website.
 - e. Upload the memorandum, a copy of the LIN link (when available), and the to the electronic examination file (when available) to the electronic case file crated in paragraph (4)(b) of this section.
 - f. Mail the DATL paper case file from the DATL unit to the EG WSD Compliance Clerk on a Form 3210.
 - g. When the case is full AIMS, advise the EG WSD National Gatekeeper that the DATL offer is ready to send to EG Exam.
 - h. Update AOIC database remarks section to reflect the appropriate EGC and a contact point and generate an Exam/Specialty Checklist if one was not provided.
- (5) The EG WSD Compliance Clerk will take the following steps for DATL offers to be sent to EG Exam:
 - a. Establish the case on AIMS/ERCS, in status code 08, EGC 1895, as a claim for abatement or audit reconsideration, using project code 0264, freeze code 9, tracking code 6506, and source code 73.
 - b. Input the appropriate 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. 04152022R). See IRC 7122(f). "AA" alpha statute should not be used.
 - c. Verify the posting of TC 480 jurisdiction 2 on the account. If not yet posted, advise the EG WSD DATL Coordinator to inform the DATL group.
 - d. For returns that are not available on LIN, order the return. Follow procedures for completing the Form 2275 found in IRM 4.25.1.3.1, Obtaining Historical Gift Tax Returns (Form 709), (gift tax returns) and IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference, (estate tax returns). Fax the request to the contact found in EG WSD CMC Manager/LWIS Delivery Guide based on the current status of the return.
 - e. Assemble case building materials and upload to the electronic case folder created by the EG WSD DATL Coordinator in paragraph (4)(b). Refer to the EG WSD Handbook for case building materials for DATL offers.

- (6) The paper DATL offer file sent to EG 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).
- (7) When the DATL offer case is full AIMS, the EG WSD National Gatekeeper will notify the EG Exam Group Manager via secure email of the DATL offer and electronically send the electronic case file to the EG Exam Group Manager. Electronic delivery of the return will be completed via LWIS. The EG WSD Compliance Clerk will mail the paper DATL file, and return (when an electronic image is not available) to the EG Exam Group Manager. See IRM 4.25.3.11.3, Shipment of Cases.
- (8) The DATL offer can be rejected, accepted, withdrawn or returned for failure to respond. The offer can be terminated if the taxpayer dies during the investigation. Refer to IRM 4.18.1 Exam Offer-in-Compromise, Offers in Compromise Received in Exam, on examining and closing DATL cases and IRM 5.19.24.7, Processing DATL Offers, for returned offers.
- (9) It is the responsibility of the EG WSD DATL Coordinator to monitor the AOIC database monthly to ensure all cases are assigned to EG Exam by the centralized DATL processing unit.
- (10) If the EG Exam rejects the offer:
 - a. The case file will be closed to the Technical Services office responsible for the assigned group for the Independent Administrative Review (IAR) of the examiner's decision. See IRM 4.18.1, Exam Offer-in-Compromise, Offers in Compromise Received in Exam.
 - b. EG Exam will notify the EG WSD DATL Coordinator by secure email that a proposed rejected offer was sent to Technical Services for review. See IRM 4.25.9.5, Offers In Compromise. For Technical Services IAR procedures, see IRM 4.8.8.8.3, Independent Administrative Review Procedures for Rejected Offers.
 - c. Upon receiving email notification from EG Exam, and subsequent notifications from Technical Services, the EG WSD DATL Coordinator will make the necessary status updates to AOIC:

DATL AOIC Status Updates
Remarks: 1. Date Proposed Rejection is sent to Technical Services; 2. Date Rejection is mailed to the taxpayer 3. Date the case is returned to EG Exam for further investigation 4. Date the protest was received; 5. Date the case is sent to Appeals or closed to the Campus.
Assignment - will be either Appeals or Closure
Proposed Disposition
Final Disposition

DATL AOIC Status Updates

IAR Specialty Checklist - including the date the case was forwarded to Appeals, if applicable, or final disposition.

(11) If the taxpayer withdraws the offer:

- a. EG Exam will close the case file to Technical Services (see IRM 4.18.1, Exam Offer-in-Compromise, Offers in Compromise Received in Exam) and advise the EG WSD DATL Coordinator by secure email of the withdrawal effective date in order for the Coordinator to update AOIC remarks and assignment. See IRM 4.25.9.5, Offers in Compromise.
- b. Technical Services will issue the withdrawal acknowledgment letter to the taxpayer and notify the EG WSD DATL Coordinator by secure email that these actions have been taken.
- c. The EG WSD DATL Coordinator will update AOIC remarks with the withdrawal (letter or other form) effective date and date withdrawal acknowledgment letter mailed to the taxpayer, and assignment to "EG Close". AOIC remarks must indicate that the taxpayer was advised that a withdrawal waives taxpayer appeal rights. For Technical Services withdrawal procedures, see IRM 4.8.8.8.4, Withdrawn Offers.
- d. The EG WSD DATL Coordinator will update the AOIC IAR Checklist to reflect the withdrawal of offer

(12) If the offer is accepted by EG Exam:

- a. EG Exam will close the case to Technical Services (see IRM 4.18.1 , Exam Offer-in-Compromise, Offers in Compromise Received in Exam) and advise the EG WSD DATL Coordinator by secure email of the proposed disposition for the Coordinator to update the AOIC database: remarks, proposed disposition, and assignment. See IRM 4.25.9.5 , Offers in Compromise.
- b. Once the proposed acceptance has been approved and the acceptance letter mailed to the taxpayer, Technical Services will secure email the EG WSD DATL Coordinator, indicating that these actions have been taken. See IRM 4.8.8.8.5 , Accepted Offers.
- c. The EG WSD DATL Coordinator will update the final disposition on AOIC to "accepted by Exam" and close the offer off AOIC by updating the assignment to "Estate and Gift Close."
- d. If the proposed acceptance is not approved and the case is returned to EG Exam for further action, Technical Services will email the EG WSD DATL Coordinator who will remove the proposed disposition and update the AOIC remarks accordingly. See IRM 4.8.8.8.5, Accepted Offers.
- e. The EG WSD DATL Coordinator will update the AOIC Exam/Specialty Checklist to reflect the acceptance of offer, if applicable.

4.25.3.10.2.7
(07-13-2023)

**Operations Assistance
Request Referrals from
Taxpayer Advocate
Service**

- (1) The EG WSD Taxpayer Advocate Service (TAS) Point of Contact (POC) is the EG WSD National Gatekeeper. The EG WSD National Gatekeeper will review all Operation Assistance Requests (OAR) from the Taxpayer Advocate Service to EG WSD. OAR requests are received on a Form 12412. Refer to IRM 13.1.19, Taxpayer Advocate Case Procedures, Advocating with Operations Assistance Requests (OARs), for the OAR process.

- (2) The EG WSD National Gatekeeper will determine the action required to resolve the issue and assign the case to the appropriate party within 72 hours of receipt. If the Form 12412 has **EXPEDITE** notated in the criteria code box, then the determination and assignment must be completed within 24 hours of receipt. Refer to IRM 13.1.19.6.2, Business Operating Division (BOD)/Function OAR Liaison Responsibilities.
- (3) It may be necessary to request that the EG WSD Compliance Clerk create AIMS/ERCS control before assignment. Also, if the case was previously examined and closed, it may be necessary to designate the case as “audit re-consideration”, “claim for refund” or “abatement”, based on the facts of the request.
- (4) The EG WSD National Gatekeeper will
 - a. Determine whether the return is located on LIN.
 - b. Create an electronic case file for the selected case in the designated location on the EG WSD shared drive.
 - c. Upload the OAR and a copy of the LIN link (when available) to the electronic case file created in paragraph (4)(b) of this section.
 - d. Send via secure email to an EG WSD Compliance Clerk the information necessary to establish the AIMS/ERCS record, or update the AIMS/ERCS record to status 08, and the location of the electronic case file
- (5) The EG WSD Compliance Clerk will:
 - a. Establish or update the OAR on AIMS/ERCS, in status 08, EGC 1895, with the applicable tracking code (see Document 6209 for tracking codes used in EG WSD). Refer to the EG WSD Handbook for procedures for establishing examination OAR cases.
 - b. For returns that are not available on LIN, order the return. Follow procedures for completing the Form 2275 found in IRM 4.25.1.3.1, Obtaining Historical Gift Tax Returns (Form 709), (gift tax returns) and IRM 4.25.1.3.2, Obtaining Estate Tax Returns (Form 706) for Reference, (estate tax returns). Fax the request to the contact found in EG WSD CMC Manager/LWIS Delivery Guide based on the current status of the return.
- (6) The EG WSD National Gatekeeper will send the electronic case file created in paragraph (4)(b) of this section via secure e-mail to the EG Exam Group Manager receiving the referral. The referral will be sent to EG Exam based on the location of the taxpayer. The email subject line will include the word “Expedite” to ensure priority consideration by the receiving EG Exam Group Manager. If a paper filed return is mailed to the receiving manager, the EG WSD National Gatekeeper will notify the manager of the incoming return. Delivery of an electronic return (when available) will be completed via LWIS. The EG WSD Compliance Clerk will mail paper filed return to the EG WSD Group Manager. See IRM 4.25.3.11.3, Shipment of Cases.
- (7) The EG WSD National Gatekeeper will request regular status updates from the EG Exam Group Manager, up to and including the final exam determination.
- (8) When the requested action has been completed, the EG WSD National Gatekeeper will complete Form 12412 and return it to the Taxpayer Advocate Service (TAS).

4.25.3.10.2.8
(07-13-2023)
**Return Preparer
Referrals**

- (1) Return preparer referrals may be received by the EG WSD Return Preparer Coordinator from the Return Preparer Office (RPO). The Return Preparer Office maintains a central depository for return preparer referrals that may originate from other sources, including the Office of Professional Responsibility, the Lead Development Center, other Business Units, and the public. Referrals from RPO may include Form 14157, Return Preparer Complaint, or a Form 14426, Return Preparer Office (RPO) Referral.
- (2) Referrals may also come from EG Exam, by submitting a completed "Return Preparer/Appraiser Referral" form signed by the EG Exam Group Manager. The referral will also include all relevant workpapers, correspondence, interview notes, tax return information, and appraisal information regarding the applicable penalty.
- (3) When a return preparer referral is received, the EG WSD Return Preparer Coordinator will input related information on the designated EG WSD SharePoint spreadsheet https://irs.gov.sharepoint.com/sites/SbEHqStpq_EgtPsp/SitePages/Home.aspx. The spreadsheet will be updated to reflect if the referral has been selected for EG Exam review or rejected and in comments will include the justification for this conclusion.
- (4) The EG WSD Return Preparer Coordinator will review the referral for audit potential which is limited to the application of penalties per IRC 6694 and IRC 6695 (preparer), IRC 6695A (appraiser), and IRC 6701 (aiding and abetting). The EG WSD Return Preparer Coordinator should be familiar with IRM 20.1.6, Penalty Handbook, Preparer, Promoter, Material Advisor Penalties, and IRM 4.11.51, Examining Officers Guide (EOG), Return Preparer Program, addressing preparer penalties.
- (5) The statute of limitations on assessment for IRC 6694(a), IRC 6695, and IRC 6695A 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.
- (6) The EG WSD Return Preparer Coordinator will consult with the 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 consult will provide important information regarding any prior complaints, examinations, 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 EG WSD Return Preparer Coordinator must also consider if there is currently a Program Action Case pending for this preparer/appraiser.
- (7) For all return preparer referrals, the EG WSD Return Preparer Coordinator will draft a memorandum, including a summary of the facts and the issues presented, and a risk rating, consistent with the guidelines found in the EG WSD Classification Guide.
- (8) For selected referrals, the EG WSD Return Preparer Coordinator will create an electronic case file on the designated location in the EG WSD shared drive. The EG WSD Return Preparer Coordinator will and upload the following documents to the electronic case file:
 - a. The memorandum drafted in paragraph (7) of this section

- b. Documents relevant to the penalty. These may include copies of tax returns or portions of tax returns prepared by the preparer who is being considered for the penalty, as well as information taken from examination case files, including work-papers and transcripts for the taxpayers whose returns were prepared by the preparer, and information received directly from the preparer
 - c. Form 5809, Preparer Penalty Case Control Card. Multiple penalties can be included on the card for one preparer.
- (9) The EG WSD Group Manager will forward the Form 5809 to the ECS Program Manager for approval and signature. The Form 5809 will be uploaded and retained in the electronic preparer penalty case file. See IRM 20.1.6, Penalty Handbook, Preparer, Promoter, Material Advisor Penalties, and IRM 4.1.10.8.1, Creating Return Preparer Penalty Cases.
- (10) After receiving the approval of the ECS Program Manager for the return preparer penalty referral, the EG WSD Return Preparer Coordinator will send via secure email to the EG WSD Compliance Clerk the information necessary to establish the ERCS record. Penalty cases are established on ERCS only, not AIMS, and with MFT between P1 and P4, PC, PJ, PK, PL, PM and 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 the EG WSD Handbook and IRM 4.1.10.8.1, Creating Return Preparer Penalty Cases.
- (11) The EG WSD Compliance Clerk will:
 - a. Establish the case on ERCS, in status code 08 and EGC 1895.
 - b. Assemble case building materials, and place in the electronic file folder created by the EG WSD Return Preparer Coordinator in paragraph (8) of this section. Refer to the EG WSD Handbook for case building materials for return preparer referrals.
- (12) Once the case is established on ERCS, the EG WSD National Gatekeeper will review selected issues and risk rating of the case to ensure it is consistent with the guidelines found in the EG WSD Classification Guide. If this review concludes that a case should not have been selected, the EG WSD National Gatekeeper will:
 - a. Draft an updated memorandum to include in the electronic case file.
 - b. Send the updated memorandum to the EG WSD Group manager via secure email for approval.
 - c. Send a copy of the updated memorandum to the EG WSD Referral Coordinator.
- (13) Approved selects after the EG WSD National Gatekeeper review in paragraph (12) will be made available to fill EG Exam group orders consistent with procedures outlined in IRM 4.25.3.11.2, Filling Orders and Surveying Cases. However, if the referral originated from EG Exam, in filling orders the EG WSD National Gatekeeper should send the referral to the EG Exam group that provided the referral.
- (14) Return preparer referrals surveyed after the EG WSD National Gatekeeper review in paragraph (12) of this section, or not assigned for examination, will be surveyed consistent with the procedures found in IRM 4.25.3.11.2, Filling Orders and Surveying Cases. If the case is not surveyed by the EG WSD Gatekeeper after the review in paragraph (12) of this section, but later not sent

to EG Exam, the EG WSD National Gatekeeper will document the reason that the case was later surveyed in the electronic case file.

- (15) Electronic records for return preparer referrals are retained by EG 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.

4.25.3.11
(07-13-2023)
**Requisition of Estate
and Gift Tax Returns**

- (1) This section provides information on procedures for supplying the field groups with returns for audit.

4.25.3.11.1
(07-13-2023)
Return Requisitions

- (1) On the first day of the month, the EG WSD Examination Analyst will generate electronic spreadsheet order forms. There will be a spreadsheet for each EG Exam territory and a separate tab for each group. These forms will contain data concerning group inventory levels (statuses 10 and 12), an analysis of EG Exam group new start trends, and estimated ordering needs based on this analysis.
- (2) The EG WSD Group Manager will provide the order forms via secure email to the Technical Advisor for the Chief, Estate and Gift/Excise Tax Exam (Technical Advisor), with a request that the order be completed and returned to the EG WSD Group Manager, Examination Analyst, and National Gatekeeper on the tenth day of the month.
- (3) Upon receipt of the completed order forms from the Technical Advisor, the EG WSD Examination Analyst will have three days to consolidate the order and provide guidance to the EG WSD Group Manager of instances where order requests are inconsistent with status 10 levels and new start data.
- (4) The EG WSD Group Manager will provide the consolidated order form to the EG WSD National Gatekeeper by the 15th of the month along with any instructions concerning filling the order (e.g., claims/referral cases to consider, returns with short statutes that need to be sent or surveyed, or special instructions specific to a particular EG Exam group).
- (5) Within two days of receipt of the consolidated monthly order, the EG WSD National Gatekeeper will solicit a meeting with the Technical Advisor to discuss the order form, any concerns or questions related to filling EG Exam's request for returns, and any potential adjustments, if any, to the number of returns ordered. The EG WSD Group Manager and EG WSD Examination Analyst will also be included in the meeting.

4.25.3.11.2
(07-13-2023)
**Filling Orders and
Surveying Cases**

- (1) The EG WSD National Gatekeeper will fill EG Exam orders from the requisition in a manner determined by the EG WSD Group Manager.
- (2) In delivering returns:
 - a. When there is a LIN link for return and the return, and the return can be placed in status 08, then LWIS will be used to deliver the return. EG WSD specific guidance on using LWIS can be found in the EG WSD CMC Manager LWIS Delivery Desk Guide.

- b. When there is a LIN link for return, but return cannot be placed in status 08 (e.g., cases in status 09, EGC 1895, sent to EG Exam for SME review), the LIN link will be provided in a secure email to the EG Exam Group Manager;
 - c. If there is no LIN link, the paper filed return will be mailed to the EG Exam group.
- (3) All memoranda, case inserts, transcripts, and other case building materials for prompt assessment requests (see IRM 4.25.3.7, Classification of Prompt Assessment Requests), project cases (see IRM 4.25.3.9, Classification of Non-Filer and Under-Reporter Project Cases), and referrals (see IRM 4.25.3.10, Consultations and Referrals from Other Business Units), will be delivered electronically when possible.
- (4) The following cases are assigned the highest priority in sending cases to EG Exam:
 - Claims for refund either from the Cincinnati Centralized EG Campus Operation (see IRM 4.25.3.8, Selected Claims for Refund from the Cincinnati Centralized EG Campus Operation), or identified in classification, are sent to the appropriate EG Exam group even if the group did not order returns. In situations where the return was previously examined, or is a request for audit reconsideration, the case will be sent to the group that conducted the original examination.
 - Global High Wealth referrals (see IRM 4.25.3.10.2.2, Global High Wealth Referrals)
 - Offshore referrals (see IRM 4.25.3.10.2.4, Offshore Referrals)
 - Whistleblower Type A or B referrals (see IRM 4.25.3.10.2.5.1, Whistleblower Type A Referrals, and IRM 4.25.3.10.2.5.2, Whistleblower Type B Referrals)
 - DATL Offers (see IRM 4.25.3.10.2.6, Doubt as to Liability).
- (5) All other selected cases are sent out adhering to the following considerations:
 - Location: while the EG Program has a national inventory and fills return orders based on national workload priorities, it is most economical and efficient for examiners to work returns in their respective localities. EG examiners are more familiar with their own area, local issues, valuations, state law issues, taxpayers, and representatives which makes for a more effective and efficient examination.
 - Risk Rating: the risk rating is completed for all classification efforts based on the guidelines on the EG WSD Classification Guide. Higher risk cases should be selected over lower risk cases when filling any order or request. Cases are filled by geography, where possible; however, higher risk returns take precedence over lower risk returns, such that the risk rating is more paramount than location. The risk rating should take into consideration the quality of the issues selected as well as the degree of a potential adjustment.
- (6) After the EG WSD National Gatekeeper determines which returns will be delivered to meet the return order, the following will be delivered to the EG WSD Compliance Clerk:
 - Paper files for those cases where materials cannot be sent to EG Exam electronically
 - A spreadsheet listing all cases to be sent to Exam, separated by Group.

- (7) The EG WSD Compliance Clerk will perform the following tasks for the order:
 - a. Mail to EG Exam groups paper files when materials cannot be sent to EG Exam electronically. See IRM 4.25.3.11.3, Shipment of Cases.
 - b. Update the status of the cases to status 10 and EG Exam group code on AIMS/ERCS.
 - c. Inform the EG WSD National Gatekeeper when the order has been updated to status 10 on AIMS/ERCS.
- (8) After all cases have been updated to status 10 on AIMS/ERCS, the EG WSD National Gatekeeper will electronically deliver the order, using LWIS, when possible, or through secure email. See IRM 4.25.3.11.3, Shipment of Cases, for Form 3210 procedures for electronic delivery.
- (9) After the EG WSD National Gatekeeper completes the monthly order requisition, a review of the available inventory will be conducted. Those returns that the EG WSD National Gatekeeper will not send to EG Exam due to time on statute (refer to the EG WSD CMC Manager/LWIS Delivery Guide for guidelines for surveying a case based on time left on statute) or quality of selected issues after the EG WSD Gatekeeper review will be surveyed in the following manner:
- (10) For surveyed project cases and referrals established as an SFR:
 - a. The EG WSD National Gatekeeper will draft a memorandum documenting the reason for disposal, which will be approved by the EG WSD Group Manager and maintained with the electronic case file.
 - b. The EG WSD Compliance Clerk will Complete a Form 10904, Request for Record Deletion from AIMS/ERCS, to submit to the Cincinnati Centralized EG Campus Operation AIMS/ERCS analyst for closure of the AIMS/ERCS record with disposal code 33 (Error Account With No Return).
 - c. The electronic case file will be maintained on the EG WSD shared drive for record retention. Refer to IRM 1.15.3.2, Destroying Records in the Custody of the IRS, and Document 12990.
- (11) For surveyed project cases and referrals where EG WSD has the paper filed return:
 - a. The EG WSD National Gatekeeper will draft a memorandum documenting the reason for disposal, which will be approved by the EG WSD Group Manager and maintained with the electronic and paper case file.
 - b. Write **Surveyed, disposal code 31** in red ink on the front of the returns.
 - c. Follow procedures in IRM 4.4.21.5, Surveys, for paperless procedures for closing a case as survey before assignment.
 - d. Monitor for the TC 421.
 - e. Complete the Form 9856, Attachment Alert, including the controlling DLNs for the TC 421.
 - f. Print and place the Form 9856 on top of each tax period .
 - g. Mail the returns, and a printed copy of the electronic case file on a Form 3210 to Kansas City at the address listed in the EG WSD CMC Manager/LWIS Delivery Guide.
- (12) For surveyed project cases and referrals where EG WSD does not have the paper filed return:

- a. The EG WSD National Gatekeeper will draft a memorandum documenting the reason for disposal, which will be approved by the EG WSD Group Manager and maintained with the electronic case file.
 - b. Follow procedures in IRM 4.4.21.5, Surveys, for paperless procedures for closing a case as survey before assignment.
 - c. Monitor for the TC 421.
 - d. Complete the Form 9856, including the controlling DLNs for the TC 421.
 - e. Mail the Form 9856 and mail the electronic case file to the Kansas City email address listed in the EG WSD CMC Manager/LWIS Delivery Guide.
- (13) For all other cases, the EG WSD National Gatekeeper will provide the EG WSD Compliance Clerk a list of returns to survey that will include:
 - Taxpayer name
 - TIN
 - MFT
 - Tax Period
 - Name Control
- (14) The EG WSD Compliance Clerk will close the return(s) using the IDRS command code AMSOC, disposal code 35. Follow procedures in IRM 4.25.3.6.3, Updating Returns After CMC Classification, for procedures on post-closing procedures and addressing return closure issues.

4.25.3.11.3
(07-13-2023)

Shipment of Cases

- (1) When EG WSD has a paper case file to send to EG Exam, the EG WSD Compliance Clerk will send cases to the appropriate EG Exam office, accompanied by a Form 3210, indicating the number of returns included with each shipment. An AIMS status label will be attached to the Form 5348, AIMS/ERCS Update (Examination Update), for each return.
- (2) For electronic case files, the EG WSD National Gatekeeper will provide an electronic Form 3210 via secure email to the EG Exam Group Manager indicating for each return transmitted:
 - a. Taxpayer names
 - b. Taxpayer TINs
 - c. Tax Periods
 - d. MFT of each return.