



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.46.1

AUGUST 14, 2025

EFFECTIVE DATE

(08-14-2025)

PURPOSE

- (1) This transmits revised IRM 4.46.1, LB&I Examination Process, General Information and Definitions.

MATERIAL CHANGES

- (1) IRM 4.46.1.1.3.1(3)(q): Edited to conform to new regulations under IRC 6751.
- (2) This IRM has been updated to comply with January 2025 Executive Orders and OPM guidance.
- (3) Editorial changes were made throughout this IRM for plain language, spelling, grammar, punctuation, links, formatting, titles, and citations.

EFFECT ON OTHER DOCUMENTS

IRM 4.46.1, dated August 1, 2024 is superseded.

AUDIENCE

All LB&I personnel

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4.46.1

General Information and Definitions

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4.46.1.1
(08-01-2024)
Program Scope and Objectives

- (1) **Purpose:** This IRM section defines the overall LB&I Examination Process (LEP), including roles and responsibilities, collaboration and communication, and the definitions of terms related to the LEP.
- (2) **Audience:** All LB&I personnel
- (3) **Policy Owner:** Assistant Deputy Commissioner Compliance Integration (ADCCI)
- (4) **Program Owner:** The LB&I Policy Office within ADCCI.
- (5) **Primary Stakeholders:** LB&I executives, senior managers, front-line managers, examiners, program analysts and paraprofessional staff.
- (6) **Contact Information:** To recommend changes or to make any other suggestions to this IRM section, contact the IRM author or see SPDER's IMD Contacts list by referencing guidelines provided in IRM 1.11.6.5 , Providing Feedback About an IRM Section - Outside of Clearance. A request or inquiry can also be made at *LB&I Policy Gateway*.

4.46.1.1.1
(09-23-2021)
Background

- (1) The LEP was implemented in 2016 with significant updates made in 2018. Pub 5125, Large Business & International Examination Process describes the LEP process. Minor changes were included in the current update.

4.46.1.1.2
(12-13-2018)
Authority

- (1) By law, the IRS has the authority to conduct examinations under Title 26, Internal Revenue Code, Subtitle F – Procedure and Administration, Chapter 78, Discovery of Liability and Enforcement of Title, Subchapter A, Examination and Inspection, which includes, but is not limited to:
 - IRC 7602, Examination of books and witnesses
 - IRC 7605, Time and place of examination

Note: Additional information related to conducting examinations is contained in 26 CFR 601.105, Statement of Procedural Rules.

4.46.1.1.3
(08-01-2024)
Roles and Responsibilities

- (1) LB&I strives to encourage voluntary compliance, promote greater efficiency in resource utilization and optimize examination time span. The issue-based examination process is intended to facilitate execution and decision making in a collaborative process where all parties work together to resolve issues at the earliest appropriate point in an examination. All of the practice areas of LB&I share an equal responsibility in conducting a thorough examination.
- (2) Once the issues have been identified for examination, each issue will have a designated issue manager. The size of the issue team can vary depending on the complexity of an issue. At a minimum, the issue team is comprised of an examiner and a case manager. The case manager, when designated as the issue manager, works collaboratively with the taxpayer or their representative. For a complex issue, several team members having different managers may be assigned to the issue team. For each issue, one manager will be designated as the issue manager to facilitate the planning, execution, and resolution of the issue.
- (3) All IRS personnel have the responsibility to ensure that all taxpayer rights are protected and observed. See IRM 4.10.1.2, Taxpayer Rights, and Pub 1, Your Rights as a Taxpayer.

4.46.1.1.3.1
(08-14-2025)

Case Manager Roles and Responsibilities

- (1) The case manager is the manager of the team who is assigned the AIMS controls of the open examination. The case manager maintains the responsibility for the overall management of the case and must collaborate with issue managers.

Note: AIMS is defined in IRM 4.46.1.1.5, Program Controls, below.

- (2) The case manager may also serve as the issue manager for all or some of the issues on the case. For issue-specific duties when the case manager also serves as the issue manager, refer to IRM 4.46.1.1.3.2, Issue Manager Roles and Responsibilities.

- (3) The following duties are specific to the case manager:

- a. Oversee initial risk analysis to determine potential issues.
- b. Prepare initial risk assessment using Manager Initial Risk Assessment (MIRA).
- c. Communicate with specialist manager/designee to complete the Specialist Initial Risk Assessment (SIRA).
- d. Collaborate with specialist manager(s) to determine if the case will be assigned.
- e. Facilitate the selection of issue manager(s).
- f. Protect statutes of limitations, in collaboration with issue manager(s).
- g. Collaborate with peer managers to determine the appropriate staffing of the case.
- h. Ensure potential conflicts of interest including financial disclosures are timely addressed and properly documented before starting the examination using Form 6782, Certification of an Interest in a Work Assignment, if applicable. Also see IRM 4.46.3.4.3, Financial Interests or Other Conflicts of Interest and Disclosure.
- i. Collaborate with and support the issue managers and, if conflicts arise, elevate to the appropriate chains of command.
- j. Monitor employee and case manager case assignments to ensure that proper examination rotation is followed in compliance with Policy Statement 4-5, Restriction on Examiners' and Specialists' Consecutive Survey or Examination Responsibilities.
- k. Ensure taxpayer contacts are duly authorized, such as, corporate officers or delegates who can provide information and enter into agreements regarding the examination.
- l. Set the overall case timeline and estimated completion date (ECD) based on the issue timeline(s), in collaboration with the issue manager(s).
- m. Ensure proper approvals are completed for examination plan/agreements.
- n. Ensure appropriate opening conference and issue meetings are held.
- o. Ensure that the claims process is consistently applied. See IRM 4.46.3.7, LB&I Claims Process.
- p. Ensure that ERCS, IDRS, and IMS are timely updated and accurate.

Note: ERCS, IDRS and IMS are defined in IRM 4.46.1.1.5, Program Controls, below.

- q. Monitor the overall case progress and support the issue manager with information document request (IDR) enforcement and Form 5701/886-A procedures, including penalty consideration. If the case manager is also the immediate supervisor of the employee asserting the penalty, approve assertion of the penalty, in writing. If the case manager is not the immediate supervisor of the employee asserting the penalty, the case

manager is designated as a “higher-level official” who may approve the initial determination of penalties for purposes of satisfying IRC 6751(b). Refer to IRM 4.46.4.12.2, Managerial Involvement, and IRM 20.1.1.2.3, Approval Prerequisite to Penalty Assessments.

- r. Support the issue manager(s) in pursuing issue resolution at the earliest appropriate point using the tools available to resolve tax controversies.
- s. Participate in the ongoing risk analysis performed by issue managers and coordinate collaboration of a mid-cycle review as necessary.
- t. Coordinate and encourage consideration of issue exit strategies.
- u. Modify the case timeline and extend the ECD and statutes of limitation when warranted, in collaboration with the issue manager(s) and taxpayer.
- v. Follow the acknowledgment of facts (AOF) process and lead discussions when appropriate.
- w. Ensure timely issuance of the revenue agent’s report (RAR) (after review and approval) and if warranted, a 30-day letter.
- x. Collaborate with issue manager(s) to ensure the rebuttal appropriately addresses the taxpayer’s protest in a timely manner.
- y. Ensure workpapers include all required comments and documentation of managerial involvement.
- z. Ensure all required case documents and workpapers are uploaded in IMS for paperless case closing per IRM 4.46.5.11.2.2, General Information for all Paperless Case Closures. Verify uploaded documents are in a format that can be opened, named correctly (per IRM 4.46.6.2(3)) and in the appropriate IMS SAIN.

Note: See IRM 4.46.5.11.2.3(2) for an exception for Global High Wealth cases.

- aa. Coordinate all meetings with Appeals.
- ab. Sign the closing letter before the case is closed from the team. Letters issued at the team level can be signed digitally following the procedures in IRM 4.10.1.4.4, Digital Signatures.
- ac. Coordinate a post-audit critique when warranted.

4.46.1.1.3.2
(08-01-2024)
**Issue Manager Roles
and Responsibilities**

- (1) The issue manager is primarily responsible for planning, executing and resolving assigned issues. During all phases of the examination, the issue manager and case manager will collaborate on behalf of the government’s position. The designated issue manager should be determined during planning discussions based on the specific tax issue and the experience and availability of the managers.
- (2) The following duties are specific to the issue manager:
 - a. Coordinate the formation of the issue team by bringing together the appropriate resources to examine the issue.
 - b. Protect statutes of limitations in collaboration with case and other issue manager(s).
 - c. Promote communication, collaboration and cooperation among LB&I issue team members and with the taxpayer.
 - d. Ensure potential conflicts of interest, including financial disclosures, are timely addressed and properly documented.
 - e. Monitor employee and issue manager case assignments to ensure that proper examination rotation is followed in compliance with Policy Statement 4-5, Restrictions on Examiners’ and Specialists’ Consecutive Survey or Examination Responsibilities.

- f. Ensure IMS is timely updated and accurate.
- g. Ensure workpapers include all required comments and documentation of managerial involvement.
- h. Ensure all required case documents and workpapers are uploaded in IMS for paperless case closing per IRM 4.46.5.11.2.2, General Information for all Paperless Case Closures. Verify uploaded documents are in a format that is able to be opened, named correctly (per IRM 4.46.6.2(3), Workpaper Organization and Considerations) and in the appropriate IMS SAIN.

Note: See IRM 4.46.5.11.2.3(2) for an exception for Global High Wealth cases.

- i. Ensure that the issue is risked appropriately including a review of the information contained in the Case-Built File (CBF), and that the audit steps are efficient before approving the issue risk analysis.
- j. Participate in the ongoing risk analysis and participate in a mid-cycle review as necessary.
- k. Determine the issue timeline and if the case has multiple issues, coordinate the issue timeline with the case manager for its overall impact to the case ECD.
- l. Ensure the claims process is consistently applied.
- m. Coordinate with division counsel, subject matter experts, competent authority and/or Appeals when appropriate to support development of the issue.
- n. Conduct ongoing risk analysis throughout the examination.
- o. Ensure issue team members adhere to the issue timeline and milestone dates.
- p. Update the case manager and ensure changes that may impact the overall case are timely shared and addressed.
- q. If issue team resources change, timely replace them or modify the issue scope to ensure every effort is made to achieve the timeline.
- r. If an issue timeline extension is warranted and the proposed ECD extension is beyond the current statute, the issue manager will collaborate with the taxpayer and the case manager to secure appropriate extensions.
- s. Ensure the IDR enforcement process is followed and lead issue discussions when appropriate.
- t. Promote interactive discussions to obtain and document the facts provided on the issue.
- u. Facilitate discussions with the taxpayer prior to issuing any Form 5701/886-A.
- v. Follow the acknowledgment of facts (AOF) process and lead discussions when appropriate.
- w. Facilitate issue resolution discussions at the earliest appropriate point, determine the strengths and weaknesses of each party's tax positions, and consider the tools available to engage in an issue resolution discussion.
- x. Discuss, review and ensure documentation is included in the workpapers of the case file or in IMS when penalties are considered, approved or not recommended. If the issue manager is also the immediate supervisor of the employee asserting penalty, approve assertion of penalty, in writing, before the taxpayer is first notified of assertion. Refer to IRM 4.46.4.12.2, Managerial Involvement, and IRM 20.1.1.2.3, Approval Prerequisites to Penalty Assessments.

- y. Review and ensure the appropriate approvals are secured for Form 5701/886-A in a timely manner.
- z. Consider appropriate issue exit strategies.
- aa. If a post-audit critique is held, participate in and provide feedback on improvement opportunities.
- ab. Review the rebuttal timely and ensure it appropriately addresses the taxpayer's protest.
- ac. Lead issue meeting(s) held with Appeals for their assigned issues.

4.46.1.1.3.3
(08-01-2024)

**Managers of Team
Members Who Are Not
Designated as the Case
Manager or Issue
Manager**

- (1) Managers who are not designated as the case manager or issue manager may include managers of:

- a. Engineers
- b. Computer audit specialists (CAS)
- c. Financial products (FP) specialists
- d. Economists (Treaty and Transfer Pricing Operations)
- e. International specialists (Cross-Border Activities)
- f. International specialists (Treaty and Transfer Pricing Operations, including economists)
- g. Foreign Payments Practice (FPP) specialists
- h. Employment tax specialist

or any other manager whose responsibility is to manage a team member assigned to a case. These team manager(s) are accountable for delivery of a timely and professional work product on all issues that use the expertise of their respective team member(s).

- (2) The non-designated manager will ensure case documents and workpapers for their employees are uploaded in IMS for paperless case closing per IRM 4.46.5.11.2.2, General Information for all Paperless Case Closures, and are in a format that is able to be opened, named correctly (per IRM 4.46.6.2(3)) and in the appropriate IMS SAIN.

Note: See IRM 4.46.5.11.2.3(2) for an exception for Global High Wealth cases.

- (3) The managers of any person assigned to an issue team should collaborate on the selection of (and the replacement of, if necessary) the designated issue manager.
- (4) Before starting the examination, the non-designated manager will ensure potential conflicts of interest including financial disclosures are timely addressed and properly documented, and then notify the case manager if a staffing change is warranted.
- (5) They will monitor employee and non-designated manager case assignments to ensure that proper examination rotation is followed in compliance with Policy Statement 4-5, Restrictions on Examiners' and Specialists' Consecutive Survey or Examination Responsibilities.
- (6) They will assist and support the issue manager to ensure their team member is timely participating in the issue team risk analysis, determination of audit procedures and the development of the issue.
- (7) If the non-designated manager is the immediate supervisor of the employee asserting penalty, they will approve assertion of penalty, in writing, before the

taxpayer is first notified of assertion. Refer to IRM 4.46.4.12.2, Managerial Involvement and IRM 20.1.1.2.3, Approval Prerequisites to Penalty Assessments.

- (8) They will keep issue manager(s) informed of any event involving their examiner(s) that would impact the issue timeline(s).

4.46.1.1.3.4
(08-01-2024)

Team Coordinator Roles and Responsibilities

- (1) The team coordinator (TC) is the examiner who has been assigned the AIMS controls for the case.

Note: AIMS is defined in IRM 4.46.1.1.5, Program Controls, below)

- (2) The TC may also serve as the issue team member for all or some of the issues on the case. For issue-specific duties when the TC also serves as the issue team member, refer to IRM 4.46.1.1.3.5, Issue Team Member Roles and Responsibilities.

- (3) In addition to examining issues, TCs have the following responsibilities:

- a. Ensure that ERCS, IDRS and IMS are timely updated and accurate.
- b. Ensure all required case documents and workpapers are uploaded in IMS for paperless case closing per IRM 4.46.5.11.2.2, General Information for all Paperless Case Closures. Verify uploaded documents are in a format that can be opened, named correctly (per IRM 4.46.6.2(3)) and in the appropriate IMS SAIN.

Note: See IRM 4.46.5.11.2.3(2) for an exception for Global High Wealth cases.

- c. Protect statutes of limitations.
- d. Monitor the case for Pass-through Control System (PCS) linkages.
- e. Serve as the primary point of contact unless otherwise documented in the examination plan.
- f. Facilitate the formation of issue teams including completing the Collaboration Assessment Matrix (CAM), and making SRS referrals.
- g. Set the ECD in collaboration with the issue teams based on the issue timeline(s).
- h. Schedule and plan recurring meetings between the examination team and the taxpayer to foster an environment of open communication.
- i. Participate in issue team meetings.
- j. Prepare and distribute minutes/memos detailing significant meetings, etc., during the examination.
- k. Document personal conflicts of interest including financial disclosure when appropriate per LB&I policy.
- l. Ensure workpapers include all required comments and documentation of managerial involvement. See IRM 4.46.6, Workpapers and Reports Resources.
- m. Coordinate the preparation and approval of the examination plan and risk analysis.
- n. Participate in the ongoing risk analysis and coordinate a mid-cycle review as necessary.
- o. Share and discuss the examination plan and risk analysis with the taxpayer and ensure the taxpayer acknowledges receipt.
- p. Participate in the planning, development and resolution of the tax issues they are assigned.
- q. Plan, develop and lead in issue presentation to the taxpayer for their assigned issues.

- r. Participate in presentations made by the taxpayer for their assigned issues.
- s. Prepare workpapers and written records to show the audit trail and to provide support for the conclusions reached. See IRM 4.46.6.
- t. Ensure that the IDR enforcement process is followed by all issue teams.
- u. Maintain and monitor an accurate IDR log to coordinate the prioritization of IDRs and to avoid duplication.
- v. Ensure that the AOF process is followed for potentially unagreed issues.
- w. In collaboration with the issue team(s) and the taxpayer, modify the case timeline and extend the ECD and statutes of limitations when warranted.
- x. Collaborate with issue team(s) on proposed adjustments (Form 5701/886-A) to ensure the appropriate review occurs and coordinate discussions with the taxpayer.
- y. Consider applicable penalties for examination issue(s).
- z. Timely issue the RAR and, if warranted, a 30-day letter.
- aa. Support the issue team(s) in preparing a timely rebuttal to the taxpayer's protest and ensure a copy is provided to the taxpayer.
- ab. Coordinate with issues team(s) when preparing the Form 4665, Report Transmittal, to Appeals.
- ac. Conduct a post-audit critique when warranted.
- ad. Coordinate and support issue exit strategies.
- ae. Participate in all meetings with Appeals that relate to issue(s) assigned.
- af. Perform other duties as assigned by the case manager.

4.46.1.1.3.5
(08-01-2024)
**Issue Team Member
Roles and
Responsibilities**

- (1) All issue team members are responsible for working collaboratively with the issue manager and other issue team members. They have the following responsibilities:
- a. Collaborate with the TC to prepare the Collaboration Assessment Matrix (CAM).
 - b. Complete the issue risk analysis.
 - c. Complete the issue timeline and if the case has multiple issues, coordinate the issue timeline with the issue manager for its overall impact to the case ECD.
 - d. Assist in completing the examination plan.
 - e. Prepare audit steps to examine assigned issue(s).
 - f. Complete workpapers timely.
 - g. Ensure IMS is updated timely with accurate IMS information.
 - h. Ensure all required case documents and workpapers for issues assigned are uploaded in IMS for paperless case closing per IRM 4.46.5.11.2.2, General Information for all Paperless Case Closures. Verify uploaded documents are in a format that can be opened, named correctly (per IRM 4.46.6.2(3)) and in the appropriate IMS SAIN.
 - i. Assist in monitoring and protecting statutes of limitations.
 - j. Coordinate the scheduling of issue team meetings.
 - k. Document personal conflicts of interest including financial disclosures when appropriate per LB&I policy.
 - l. Participate in the planning, development and resolution of the tax issue(s) they are assigned.
 - m. Plan, develop and lead in issue presentations to the taxpayer for their assigned issues.
 - n. Participate in presentations made by the taxpayer for their assigned issues.
 - o. Participate on issue team(s).
 - p. Follow the IDR enforcement process.

- q. Discuss information needed with all issue team members to ensure the information has not already been secured.
- r. Maintain and monitor accurate issue IDR and 5701 logs.
- s. Ensure that the AOF process is followed for potentially unagreed issues.
- t. If an issue timeline extension is warranted and the proposed ECD extension is beyond the current statute, the issue team member will collaborate with the taxpayer and the issue team(s) to secure appropriate extensions.
- u. Collaborate with issue team(s) on proposed adjustments (Forms 5701/886-A) to ensure the appropriate review occurs and coordinate discussions with the taxpayer.
- v. Consider applicable penalties for examination issue(s).
- w. Prepare a timely rebuttal to the taxpayer's protest and ensure a copy is provided to the taxpayer.
- x. Coordinate with the TC and other issue team(s) when preparing the Form 4665, Report Transmittal, to Appeals.
- y. Coordinate and support issue exit strategies.
- z. Participate in all meetings with Appeals that relate to the issue(s) they are assigned.
- aa. Maintain contemporaneous and accurate activity records.
- ab. Perform other duties as assigned by the issue manager.

4.46.1.1.4
(08-01-2024)

**Program Management
and Review**

- (1) **Program Goal:** The goal of the LEP examination is to provide an organizational approach for conducting professional examinations from the first contact with the taxpayer through the final stages of issue resolution.
- (2) Cases and issues are reviewed by team coordinators, issue managers, case managers, territory managers and Quality Review and Analysis teams which report quarterly up to senior management and provide feedback to examination teams.
- (3) Oversight organizations include the General Accounting Office (GAO), the Treasury Inspector General for Tax Administration (TIGTA), IRS Oversight Board and congressional oversight committees.

4.46.1.1.5
(08-01-2024)

Program Controls

- (1) The Audit Information Management System (AIMS) is the official system for monitoring inventory and activity controls of examination cases. It uses linkage to Integrated Data Retrieval System (IDRS) to input status changes, adjustments and case closing actions.
- (2) The Examination Returns Control System (ERCS) is used to request, update and close returns under examination. ERCS is also used to record technical time spent on cases and monitor statute expiration dates.
- (3) The Issue Management System (IMS) is used for centralized data storage.

4.46.1.1.6
(08-01-2024)

Terms and Acronyms

- (1) See Exhibit 4.46.1-1, Glossary of LB&I Terms.
- (2) See Exhibit 4.46.1-3, Table of Acronyms.

4.46.1.1.7
(08-01-2024)

Related Resources

- (1) Each of the sections in IRM Chapter 46 is briefly described below.

- a. **IRM 4.46.3, Planning the Examination** - This section sets out the LB&I Examination Process. It emphasizes the use of issue-based examination planning principles. It covers the importance of collaboration within the examination team as well as with the taxpayer during various planning meetings (Internal, Opening and Issue Discussion). It also expands on expectations of the taxpayer regarding the filing of claims.
- b. **IRM 4.46.4, Executing the Examination** – This section covers examination techniques in detail. Procedures described include: requesting information to perform the examination using the IDR Enforcement Process, securing an AOF, considering penalties and issuing a Notice of Proposed Adjustment (NOPA).
- c. **IRM 4.46.5, Resolving the Examination** – This section covers the development of issues through their resolution and consideration of exit strategies. In addition, this section describes the various issue resolution tools available to assist in resolving issues at the lowest level.
- d. **IRM 4.46.6, Workpapers and Reports Resources** – This section sets out the various procedures for preparation of workpapers and reports.
- e. **IRM 4.46.10, Outside Expert Program** – This section describes and provides procedures for the Outside Expert Program.

- (2) The LB&I intranet site *LB&I Source* and *Exam Procedures Knowledge Base* in the Virtual Library are resources for learning more about the concepts and procedures in this section. Type key words in the search box on the LB&I home page or virtual library for more information about a specific item.

4.46.1.2
(08-01-2024)
Overview of the LB&I Examination Process

- (1) The LB&I Examination Process provides a collaborative approach for conducting professional examinations in accordance with issue-based principles and mutual cooperation. LB&I takes a strategic approach to effective tax administration.
- (2) The LB&I Examination Process will be discussed at the opening conference so that both the taxpayer and LB&I have a clear understanding of the process and expectations. The examination can be efficient if the examination team and the taxpayer work together in a spirit of cooperation, responsiveness, and transparency. There is a greater likelihood that the taxpayer and LB&I will benefit in terms of resource utilization and tax certainty when the parties have open and meaningful discussions of the issues throughout the examination process.

4.46.1.2.1
(12-13-2018)
Issue-Based Principles

- (1) The issue-based principles require LB&I to focus on issues with material risk and broadest compliance impact throughout the examination process. Using an issue-driven risk analysis, issue teams, issue discussion meetings and issue timelines will enable LB&I and the taxpayer to accomplish a more efficient examination. By working the issues selected for examination collaboratively, the examination team can more accurately estimate the case completion date based on the issue timeline that is expected to take the longest to complete. For campaign cases refer to IRM 4.50.1, LB&I Compliance Integration, Campaign Development Process.

4.46.1.2.1.1
(08-01-2024)

Issue-Driven Risk Analysis

- (1) Risk analysis is an on-going process that managers, examiners and the taxpayer engage in from the earliest stage of the examination through the resolution phase. This process should be conducted collaboratively by the examination team with the initial risk being identified in the planning phase. Once the examination team determines the issues to be examined, the team will share the issues identified with the taxpayer. To leverage and effectively apply resources, a risk analysis should be issue driven with consideration given to available resources, materiality, timing and other factors that will impact voluntary compliance. As the examination progresses and issues are developed, the risk analysis should be reviewed and updated accordingly. In addition, the taxpayer should be timely advised of any changes. See IRM 4.46.3.3, Risk Analysis Process.

4.46.1.2.1.2
(03-09-2016)

Issue Teams

- (1) An issue team is comprised of IRS personnel who are responsible for the successful development and management of each issue selected for examination. Issue teams can range from a revenue agent and their case manager to multiple revenue agents, specialists, and managers depending upon the complexity of an issue. The issue team will work collaboratively with taxpayer personnel who have knowledge of the issue and can assist in determining the information available and most efficient audit steps to develop the issue.
- (2) Issue teams should improve the use of LB&I resources through knowledge sharing, transfer of skills, coordinated document requests, issue continuity, and more efficient development of facts.

4.46.1.2.1.3
(03-09-2016)

Issue Discussions

- (1) Issue discussions are conducted with the taxpayer to seek taxpayer input and suggestions, so that all examiners assigned to that issue team can collaborate to risk assess issues and determine effective and efficient audit procedures for issues selected for examination. Large or complex issues may require multiple issue discussions to achieve the desired objectives. A successful issue discussion occurs when both sides are transparent and collaborate to leverage resources, establish examination procedures and develop a timeline specific to each issue.

4.46.1.2.1.4
(03-09-2016)

Issue Timelines

- (1) The issues selected for examination drive the scope, depth and length of the audit. It is important for the issue team to leverage their knowledge and experience of the issues in collaboration with the taxpayer to establish issue timelines. The issue that is expected to take the longest to develop will determine the ECD for the case. Each issue team reviews the issue's audit steps and resources needed to determine important milestone dates such as: issue discussions, completion of examination procedures, issuance of Forms 5701/886-A, and other issue-related activities to determine the expected issue completion date. Once issue timelines have been estimated by the issue team(s), the overall case timeline and the case ECD can be established. One issue timeline may be used for multiple issues, while a complex issue may require a separate timeline.
- (2) To avoid delays during the audit, the examination team will share, solicit and consider input from the taxpayer when planning the timelines for audit issues to consider availability of taxpayer resources.

- (3) The principles of collaboration will be timely considered to ensure concerns will not cause delays that impact the case timeline. Concerns that cannot be resolved at the issue/case manager and taxpayer audit manager level should be elevated timely.

4.46.1.2.2
(12-13-2018)
Mutual Cooperation and Benefits

- (1) Mutual Cooperation - The examination should be conducted in the spirit of mutual cooperation. Both LB&I and the taxpayer benefit if each works toward a candid and professional relationship. This can be achieved when:
 - a. Each party understands, at the beginning of the process, each other's priorities, resources, and available time frames.
 - b. Both parties make a clear commitment as to the resources they will be providing throughout the examination process.
 - c. Steps are taken to mutually apply resources to ensure minimum down time for both the taxpayer and the examination team.
 - d. Both parties have responsibilities for how the audit is planned and executed.
 - e. Both parties assign personnel with the most relevant knowledge to work together to develop an efficient issue focused examination.
- (2) Open and Candid Communication - Interaction with the taxpayer will be conducted to foster open and candid communication between the parties. This is achieved when both parties understand that the examination is to be conducted in an efficient manner that will minimize the impact on both parties' resources. Committing the necessary resources and working together will expedite the examination. Communications throughout the entire examination should include:
 - a. Candid discussion about new issues, affirmative issues submitted by the taxpayer, and claims for refund that allow for the allocation of resources needed to establish an effective timeline.
 - b. Assignment of personnel to the issue team that have knowledge about the issue.
- (3) Understanding of Processes and Procedures - The taxpayer and LB&I should agree to develop an understanding of each other's processes and procedures early in the planning process. This will include a study of the taxpayer's accounting system including tax accounting organization chart, commercial framework, tax return preparation methodology, industry practices, language and terminology, and LB&I examination procedures.

4.46.1.3
(09-23-2021)
Principles of Collaboration

- (1) Issue or case interactions can be initiated by taxpayers, examiners or LB&I leadership for a variety of reasons. In the issue-based approach, the issue team may request LB&I leadership to address a specific need or concern. In other instances, LB&I leadership may proactively become involved in an issue with a strategic opportunity that broadly impacts tax compliance. Taxpayers may also request LB&I leadership involvement during an examination. Under the Taxpayer Bill of Rights (TBOR), taxpayers have a right to quality service, and the right to speak to a manager about inadequate service. Typical interactions by the taxpayer start with the issue manager or case manager before elevating to senior managers and executives. Regardless of how interactions are initiated, it is essential that all parties involved interact in a collaborative manner and timely elevate concerns.

Note: The TBOR lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see *Taxpayer Bill of Rights* on IRS.gov.

- (2) To facilitate success, the principles of collaboration are designed to:
 - a. Clarify individual roles, responsibilities and lines of authority to help ensure end-to-end accountability, and provide clear procedural guidance for elevating concerns.
 - b. Facilitate getting to the right answer for a specific issue or case.
 - c. Encourage engagement with subject matter experts in practice area(s) and division counsel.
 - d. Promote consistent tax treatment between similarly situated taxpayers, issues or cases.
 - e. Reinforce the importance of transparency.
- (3) Taxpayers should timely provide the facts for issues that have been identified. LB&I must be transparent regarding issues and positions that are being considered. All parties must be objective when considering the facts and legal positions and should timely resolve issues using the appropriate dispute resolution tools.
- (4) Case and/or issue team manager(s) may identify a need for senior manager or executive involvement in an examination. Typical needs identified may include:
 - a. Questions regarding availability of team resources
 - b. Concerns or disputes at the issue team level
 - c. Appropriate points during IDR enforcement process (IRM 4.46.4.7.3)
 - d. High level discussions with taxpayers not adhering to the claims expectations
 - e. Appropriate points during the NOPA process (IRM 4.46.4.13)
 - f. Disputes when dealing with taxpayers
 - g. Taxpayer requests for senior leader or executive interactions
 - h. Potential compliance impact or visibility of an issue
 - i. Strategic input or assistance to ensure consistent treatment of an issue
 - j. Adding approved campaign issues to non-campaign cases
 - k. Any other needs
- (5) Senior managers or executives may determine a reason to initiate involvement in an examination. Typical reasons include:
 - a. Taxpayer requests
 - b. Trade association or industry group requests
 - c. Increase understanding of a specific issue/case
 - d. Ensure consistent taxpayer treatment
 - e. Discuss a strategic initiative or issue that has impact to the taxpayer
 - f. Operational or peer reviews
 - g. Any other reasons

4.46.1.3.1
(12-13-2018)
**General Principles of
Collaboration and
Communication**

- (1) All areas within LB&I share the same primary goal of ensuring that the government's issues are well-developed and technically sound. Achieving this shared goal can only happen through effective **collaboration** among everyone involved.
- (2) **Communication** within the IRS must be based on the concept of "one IRS".
- (3) Examination teams and taxpayers must communicate openly.
- (4) One point of contact may be established during the communication discussion in the planning stage. The primary point of contact for LB&I is the TC, unless otherwise documented in the examination plan. Publication 5125 asks taxpayers to identify personnel for each issue with the most relevant knowledge and authority to represent the taxpayer unless otherwise documented in the examination plan.

4.46.1.3.1.1
(12-13-2018)
**Requests to Field
Employees for
Work/Case-Related
Information**

- (1) For requests from external stakeholders, such as congressional staff and members of the media, to an LB&I employee asking for work-related information, the following procedures and steps should be taken:
 - a. The employee will notify his or her manager of the request before responding.
 - b. The manager will forward the request to the practice area director.
 - c. The practice area director should coordinate the response with LB&I Headquarters.
 - d. Requests from congressional staff or the media should be coordinated with LB&I Communications and Liaison.
- (2) For requests from other IRS employees asking for work/case related information, the following procedures and steps should be taken:
 - a. If LB&I employees receive a request from another IRS employee, they should take actions to verify the identity of the employee making the request, the reason for the request, and the need to know.
 - b. If employees are unable to verify the requesting employee's identity, a valid reason for request, and need to know, they will document the steps they have taken to verify.
 - c. In every instance, LB&I employees must secure management approval before disclosing any information.
- (3) The employee should contact the Office of Chief Counsel for assistance involving highly sensitive issues to avoid any unauthorized disclosures.

4.46.1.3.2
(12-13-2018)
**Establishing
Issue-Driven Timelines**

- (1) The initial ECD, which is used for IMS purposes upon opening a case, will be a placeholder. The placeholder ECD should be updated before the completion of the planning phase. The actual ECD will be set once the issues have been identified through the risk analysis. The issue audit steps and issue timelines will drive the overall case timeline.
- (2) Meaningful discussion of the most complex issues early in the planning phase will assist the team in setting an issue-based ECD since these generally take longer to develop.
- (3) All managers need to be fully engaged in the issue-based processes and must collaborate with each other.

- (4) If the designated issue manager is not the same as the case manager, the issue manager will keep the case manager apprised of the status of the issue. If the issue team staffing changes, the issue manager is responsible for securing replacement staffing or re-risking the issue considering available resources.
- (5) If the issue manager determines the need to request an ECD extension, they will collaborate with the case manager and secure the necessary approvals.

4.46.1.3.3
(12-13-2018)
**Elevating Issue
Concerns**

- (1) Case decisions will be driven by the issues involved and the availability of resources to work the issues. When there are disagreements within the examination team that cannot be resolved between the team and managers, the matter will be elevated to the next level of management. Disputes within LB&I will always be addressed internally and resolved outside the scope of taxpayer discussions.
- (2) The case and issue managers will collaborate on establishing the issues that will drive the overall case timeline. In the planning stage, disputes regarding initial timelines for issues should be elevated to the next level of management.
- (3) On-going risk review will be performed by the issue manager(s) who will collaborate with the case manager and ensure that the initial and mid-cycle risk analyses are reviewed and approved by all the appropriate manager(s).
- (4) Throughout the issue development, if disagreements occur within the issue team(s) that cannot be resolved between the case and issue managers, the matter will be elevated to the next level of management.
- (5) The responsibility for the resolution of an issue resides with the manager designated as the issue manager.

4.46.1.4
(03-09-2016)
Glossary of LB&I Terms

- (1) Exhibit 4.46.1-1, Glossary of LB&I Terms, lists many terms used in the following sections. The list is not all inclusive, but should be useful to new LB&I team members.

4.46.1.5
(03-09-2016)
Index of Forms

- (1) Exhibit 4.46.1-2, Index of Forms, describes the forms most frequently used by team managers and examination teams. This exhibit also lists the location in the IRM where the use of the form is described.

Exhibit 4.46.1-1 (08-14-2025)**Glossary of LB&I Terms**

The following table contains terms and definitions commonly used in LB&I.

Note: Many of these terms have LB&I intranet websites associated with them. Type the term in the search box on the LB&I home page for more information on the specific term.

Term	Definition
Accelerated Issue Resolution (AIR)	Accelerated Issue Resolution is an examination process to apply the resolution of the same or similar issues arising for an examination of an LB&I taxpayer from one or more tax periods to other tax periods. See Rev. Proc. 94-67 for more information.
Acknowledgment of Facts (AOF) IDR	A pro-forma information document request (IDR) that transmits a draft Form 886-A, Explanation of Items, that contains all relevant facts, a statement detailing the issue, law applied, LB&I's position, and potential adjustment.
Acknowledgment of Facts (AOF) Process	For potentially unagreed issues, the process of issuing a draft Form 886-A to a taxpayer to solicit their acknowledgment of the relevant facts prior to issuing a Form 5701, Notice of Proposed Adjustment (NOPA), including a final Form 886-A.
Administrative File	A file containing the tax returns, Revenue Agent's Report (RAR), protest, rebuttal, workpapers and other information for each LB&I taxpayer.
Advance Pricing Agreement (APA)	An Advance Pricing Agreement is designed to resolve actual or potential transfer pricing disputes in a principled, cooperative manner, as an alternative to the traditional examination process. It is a process that provides for the determination of the proper treatment of transfer pricing issues prior to the filing of tax returns. See Rev. Proc. 2015-41 .
Advance Pricing and Mutual Agreement (APMA)	The Advance Pricing and Mutual Agreement program is part of the Treaty and Transfer Pricing Operations (TTPO) Practice Area. The APMA program encompasses the administration of the voluntary Advance Pricing Agreement (APA) program and has primary responsibility for U.S. Competent Authority (USCA) cases for transfer pricing and for mutual agreements relating to allocations of income, expenses and/or credits and the attribution of profits to permanent establishments under the tax treaties of the United States. The APMA Director oversees both of these programs. APMA staff act for the USCA in all tax treaty mutual agreement proceedings addressing relief from economic double taxation arising from an adjustment made under the Internal Revenue Code.
Alternative Issue Resolution Strategies (aka Issue Resolution Tools)	LB&I has introduced a number of these strategies since 2000 that reduce taxpayer burden and improve pre-filing and post-filing processes. These strategies include: Fast Track Settlement (FTS), Early Referral to Appeals (ERA), Rapid Appeals Process (RAP), Delegation Orders (DO) 4-24 and 4-25, Pre-filing Agreements (PFA) and Advanced Pricing Agreements (APA). See IRM 4.46.5.4 , Issue Resolution Tools.
Assistant Deputy Commissioner Compliance Integration (ADCCI)	The Assistant Deputy Commissioner for Compliance Integration reports directly to the LB&I Deputy Commissioner and is responsible for all ADCCI operations. ADCCI operations include Strategy, Policy and Governance; Data Solutions and Compliance, Planning and Analytics.

Exhibit 4.46.1-1 (Cont. 1) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Associate Chief Counsel International (ACCI)	Associate Chief Counsel International provides ongoing policy and interpretative guidance in U.S. international taxation.
Associate Office Counsel	Associate Office Counsel in Washington, DC issue technical guidance such as Revenue Rulings, Technical Advice Memorandums (TAMs) and Chief Counsel Advice (CCA).
Audit Information Management System (AIMS)	The Audit Information Management System is a computer system used by Appeals, Examination, and TE/GE to control returns, to input assessment/adjustments into the Master File and to provide management reports. IRM 4.4 covers Examination's use of AIMS and describes the data elements for AIMS.
Audit Standards	Audit standards are work standards and measurements that have been developed to ensure the examination team produces a quality product. These standards are intended to improve the examination process, but do not measure individual performance. Audit standards are used by the Quality Review and Analysis team to analyze trends in quality of examinations and identify training needs.
Audit Techniques Guides (ATG)	Audit Techniques Guides are documents prepared by issue owners that identify steps required to examine specific issues or industries. These guides contain examination techniques, common and unique industry issues, business practices, industry terminology and other information to assist revenue agents in performing examinations. These guides are available at: <i>Audit Techniques Guides (ATGs)</i> on IRS.gov.
Balanced Measures	Balanced measures is the method used to measure performance at all levels of the organization. The three components of balanced measures are (1) customer satisfaction (2) employee satisfaction and (3) business results. Each component is equally important in carrying out the IRS's programs and functions. Each component must be considered when dealing with any activity that includes balanced measures, such as setting targets, assessing progress and evaluating results.
Bankruptcy Coordinator	An LB&I analyst who provides support to teams auditing taxpayers with bankruptcy features. The Corporate Income and Losses practice area has information on bankruptcy issues. Bankruptcy procedures are also found in IRM 4.19.13.22.
Bloomberg BNA Corporate Tax Analyzer (CTA)	A commercial software product licensed by LB&I for preparation of revenue agent reports for C corporation (Form 1120) returns.
BRTVU	One of several IDRS command codes available in Corporate Files On-Line (CFOL) used to generate a business return transcript that shows all transcribed lines as reflected on the original return. It includes information from duplicate and amended returns.

Exhibit 4.46.1-1 (Cont. 2) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Business Results	Business Results is one of the three balanced measures. It measures both quality and quantity. Quality – to do quality work by identifying the needs and characteristics of the customer, and utilizing programs, products and processes to carry out the mission of the IRS. Quantity – to use numeric measures focusing on identifying and taking appropriate actions to improve performance and diagnosing the underlying factors that have influenced organizational outcomes.
Campaigns	A campaign is a plan focused on compliance issues, using the appropriate resources and a combination of treatment streams to achieve a desired outcome. For more information, see IRM 4.50.1, Campaign Development Process.
Case-Built File (CBF)	Case-Built File is an online electronic repository for case related information that will be available to an employee working on a specific tax return. Types of items that will be included are Classification Sheets, TIG reports, SWC-C2 reports, yK1 reports, etc. As more departments discover the abilities of the Case-Built file folder, additional reports and information will be included. Case-Built files are requested through the front-line manager.
Case Manager	The manager who is assigned the AIMS controls of the open examination. This manager is the overall administrative owner responsible for all administrative items. The case manager maintains the responsibility for the overall management of the case and must collaborate with the issue managers.
CDW Knowledge Graph Environment (CKGE)	CDW Knowledge Graph Environment is an interactive software tool that provides linked data and graph analytics for a range of a taxpayer's related entities. CKGE provides a graphic representation of a taxpayer's relationship to other entities.
Central Withholding Agreement (CWA)	A Central Withholding Agreement is a tool that can help non-resident entertainers and athletes who plan to work in the United States reduce the amount of tax withholding to be more in line with their annual projected tax liability. A CWA is a contract between the athlete or entertainer, the withholding agent of the athlete or entertainer, and the Internal Revenue Service.
Certified Public Accountant (CPA)	A Certified Public Accountant is any person who is duly qualified to practice as a CPA in any state, possession, territory, commonwealth or District of Columbia. Headquarters Management and Finance's Training group provides support for Continuing Professional Education (CPE) for CPAs in LB&I.
Chief Counsel Advice (CCA)	Chief Counsel Advice is written advice or instruction that conveys legal interpretations or positions of the IRS or the Office of Chief Counsel concerning existing or former revenue provisions. Chief Counsel Advice is written by any national office component of the Office of Chief Counsel to Chief Counsel field offices or IRS field offices. These documents are not definitive statements of IRS position and may not be used or cited as precedent in resolving cases.
Closing Agreement Form 906	A closing agreement (Form 906) is an agreement between the taxpayer and the IRS concerning the final disposition of an issue or tax liability.

Exhibit 4.46.1-1 (Cont. 3) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Collaboration Assessment Matrix (CAM)	The Collaboration Assessment Matrix is used by the TC and the other issue team members to determine the appropriate level of overall specialist involvement.
Communications and Liaison (C&L)	Communications and Liaison serves LB&I with world class communications and stakeholder relationship management support. C&L coordinates with IRS Media Relations on questions from reporters and press events, facilitates exchanges of ideas with external stakeholders and maintains the LB&I internal and external web sites.
Competent Authority	A tax treaty, tax information exchange agreement (TIEA), or an intergovernmental agreement (IGA) is administered and interpreted by the competent authority for each country that is a party to it. The Commissioner, LB&I, as the U.S. competent authority, discharges these functions for the United States, exercising their interpretative authority only with the concurrence of the Associate Chief Counsel (International). See Delegation Order 4-12 (Rev. 4) at IRM 1.2.2.5.11.
Competent Authority Arrangement (CAA)	Competent Authority Arrangements are non-binding bilateral arrangements concluded under the mutual agreement procedure (MAP) article of a treaty, TIEA, or IGA for the purpose of clarifying or interpreting such agreements. CAAs relating to AEOI provide procedures and guidelines to administer automatic exchange, including the confidentiality and use of the information exchanged.
Compliance Assurance Process (CAP)	Compliance Assurance Process is a compliance review approach that allows the IRS to work with taxpayers to ensure compliance with tax laws through real time monitoring, review and issue resolution prior to filing their return. See <i>Compliance Assurance Process (CAP) Overview and Contacts</i> under Issue Resolution Tools in the Exam Procedures Knowledge Base in the Virtual Library and <i>Compliance Assurance Process</i> on IRS.gov.
Compliance Data Environment (CDE)	Compliance Data Environment is a system that replaced the Midwest Automated Compliance System (MACS). It is a workload identification, planning and delivery system that operates in a web-based environment used to filter, order, classify and deliver returns.
Computer Audit Specialist (CAS)	An audit specialist who provides comprehensive computer support for LB&I cases by interfacing with taxpayers' computerized information systems. See <i>Computer Audit Specialist Table of Contents</i> under LBI Programs in the Virtual Library.
Conflict of Interest	A conflict of interest exists if a team member or a manager's personal relationship(s) or private interest(s) (usually of a financial or economic nature) conflict, or raise a reasonable question of conflict with their public duties and responsibilities. Policy Statement P-4-6 (see IRM 1.2.1.5.4) prohibits revenue agents from examining or surveying a tax return if a relationship impairs impartiality. See IRM 4.46.3.2.3, Conflict of Interest and P-4-5 Requirements.

Exhibit 4.46.1-1 (Cont. 4) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Content Management and Collaboration (CMC)	Content Management and Collaboration is a comprehensive classification system that supports a flexible, yet well-defined, business process developed as a substitute for the Compliance Management System (CMS) once used by both LB&I Electronic Classification System (LECS)/LB&I Workload Identification System (LWIS) and CMS user groups. CMC is an integrated business process capitalizing on the similarities between LECS/LWIS and CMS and providing flexibility where dissimilarities exist between the two systems. Initially created as a platform to support Compliance Management Operations (CMO), this system is now employed in the delivery of all LB&I cases delivered through LWIS.
Continuing Professional Education (CPE)	Continuing Professional Education offers various courses that give participants an opportunity to maintain technical competence, expand tax law knowledge, learn new skills and stay current on tax law changes. LB&I's CPE program is committed to providing quality and timely CPE training to agents. CPE is administered by the Human Capital and Learning function in the Office of Resource Solutions.
Criminal Investigation (CI) Coordinator	The special agent designated to coordinate and interact with LB&I. The CI coordinator has the responsibility for assisting LB&I by supplying information gathered by CI.
Criminal Investigation (CI) Division	Criminal Investigation is the law enforcement arm of the IRS. Criminal Investigation serves the American public by investigating potential criminal violations of the Internal Revenue Code and related financial crimes such as tax fraud and money laundering.
Cross Border Activities (CBA) Practice Area	The Cross Border Activities practice area provides complex tax administration services primarily related to inbound and outbound international issues while providing ad hoc services related to other international issues such as transfer pricing, APMA's and treaty related activities, to meet the needs of large and mid-sized businesses with international activity.
Currency	Currency is an LB&I initiative to improve employee and taxpayer satisfaction, and to enhance examination efficiency. Currency for Large Corporate Compliance audits means that the last two filed return years are in opened, closed, surveyed, merged or decontrolled status.
Customer Satisfaction	Customer Satisfaction is one of the three Balanced Measures. The goal of the customer satisfaction element is to provide accurate and professional services to internal and external customers in a courteous, timely manner. The primary measurement data comes from customer surveys.
Cycle Time	Cycle Time refers to the time for completing the examination and disposition of income tax returns. It is used as a diagnostic indicator that measures the open year average age in months of returns that are under examination.
Decision Point	An ongoing collaborative process and/or specific points in the issue timeline where an issue team conducts a risk assessment of an issue to determine whether to continue the examination of the issue or to discontinue it.

Exhibit 4.46.1-1 (Cont. 5) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Delegation Order	A formal numbered document that places authority in the position(s) where actual operational responsibility resides. It delegates authority to a certain level of management to execute given procedures. See IRM 1.2.2.
Delegation Order 4-24 (Rev. 1)	Settlement Offers and Closing Agreements in LB&I Cases Where Appeals has Effected a Settlement. See IRM 1.2.2.5.20.
Delegation Order 4-25 (Rev. 2)	Settlement Offers, Closing Agreements, and Settlement Agreements under Section 6224(c) in Cases with Technical Advisor (TA) Program Issues and Appeals Technical Guidance Program (Compliance Coordinated and Appeals Coordinated) Issues. See IRM 1.2.2.5.21.
Director of Field Operations (DFO)	An LB&I executive who supervises territory managers within their area of responsibility.
Disclosure and Privacy Office	The Disclosure and Privacy Office provides technical advice, training and administrative guidance regarding disclosure and privacy issues. They also coordinate demands for testimony and process Court Orders. Disclosure managers prepare authorized responses to requests under IRC 6103, the Freedom of Information Act and the Privacy Act. Disclosure managers also sign transmittals of documents to city, state and federal agencies. See the <i>Disclosure and Privacy Knowledge Base</i> in the Virtual Library.
Division Counsel	Field attorneys in the LB&I Division of the Office of Chief Counsel, the division dedicated to providing legal services to the LB&I operating division. Division Counsel is the primary Counsel point of contact for LB&I practice areas. Division Counsel is also known as Local or Area Counsel.
Division National Partnering Council (DNPC)	Division National Partnering Council is a formal leadership group that fosters a collaborative relationship between LB&I and NTEU. DNPC is designed to ensure that the divisions' partnering principles are aligned with the Commissioner's modernization principles and embedded in the way decision making and day-to-day business practices are conducted in the new IRS.
Early Referral to Appeals (ERA)	A process in which LB&I and Appeals work simultaneously to resolve cases more expeditiously by having developed unagreed issues in an open audit referred to Appeals while the remaining issues continue to be worked by the revenue agent/examination team. See Rev. Proc. 99-28,1999-2 C.B. 109.
E-Commerce	Electronic Commerce covers a wide array of commercial activities carried out on the internet. These include on-line trading of goods and services, electronic fund transfers, online trading of financial instruments and products, and electronic data interchange within and among companies.
Economist	An economist is a specialist with specific expertise and experience in analyzing and determining the appropriate economic price/value based on like transactions between an unrelated buyer and seller for transactions affecting the profits/losses reported by a taxpayer. Economists are part of the Treaty and Transfer Pricing Operations practice area.
Effectively Controlled Entities	Entities where more than 50% of a corporation's stock is directly or indirectly owned by the taxpayer under examination.

Exhibit 4.46.1-1 (Cont. 6) (08-14-2025)

Glossary of LB&I Terms

Term	Definition
Electronic Freedom of Information Act (E-FOIA)	The Electronic Freedom of Information Act amendments provide for public access to information in an electronic format. The IRS has established a <i>FOIA library</i> to house this information on IRS.gov. See the <i>E-FOIA Decision Tool</i> for more information on E-FOIA criteria.
Employee Satisfaction	Employee satisfaction is one of the three Balanced Measures. The primary measurement comes from employee surveys conducted by outside consultants to provide an enabling work environment by providing quality leadership, adequate training and effective support services to foster an ongoing partnership between the agency and employees.
Employee User Portal (EUP)	The EUP assists field agents who need access to electronically filed returns prior to them being available on the LB&I Image Network (LIN). It also grants agents access to e-filed return data through the Return Request and Display (RRD) Subsystem. This process eliminates the need to view e-filed tax return data on the Tax Return Database (TRDB) through the Integrated Data Retrieval System (IDRS). Special EUP roles have been created that determine the user's right to access the application. Access to RRD through the EUP is subject to UNAX (unauthorized access) rules. See the <i>IRS Employee User Portal</i> .
Employment Tax Specialist	A specialist in SB/SE with expertise in employment tax returns and related issues. See the <i>Employment Taxes</i> website.
Engineer	A specialist who provides expertise on numerous technical issues including Research Credit, Depreciation, Depletion and Valuation to LB&I and other operating divisions as warranted. Engineers have backgrounds in various Engineering disciplines (i.e. Petroleum, Mechanical, Computer Science, Civil and Chemical) and some are certified/licensed in Business and Real Estate Appraisal.
Estimated Completion Date (ECD)	Estimated completion date for LCC is the date a case is expected to close out of examination as indicated in the status code of 80 (case is in Nondocketed Appeals) or 90 (Closed, Computer generated) in the Examination Returns Control System (ERCS). For all other cases the estimated completion date is set based on the target date to close the case to the manager. Caution: Case and/or issue timelines should reflect processing time for preparing rebuttals if there are unagreed issues, and the administrative processing for Joint Committee cases (JCC) and Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)/Bipartisan Budget Act of 2015 (BBA) procedures from the time the case leaves the group until it reaches the closed status.
Ex Parte	Rev. Proc. 2012-18 provides for the prohibition of certain communications that take place between Appeals and another IRS function without the participation of the taxpayer or representative, to the extent that such communications appear to compromise the independence of Appeals. Also see IRM 4.2.7, General Examining Procedures, Ex-Parte Communication.

Exhibit 4.46.1-1 (Cont. 7) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Examination Operations Automated Database (EOAD)	Examination Operations Automated Database provides data that tracks examination results by issue. This data is used to enhance the ability to identify specific areas of non-compliance based on examination results and track the effectiveness of the examination classification process. This database is also used to share audit results with states and municipalities.
Examination Plan -Form 4764	Form 4764, used by LB&I examination team, documents IRS and taxpayer personnel, contains agreements with the taxpayer (including site visits, secure workspace and equipment needs), and provides opening conference talking points.
Examination Plan Issue Worksheet - Form 4764-B	Form 4764-B is used by the LB&I examination team to document examination procedures for each audit issue.
Examination Returns Control System (ERCS)	ERCS is an automated inventory management system used by field personnel in both the SB/SE and LB&I operating divisions. It is used for controlling tax returns and technical time charges from the time returns arrive until they are closed on the Audit Information Management System (AIMS). TE/GE and Appeals do not use ERCS.
Examination Span	Lapsed time from the transaction code 150 posting to status code 80 or above. The examination span is planned so that no more than the two most recent tax periods remain unstated.
Examining Officer's Activity Record - Form 9984	Form 9984 is used by field examiners to record all case processing actions. This form may be used to record delays in processing or to record daily time applications to comply with issue tracking requirements.
Exchange of Information (EOI)	The Exchange of Information Program, Automatic Exchange of Information (AEOI) Program and Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC) Program administer and coordinate all exchanges of information under bilateral and multilateral tax treaties, TIEAs, and FATCA IGAs (excluding transfer pricing and mutual agreement proceedings administered by the Advance Pricing and Mutual Agreement (APMA)). The programs coordinated are described in IRM 4.60.1, Exchange of Information.
Excise Tax Specialist	An excise tax specialist provides expertise on taxes levied on a wide variety of goods, services and activities. They may be imposed at the time of sale by the manufacturer, sale by the retailer, or use (by the consumer). Many of these taxes are set aside into trust funds earmarked for related capital projects, such as highway and airport improvements. Excise taxes are independent of income taxes. The Excise Tax program is part of the SB/SE Division. See the <i>Estate & Gift/Excise Taxes</i> website for more information.
Expatriate	For individual income tax purposes, expatriate means an individual who has renounced their native land or allegiance to one's homeland (refer to IRC 877/877A), rather than an individual who has taken up residence in a foreign country.

Exhibit 4.46.1-1 (Cont. 8) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Fast Track Settlement (FTS)	An Alternative Dispute Resolution tool that expedites the consideration of unagreed issues by Appeals. Examination teams must consider referral to FTS whenever a taxpayer indicates disagreement on Form 5701/886A (Notice of Proposed Adjustment). See Rev. Proc. 2003-40 as modified by Rev. Proc. 2015-40.
Federal Records Center	The depository for LB&I case files. All files must be retired to the Federal Records Center 4 years after the date of closing and should be destroyed 15 years from the date of closing.
Financial Accounting Standards Board Interpretation No. 48 (FIN 48)	Accounting Standards Code 740, formerly known as Financial Accounting Standard (FAS) 109, and Financial Accounting Standards Board Interpretation No. 48 (FIN 48) of FAS109 is intended to eliminate inconsistency in accounting for uncertain tax positions in financial statements certified in accordance with U.S. GAAP. FIN 48 mandated new rules for recognition, de-recognition, measurement and disclosure of all tax positions. A business may recognize an income tax benefit only if it is more likely than not that the benefit will be sustained. The amount of benefit recognized is based on relative probable outcomes.
Financial Products Specialist (FPS)	Financial Products Specialists are revenue agents who specialize in the taxation of financial instruments and financial transactions. FPS participate as a team member in the examination process, by examining the financial product transactions that a taxpayer may have undertaken.
Focus Guide	A reference sheet (Pub 5319) providing concise, high-level direction to front-line managers and technical employees with overviews of LB&I's program priorities, guiding principles and staffing.
Freedom of Information Act (FOIA)	The Freedom of Information Act is a federal statute that protects and provides access to records of federal agencies of the Executive branch.
Foreign Account Tax Compliance Act (FATCA)	Chapter 4 of the Internal Revenue Code (IRC 1471-1474), commonly referred to as "FATCA", was enacted as part of the HIRE Act of 2010. Its goal is to increase the income tax compliance of U.S. taxpayers holding foreign financial accounts and other offshore assets by introducing new reporting requirements for both U.S. taxpayers and foreign financial institutions (FFIs). Treasury Regulations under IRC §§1471-1474 set forth the due diligence, reporting and withholding requirements for FFIs and withholding agents.]
Foreign Bank Account Report (FBAR)	A Foreign Bank Account Report is an information return required to be filed by a U.S. person who has a financial interest in or signature authority over any financial account(s) outside of the United States and the aggregate maximum value of the account(s) exceeds \$10,000 USD at any time during the calendar year.

Exhibit 4.46.1-1 (Cont. 9) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Foreign Banks	Foreign banks generally operate through a permanent establishment (PE) in branch form. The branch in the U.S. is taxed on effectively connected assets and the related liabilities to the U.S. scaled down from the bank as a whole. In addition, foreign banks comply with withholding taxes (Branch Level Interest Tax and Branch Profits Tax). These taxes are computed and filed on Form 1120F.
Foreign Based Books and Records	Taxpayers maintaining books and records outside the United States must substantiate their transactions as if such records were maintained within the United States.
Foreign Financial Institution (FFI)	Under FATCA, the term “foreign financial institution” has the meaning set forth in Treas. Reg. 1.1471-5(d).
Foreign Payments Practice (FPP)	The Foreign Payments Practice is an integrated withholding tax compliance program that encompasses FATCA implementation, Refund Withholding, and the Financial Intermediaries Program. FPP also has a nationwide cadre of specially trained withholding specialists and a Program Office responsible for strategy, planning, analysis and training.
Formal Document Request	A formal document request is an administrative document used to gather information from abroad. IRC 982 provides that if a taxpayer fails to comply with a formal document request arising out of the examination of the tax treatment of any item within 90 days after the mailing of the request by the Secretary, then the taxpayer shall be prohibited from introducing into evidence any foreign-based documentation covered by the request in a civil proceeding in which the tax treatment of the examined item is at issue.
Global High Wealth (GHW)	Global High Wealth focuses on compliance risks of high wealth individuals and the enterprises they control. GHW is part of the Pass-Through Entities Practice Area.
Immediate Supervisor	The manager (rating official) of an employee.
In-Depth Probe	A penetrating review of a selected account, activity or transaction to determine its proper reporting for tax purposes. The examination may include any number of other issues.
Industry Issue Resolution (IIR)	Industry Issue Resolution resolves frequently disputed or burdensome tax issues that affect a significant number of business taxpayers through published guidance. Under IIR, IRS solicits suggestions for issues that need guidance from industry associations, practitioners and individual taxpayers. A resolution team of IRS, Chief Counsel and Treasury Department personnel is assembled to analyze relevant information and recommend published guidance for issues selected for the program.
Information Document Request (IDR) - Form 4564	Form 4564 is used by examiners to request information from taxpayers during examinations.

Exhibit 4.46.1-1 (Cont. 10) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Information Document Request (IDR) Enforcement Process	The IDR enforcement process is a formal process to handle general and delinquent IDRs during the examination process. See IRM 4.46.4.7.3.
Integrated Data Retrieval System (IDRS)	Integrated Data Retrieval System is a system that enables authorized IRS employees to have instantaneous visual access to certain taxpayer accounts. IDRS provides access to twelve different data files. The data files most commonly accessed by LB&I employees are: Audit Information Management System (AIMS), Key Index File (KIF), IRS Individual Taxpayer Identification Number (ITIN) and the Taxpayer Information File (TIF). Additional information and definitions are found in the Document 6209 (as revised).
Inter-American Center of Tax Administrations (CIAT)	The Inter-American Center of Tax Administrations is an international public non-profit organization created in 1967 with the aim of providing an integral service to the modernization of the tax administrations of its member countries, promoting the evolution, social acceptance and institutional strengthening thereof. CIAT was founded in Washington, DC and the United States is its founding member.
Intergovernmental Agreement (IGA)	An Intergovernmental Agreement is an agreement or arrangement between the United States or the Treasury Department and a foreign government or one or more agencies thereof (FATCA partner) to either implement or facilitate the implementation of FATCA through reporting by financial institutions.
Internal Management Documents (IMD)	An internal management document is any official communication of IRS policies, instructions to staff, guidelines or procedures. Common examples are the IRM, delegation orders, policy statements, management directives and other documents, many of which must be published in the FOIA library on IRS.gov to comply with E-FOIA rules.
International Individual Compliance (IIC)	International Individual Compliance develops strategies and conducts examinations with respect to U.S. citizens engaged in cross-border transactions or residing abroad, U.S. resident aliens, and non-resident aliens with U.S. activities or investments. IIC plans, develops, directs and implements comprehensive tax administration programs, including the Offshore Voluntary Disclosure Program (OVDP) and the Campus Compliance Unit (CCU).
IIC Campus Compliance Unit (CCU)	The primary goal of the Campus Compliance Unit in IIC is to increase coverage of international tax return filings or international tax issues reported or underreported on Form 1040, Form 1040NR and/or Form 1040 PR. The CCU also works closely with Submission Processing and Criminal Investigation to expediently address emerging schemes involving international tax returns, tax preparers, or tax issues, and supports international initiatives relative to individual taxpayers to facilitate early resolution of cases without field involvement. The CCU is located in Austin, TX and Philadelphia, PA.
Issue Based Management Information System (IBMIS)	The Issue Based Management Information System is a software program used to prepare reports from a variety of LB&I and IRS databases including AIMS and IMS.

Exhibit 4.46.1-1 (Cont. 11) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Issue Discussion Meetings	The issue discussion meeting(s) is conducted with the taxpayer after the internal planning meeting has been conducted and the initial risk analysis has been prepared. Large or complex cases may require multiple issue discussion meetings. The purpose is to identify issue team members, establish examination procedures and develop a timeline specific to each issue.
Issue Management System (IMS)	The Issue Management System is a computer application for agents, specialists, managers and others. It supports existing and new examination processes, including the Compliance Assurance Process (CAP). IMS consists of a laptop application and a centralized data repository. The laptop application provides the tools to support planning, selection and examination. The centralized data repository feature allows LB&I to better capture issue information. IMS is an official electronic record-keeping system used to store federal electronic records.
Issue Manager	The designated manager who is a part of the Issue Team and is responsible for monitoring and maintaining the progress of the specific tax issue assigned to the issue team. The case manager may also be the issue manager. The issue manager should be designated based on his or her experience with the specific tax issue selected.
Issue Selection and Collaboration Process (ISCP)	The Issue Selection and Collaboration Process is a process that focuses on issue identification and knowledge transfer in a collaborative interactive environment.
Issue Team	An issue team is a collection of team managers, team members, and taxpayer personnel responsible for planning, executing and resolving a specific tax issue within the overall case examination. Depending upon the complexity of an issue, an issue team could range from an agent, case manager and taxpayer to multiple agents, specialists, managers and taxpayer staff.
Issue Team Member	An issue team member is an individual (either IRS personnel or taxpayer staff) who is part of the issue team responsible for planning, executing and resolving a specific tax issue.
Issue Timeline	An issue timeline is for a specific tax issue. The issue timeline is developed collaboratively in the planning phase and incorporates execution and resolution events including decision points as well as the availability of the issue team. The issue timelines should drive the overall case ECD.

Exhibit 4.46.1-1 (Cont. 12) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Joint Committee on Taxation Case (JCT)	A Joint Committee on Taxation Case generally involves refunds or credits in excess of \$2 million (effective December 19, 2014, \$5 million for C Corporations). A refund or credit subject to Joint Committee Review (JCR) can arise from either an examination or an unpaid claim (typically unpaid refund from a Form 1120X or 1040X.) Tentative allowances under IRC 6411 are issued before reporting to the JCT. A determination as to the correct amount of the carryback may be made prior to preparation of the Joint Committee report. Examiners and managers are responsible for identifying all Joint Committee cases, ensuring all returns, both source and carry-back years, have project code 0077 on ERCS/AIMS, and ensuring all agreed and surveyed JCCs are reviewed by JCR. See IRM 4.36.2 and IRM 4.36.3.
Key Case	The case designated as the controlling taxpayer and tax period within a group of entities. One of the major objectives of LB&I is the concurrent consideration of the key case and all related returns under one team manager. The team manager becomes responsible for all examination activities of all entities comprising the key case.
Large Business and International Division (LB&I)	The Large Business and International (LB&I) Division is one of IRS' four main operating divisions. LB&I serves corporations, subchapter S corporations and partnerships with assets greater than \$10 million.
Large Corporate Compliance (LCC)	Large Corporate Compliance is the successor to Coordinated Industry Case (CIC) program and is an LB&I case where the taxpayer and effectively controlled entities warrant the application of team examination procedures. Cases are classified as LCC based on automatic pointing criteria and are classified into categories of risk based on data analytics.
Large Corporation Technical Unit (LCTU)	The purpose of the Large Corporation Technical Unit Program is to provide assistance to taxpayers and revenue agents, to help clarify and resolve account-related issues to corporations with continuous tax issues.
Large Partnership Compliance (LPC)	Large Partnership Compliance is a subprogram of the Global High Wealth, High Income Initiative and Pass-Throughs compliance program. LPC addresses LB&I's compliance approach to large partnerships.
Large, Unusual and Questionable Items (LUQ)	Large, unusual and questionable items are those items on a tax return that appear to create the largest risk of noncompliance, based on the revenue agent's professional judgment. Some factors to be considered when identifying LUQs are: <ul style="list-style-type: none"> a. Comparative size of item b. Absolute size of the item c. Inherent character of the item d. Evidence of intent to mislead e. Beneficial effect of the way an item is reported f. Relationship to other items g. Whipsaw issues h. Automatic adjustments i. Missing items

Exhibit 4.46.1-1 (Cont. 13) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
LB&I Electronic Classification System (LECS)	The LB&I Electronic Classification System is a process to allow classifiers to perform a quick remote classification of 1120S and 1065 inventory as needed. LECS is a database system which houses 1120S and 1065 returns that are available for classification. LECS will provide a pro-active quality classification process to integrate with existing workload delivery platforms. Classification will be performed as needed, in conformity to the yearly compliance work plan and classification plan. Classification issue data will be captured and provided to revenue agents as part of the LWIS (defined below) assignment process.
LB&I Examination Process (LEP)	The LB&I Examination Process is a systematic approach for engaging and involving taxpayers in the examination process, from the earliest planning stages through resolution of all issues and completion of the case. See Pub 5125.
LB&I Fraud Program	LB&I Fraud Program is a staff function that coordinates all fraud activities within LB&I and acts as the liaison with our division partners in SB/SE, CI, Counsel and all specialty tax areas. The coordinator's role in LB&I is to inform and educate all LB&I employees on fraud detection and case development in conjunction with the Office of Fraud Enforcement (OFE).
LB&I Imaging Network (LIN)	The LB&I Imaging Network captures images of paper filed Forms 1120 and 1120S returns as well as e-filed returns maintained in XML formats. LIN is a component of the Statistics of Income Distributed Processing System (SOI DPS).
LB&I Workload Identification System (LWIS)	The LB&I Workload Identification System is used by PSP analysts to identify and order returns for team managers for 1120, 1120F, 1120L, 1120PC, 1120S and 1065 returns on an as needed basis, resulting in the delivery of just in time inventory for LB&I.
LB&I Quality Measurement System (LQMS)	A quality assessment process that serves as the quality measurement tool for Business Results. This process focuses LB&I management on results and improvement opportunities as a daily business practice.
Manager Initial Risk Assessment (MIRA)	Manager Initial Risk Assessment is a tool used by the case manager on certain inventory to identify high risk issues. The MIRA can be accessed through either the Case Built File home page or the LB&I Taxpayer Registry (LTR) home page.
Manager Settlement Authority	Manager settlement authority is provided by Delegation Order 4-24 and Delegation Order 4-25. DO 4-24 provides the authority to accept Settlement Offers where Appeals has effected a settlement with a taxpayer for the same issue on another cycle. DO 4-25 provides the authority to settle appropriate issues at the case manager level. See also IRM 4.46.5.

Exhibit 4.46.1-1 (Cont. 14) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Minimum Refund	Minimum Refunds result when a taxpayer is due a net refund even if none of the unagreed issues are resolved in the taxpayer's favor. The examination team must solicit a partial agreement relating to the agreed issues. In the event the minimum refund amount exceeds \$2,000,000 (effective December 19, 2014, \$5 million for C Corporations) and the taxpayer has demonstrated agreement with the revenue agent's findings by executing the Form 870, the refund must be reported to the Joint Committee on Taxation before the unagreed issues are forwarded to Appeals.
Months-in-Process	The average amount of time in months an open return has been in status code 12. The average number of days from status code 12 to the current cycle close date multiplied by 12/365. Only returns currently in status code 12 are included in the calculation.
Multi-year Examinations	A multi-year examination is an examination cycle including two or more years.
Mutual Agreement Procedure (MAP)	Mutual Agreement Procedure provisions are designed to assist taxpayers in obtaining benefits under tax treaties. The U.S. Competent Authority relies on a well-developed MAP Report to present and negotiate the U.S. position to a treaty partner. All bilateral treaties contain MAP articles with the intent to resolve international tax disputes. These disputes not only involve cases of double taxation but also inconsistencies in the interpretation and application of tax conventions. See IRM 4.60.2., Mutual Agreement Procedures and Report Guidelines.
Notice of Proposed Adjustment (NOPA) Form 5701	Notice of Proposed Adjustment, (Form 5701), is used to summarize proposed adjustments to the taxpayer. Form 886-A, Explanation of Items, is used to present the entire explanation and is included as an attachment to Form 5701.
Office of Chief Counsel	The independent legal counsel for the Internal Revenue Service. Its mission is to provide correct and impartial interpretations of the internal revenue laws and provide legal advice and representation for the IRS. Associate Office Counsel and Division Counsel are part of the Office of Chief Counsel.
Offshore Voluntary Disclosure Program (OVDP)	The Offshore Voluntary Disclosure Program was a special program to allow taxpayers to disclose their offshore assets to the government. It was terminated on September 28, 2018. For related resources on IRS.gov see <i>Offshore Voluntary Disclosure Program</i> on IRS.gov. For procedural information see IRM 4.63.3, Offshore Voluntary Disclosure Program.
One-Case Concept	The concept that all components of an LB&I case remain together throughout the examination process under the control of the case manager. Exceptions may arise for returns that are not controlled by the case manager. This may include employment tax returns that are not controlled by LB&I.

Exhibit 4.46.1-1 (Cont. 15) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
One-Stop Service	The resolution of issues during the taxpayer's initial contact or as a direct result of that contact. One-stop service complements and promotes the IRS's three key objectives: reduce taxpayer burden, improve voluntary compliance and improve customer satisfaction and quality-driven productivity. IRS employees will take the necessary steps to provide one-stop service in all types of contacts initiated by the taxpayer whether the contact is by telephone, correspondence or face-to-face.
Opening Conference/ Opening Meeting	The opening conference/opening meeting is the first formal meeting with authorized employees or corporate officers of the taxpayer. The main purpose of the meeting is for the examination team and taxpayer to have an interactive dialogue about their respective roles in the LB&I Examination Process. The examination team should ensure the taxpayer understands how the examination process will proceed from the beginning to the end. Additionally, the meeting's purpose is to summarize agreements on coordination and accommodations, and to discuss the general scope and depth of the examination. See IRM 4.46.3.6, Opening Conference/Meeting.
Organisation for Economic Co-operation and Development (OECD)	The OECD is an organization of 36 member countries committed to democracy and the market economy. It provides a forum where governments can work together to share experiences and seek solutions to common problems. One of the OECD's goals is to ensure transparent and fair tax systems. The IRS and Treasury Department send delegates to participate in various groups that address global tax issues. The OECD works with non-member countries as well as other non-governmental organizations to promote its mission.
Outside Expert	Individuals who are not employees of the Internal Revenue Service who are retained through contract to provide specialized assistance in return for monetary compensation. Generally, they possess a high degree of knowledge, skill and experience in specific subject areas. See IRM 4.46.10, LB&I Examination Process, Outside Expert Program (OEP).
Overall Cycle Time	Overall Cycle Time is defined as the average number of months from file date to completion of the examination process for all returns closed during the prior twelve months.
Planning File (LCC)	A collection of information that would benefit subsequent examination teams. It is maintained on site and information is added to it throughout the cycle. The examination plan should contain instructions about the maintenance of the planning file.
Planning Meeting	A meeting (or series of meetings – sometimes called strategy meetings) that is held by the case manager with specialist managers and the examination team during the initial phase of the planning process. Its purpose is to review all available information and make decisions about the scope and depth of the examination.

Exhibit 4.46.1-1 (Cont. 16) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Policy Statement	Published “IRS Policies” are major decisions of the Commissioner, Deputy Commissioners, Chiefs and Directors within the framework of basic tax administrative policies of Treasury and Congress. These “Service Policies” govern and guide Service personnel in the administration of the internal revenue laws. Policy statements are organized in IRM 1.2 by business process. See the <i>Policy Statement web page</i> for access to the IRM 1.2 series.
Post-Appeals Conference	A post-Appeals (or post-settlement) conference is a discussion between Appeals and LB&I with respect to the resolution of issues in tax periods closed by Appeals. Appeals should not discuss matters pertaining to case development in open years still being considered by Appeals during a post-settlement conference.
Post-Examination Critique	A meeting held with the examination team and taxpayer after an examination cycle closes to discuss the effectiveness of the audit. The objective of the critique is to establish the groundwork for improving the quality of subsequent examinations.
Practice Area	A practice area is a group of employees organized together to focus on one of more areas of expertise.
Practice Network	A practice network is a team of technical specialists and subject matter experts in one or more issue areas that provides assistance to agents.
Pre-Appeals Conference	A meeting of LB&I case and issue teams, taxpayers/representatives and Appeals before the Appeals process begins. The conference is to discuss the issues, taxpayer’s protest and the audit team’s written response to the protest. According to Rev. Proc. 2012-18 which prohibits ex parte communications for pre-conference meetings, the taxpayer/representative must be given an opportunity to participate.
Pre-Filing Agreement (PFA)	The Pre-Filing Agreement (PFA) program enables taxpayers to request consideration of tax issues before filing a return. Both taxpayers and the Internal Revenue Service (IRS) work together to resolve potential disputes earlier in the pre-filing process instead of during post-filing examinations. See Rev. Proc. 2016-30 and IRM 4.30.1, LB&I General Procedures, Pre-Filing Agreement Program.
Preliminary Examination Work	The preliminary examination is a review of records to validate decisions made during the risk analysis phase and to select issues to be included in the examination plan. It gives revenue agents a basis for developing audit procedures for each assigned area of responsibility.
Preliminary Meetings	Taxpayer involvement may begin with a series of preliminary meetings prior to the opening conference, depending on the size and complexity of the audit. The purpose of these meetings is to plan the examination in a cooperative manner with the taxpayer to ensure the best use of both parties’ resources.

Exhibit 4.46.1-1 (Cont. 17) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Preliminary Risk Analysis	The first step in the planning process is to perform a preliminary risk analysis to determine if the case is worthy of examination. This preliminary analysis may indicate a situation where a survey would be appropriate. Consideration should be given to examining a more current year if the initial analysis so indicates.
Privacy Act	The Privacy Act is a federal statute that regulates the collection, maintenance, use and dissemination of information by federal agencies to protect the privacy of individuals.
Quality Review and Analysis (QRA)	Quality Review and Analysis is a program dedicated to assessing case quality, identifying best practices and providing recommendations for quality improvement.
Rapid Appeals Process (RAP)	Rapid Appeals Process is an appeals process that is similar to Fast Track Settlement (FTS) except the case remains in Appeals' jurisdiction and is designed to be completed in one meeting. It helps reduce cycle time and increases LB&I's involvement in the traditional appeals process while maintaining Appeals independence. RAP is available for LB&I cases (except IIC cases) and the cases are worked by appeals team case leaders (ATCLs) and appeals officers. LB&I and the taxpayer must agree to participate and can withdraw at any time. See IRM 4.46.5, LB&I Examination Process, Resolving the Examination.
Record Retention Limitation Agreement	A formal agreement between the Service and taxpayers subject to mandatory record retention requirements specifying that the taxpayer must retain all machine-sensible records generated by all automated data processing systems unless the CAS Territory Manager has consented to limit the retention to certain specific records.
Risk Analysis	The process of comparing the potential benefits to be derived from examining an issue to the resources required to perform the examination. Risk analysis is an integral part of the planning process to ensure the efficient and effective use of resources and should be based on experience, judgment and objective analysis. See IRM 4.46.3.3 , Risk Analysis Process.
RTVUE	One of several IDRS command codes available in Corporate Files On-Line (CFOL) used to display or print line items transcribed from the Forms 1040 series and their accompanying schedules and/or forms as the returns are processed at the campuses. RTVUE will not reflect any subsequent adjustments or amended returns.
Secure Email	LB&I Secure Email uses a feature of Microsoft Outlook and IBM Lotus Notes to encrypt email messages and attachments, allowing IRS to exchange sensitive but unclassified (SBU) data with other Secure Email users - including taxpayers and representatives. To use the program, taxpayers must be manually authenticated and sign a memorandum of understanding.

Exhibit 4.46.1-1 (Cont. 18) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Selection Workload Classification C-2 (SWC-C2)	Selection Workload Classification C-2 is a data driven system designed to identify possible areas of risk based primarily upon line items from return filings. Rules are programmed to look at various data including values from the tax return, the presence of certain reported items across different forms, trends (i.e. comparisons of multiple years), and ratios of line items to one another. As tax forms change and incorporate new line items, rules can be modified. Feedback from the customer will be used to create new or improve existing rules and reports.
Simultaneous Examination Program (SEP)	The Simultaneous Examination Program is a program under which the IRS and the tax administration of a treaty partner agree to coordinate their examinations of related taxpayers in their respective jurisdictions.
Small Business/Self-Employed (SB/SE) Division	The Small Business/Self-Employed Division is one of IRS' four main operating divisions. SB/SE serves roughly one-third of the overall taxpayer base including individuals filing Form 1040 (U.S. Individual Income Tax Return), Schedules C, E, F and all other businesses such as small corporations and partnerships with assets under \$10 million.
Specialist or Technical Specialist	An examiner with significant expertise in a specific subject area. For additional information related to the various specialists available, see <i>Specialists</i> at the LB&I Source website. Specialists provide the examination team with information relative to a specific subject area including industry issues or programs that will be helpful in setting the scope and depth of the audit. A specialist may also be referred to as a technical specialist.
Specialist Initial Risk Assessment (SIRA)	Specialist Initial Risk Assessment is a tool used by the specialist manager on certain inventory to identify issues requiring specialist input. The SIRA is mandatory for the following specialties: financial products, engineers, treaty and transfer pricing operations including economists, foreign payment practice and cross-border activities. The SIRA can be accessed through either the Case Built File (CBF) or the LB&I Taxpayer Registry (LTR) home page.
Specialist Manager	A manager supervising a team of experts within a specific area of expertise (CAS, international, economist, employment tax, engineer, excise or financial products). The specialist manager is responsible for assigning resources to LB&I examinations based on need and availability.

Exhibit 4.46.1-1 (Cont. 19) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Specialist Referral System (SRS)	<p>A totally electronic and web-enabled system used to generate referrals for the following specialists:</p> <ul style="list-style-type: none"> • Computer Audit • Economist • Employee Plans • Employment Tax (SB/SE) • Employment Tax (TE/GE) • Engineer • Excise • Exempt Organizations • Federal, State & Local Government (FSLG) • Financial Products • Indian Tribal Government • International • Tax Computation • Tax-Exempt Bonds <p>SRS is also used to request informal consultations with a specialist.</p> <p>Note: SRS does not provide access to MIRA or SIRA.</p>
Standard Audit Index Numbers (SAIN)	<p>SAIN is a numbering system for examination workpapers. See IRM 4.46.6 for additional information.</p>
Subject Matter Expert (SME)	<p>Subject matter experts are a diverse team of agents, specialists and counsel who maintain and share their expertise to assist the field with technical issues. SMEs will assist revenue agents and other personnel by providing the relevant law and application of the law to the facts provided by the revenue agent. Technical specialists are also considered SMEs throughout this IRM section. The SMEs will also provide resources that may assist the revenue agent in evaluating and developing the issue. The primary duties and responsibilities of SMEs consist of:</p> <ol style="list-style-type: none"> 1. Collaborating on responses to case specific technical questions submitted from the field 2. Providing technical assistance to industries and headquarters functions 3. Developing training, technical guidance and audit tools 4. Maintaining technical content on websites 5. Assisting in decision making and issue elevation <p>See IRM 4.54.1 , LB&I Subject Matter Experts, Roles and Responsibilities of SMEs</p>
Tax Computation Specialist (TCS)	<p>A TCS is a revenue agent who specializes in determining the tax liability on LB&I cases. A TCS completes tax computations for 1120s using CTA, and 1120Ss, 1065s and 1040s using RGS. In addition to preparing tax computations, the TCS also prepares Joint Committee spreadsheets and completes Section 1 of Form 2285, Concurrent Determinations of Deficiencies and Overassessments in Cases Involving Restricted Interest Provisions of the Internal Revenue Code.</p>

Exhibit 4.46.1-1 (Cont. 20) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Tax Exempt and Government Entities (TE/GE) Division	The Tax Exempt and Government Entities Division is one of the IRS' four main operating divisions. TE/GE has three major business units: Exempt Organizations (EO), Employee Plans (EP) and Government Entities (GE). Specialists include revenue agents from these functions.
Tax Law Specialist – TPP (Transfer Pricing Practice)	The Transfer Pricing Practice's Tax Law Specialists assist examination teams in planning, directing, and coordinating the examination of international transfer-pricing issues. Tax Law Specialists in TPP serve as consultants and/or team members with other examination specialists, international revenue agents, counsel, appeals officers and revenue agents assigned to an examination regarding transfer-pricing issues. For the purpose of this IRM section, a tax law specialist is considered an examiner.
Taxpayer Advocate Service (TAS)	The Taxpayer Advocate Service is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. For more information, go to <i>Taxpayer Advocate Service</i> on IRS Source or <i>Taxpayer Advocate Service</i> on IRS.gov
Taxpayer Digital Communications (TDC) Secure File Sharing - Secure Messaging (SFS-SM)	TDC SFS-SM is a platform for LB&I employees to communicate online with their taxpayers for specific case matters. The IRS TDC SFS-SM is similar to a web-based email service. Secure messaging uses encrypted files when transmitting sensitive or confidential tax-related information.
Taxpayer Information Gateway (TIG)	The Taxpayer Information Gateway provides several case building reports. Several years of data are provided to help analyze trends and potential issues. Examples: Reports analyzing data from Forms 1120, 1065, 851, 5471, 5472, K-1, and Compustat, in year-to-year comparisons of income statements and balance sheets, book/tax analysis, percentage comparisons, ratios and more. This information is best utilized in the pre-audit stage. See TIG SharePoint site for information how to obtain TIG reports.
Taxpayer Services (formerly Wage and Investment Division)	Taxpayer Services (formerly Wage and Investment Division) serves taxpayers filing a 1040 tax return with no accompanying Schedules C, E, or F and no international activity. See the <i>Taxpayer Services</i> website on IRS Source.
Team Coordinator (TC)	The team coordinator is the examiner who has been assigned the AIMS controls for the case.
Team Manager (TM)	A front-line manager in LB&I who supervises LB&I employees. For the LB&I Examination Process, a team manager can also be the case and/or issue manager.
Team Member	A revenue agent or specialist assigned to an LB&I case.
Technical Advice Memorandum (TAM)	A TAM is advice furnished by an Associate Chief Counsel office in a memorandum that responds to any request for assistance on any technical or procedural question that develops during any proceeding before the IRS. See the second revenue procedure published each year.

Exhibit 4.46.1-1 (Cont. 21) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
Territory Manager (TTM)	A mid-level manager in LB&I who supervises team managers within their territory.
Time Tracking	A system for recording time by specific segment or Standard Audit Index Number (SAIN) line item for each revenue agent and specialist on the examination team.
Transcripts	On-line return data and master file account data that is transcribed or generated from original returns as they are processed at the submission processing sites.
Transfer Pricing Practice (TPP)	The Transfer Pricing Practice is part of the Treaty and Transfer Pricing Operations (TTPO) Practice Area. The TPP is comprised of a team of specialized transfer pricing professionals with a field examination focus. They assist examination teams in transfer pricing issues and ensure consistent and coordinated support of transfer pricing issues before Appeals, Competent Authority and in litigation.
Treaty and Transfer Pricing Operations (TTPO) Practice Area	The TTPO Practice Area identifies emerging treaty and transfer pricing issues and coordinates closely with LB&I leadership and Division and Associate Chief Counsel (International) to ensure consistently strong administration of treaty and transfer pricing issues throughout the IRS. TTPO also identifies, leads and participates in LB&I campaign initiatives. The TTPO practice area is comprised of the following four programs: Treaty Administration, Advance Pricing and Mutual Agreement (APMA), Transfer Pricing Practice (TPP) and TTPO Practice Network.
Treaty Assistance and Interpretation Team (TAIT)	Treaty Assistance and Interpretation Team is part of APMA and has primary responsibility for U.S. Competent Authority MAP cases arising under all articles of U.S. income tax treaties other than transfer pricing and allocation cases arising under the business profits and associated enterprise articles, which are the responsibility of APMA. MAP cases and other treaty interpretation matters include, but are not limited to, articles concerning residence, dividends, interest, royalties, income from employment, social security, annuities, pensions and pension funds, other income and limitation on benefits.

Exhibit 4.46.1-1 (Cont. 22) (08-14-2025)

Glossary of LB&I Terms

Term	Definition
Uncertain Tax Position Statement (Schedule UTP)	<p>Schedule UTP requires the reporting of each U.S. federal income tax position taken by an applicable corporation on its U.S. federal income tax return for which two conditions are satisfied:</p> <ol style="list-style-type: none"> 1. The corporation has taken a tax position on its U.S. federal income tax return for the current tax year or for a prior tax year. 2. Either the corporation or a related party has recorded a liability for unrecognized tax benefits with respect to that tax position for U.S. federal income tax in audited financial statements, or the corporation or related party recognized the tax benefit for that tax position because the corporation expects to litigate the position. <p>An applicable corporation is one that issues or is included in audited financial statements and has assets that meet the applicable threshold for the particular tax year. See IRM 4.46.3.3.5.1 , Schedule UTP Guidance.</p>
Uniform Issue List (UIL)	The Uniform Issue List is a list of codes used to track examination issues for various reports.
U.S Territories (preferred) or U.S. Possessions	<p>Depending on the use, a U.S. territory means one or more of the following:</p> <ul style="list-style-type: none"> • American Samoa • Guam • The Commonwealth of the Northern Mariana Islands • Puerto Rico • U.S. Virgin Islands
Whipsaw	The term “whipsaw” refers to the situation produced when the government is subjected to conflicting claims of taxpayers. A potential whipsaw situation exists whenever there is a transaction between two parties and differing characteristics of transactions will benefit one and hurt the other for tax purposes. See Rev. Proc. 99-28, section 2.03(6) which precludes early referral of an issue to Appeals where the issue is part of a whipsaw transaction. See also IRM 8.2.3.13, Whipsaw Cases.
Withholding, Exchange and International Individual Compliance (WEIIC)	<p>The director of WEIIC reports directly to the LB&I deputy commissioner and is responsible for all WEIIC operations. WEIIC is comprised of the following three programs: Foreign Payments Practice and Automatic Exchange of Information; International Individual Compliance Field Operations; and Exchange and Offshore Strategy Field Operations. WEIIC is responsible for the delivery of complete tax administration for the following taxpayers:</p> <ul style="list-style-type: none"> • U.S. citizens living and/or working abroad or in a U.S. Possession • U.S. citizens or resident aliens who hold income producing assets in a foreign country or claim the foreign earned income exclusion for foreign tax credit • Foreign persons who have a U.S. filing requirement • Withholding agents who have responsibility to report and withhold under chapters 3 or 4 • Non-resident aliens or foreign corporations with claims for refunds or credits under chapters 3 or 4

Exhibit 4.46.1-1 (Cont. 23) (08-14-2025)**Glossary of LB&I Terms**

Term	Definition
yK1	yK1 is software that allows access to a database that contains Return Transaction Files (RTF). RTF is a subset of the IRS Master File. The data is depicted visually and shows taxpayer relationships represented by linked K-1 returns (nodes and lines). The yK1 software was developed as an interactive tool to support examination teams, technical specialists and the field in investigating compliance risk. It is a collection of analytical tools specifically designed to help the IRS explore relationships between taxpayers.

Exhibit 4.46.1-2 (08-01-2024)**Index of Forms**

Form Number	Title	IRM and/or Citation
870	Waiver of Restrictions on Assessment & Collection of Deficiency in Tax & Acceptance of Overassessment	IRM 4.46.6 and IRM 4.10.8
886-A	Explanation of Items	IRM 4.46.6 and IRM 4.10.8
1900	Income Tax Survey	IRM 4.10.8 and IRM 4.46.3.2.2
4564	Information Document Request	IRM 4.46.4.7 Exhibit 4.46.4-1
4665	Report Transmittal	IRM 4.46.6
4764	LB&I Examination Plan	IRM 4.46.3.10.1
4764-B	LB&I Examination Plan Issue Worksheet	IRM 4.46.3.9.6 and IRM 4.46.3.10.1
5700	Issue Control Log	IRM 4.10.7.5.6
5701	Notice of Proposed Adjustment	IRM 4.46.4.13
6095	Carryover and Recurring Adjustments Schedule	IRM 4.46.5.10.2.1
6782	Certification of Financial Interest in a Work Assignment (Direct or Indirect)	IRM 4.46.3.4.3
9984	Examining Officer's Activity Record	IRM 4.46.4.12.1 and IRM 4.46.6.4
13744	Risk Analysis Work Sheet	IRM 4.46.3.9.5
13744-I	Issue-Based Risk Analysis and Examination Plan	IRM 4.46.3.9.5
13745	Examination Timeline	IRM 4.46.3.9.6
14235	LB&I Survey Form	IRM 4.46.3.2.2
15292	Case Closing Cover Sheet	IRM 4.46.5.11.2.3

Exhibit 4.46.1-3 (08-01-2024)**Table of Acronyms**

Acronym	Definition
ACCI	Associate Chief Counsel International
ADCCI	Assistant Deputy Commissioner Compliance Integration
AEOI	Automatic Exchange of Information
AIMS	Audit Information Management System
AIR	Accelerated Issue Resolution
AOF	Acknowledgment of Facts
APA	Advance Pricing Agreement
APMA	Advance Pricing and Mutual Agreement
ATG	Audit Technique Guide
BBA	Bipartisan Budget Act
BRTVU	Business Returns Transaction View
C&L	Communication and Liaison
CAA	Competent Authority Arrangement
CAM	Collaboration Assessment Matrix
CAP	Compliance Assurance Process
CAS	Computer Audit Specialist
CBA	Cross-Border Activities
CBF	Case Built File
CCU	Campus Compliance Unit
CDE	Compliance Data Environment
C&L	Communications and Liaison
CI	Criminal Investigation
CIAT	Inter-American Center of Tax Administrations
CMC	Content Management and Collaboration
CPA	Certified Public Accountant
CPE	Continuing Professional Education
CWA	Central Withholding Agreement
DFO	Director of Field Operations
DNPC	Division National Partnering Council
EEO	Equal Employment Opportunity

Exhibit 4.46.1-3 (Cont. 1) (08-01-2024)**Table of Acronyms**

Acronym	Definition
ERA	Early Referral to Appeals
EOI	Exchange of Information
ERCS	Examination Returns Control System
EUP	Employee User Portal
FATCA	Foreign Account Tax Compliance Act
FBAR	Foreign Bank Account Report
FIN 48	Financial Accounting Standards Board Interpretation No. 48
FFI	Foreign Financial Institution
FOIA	Freedom of Information Act
FPP	Foreign Payments Practice
FPS	Financial Products Specialist
GHW	Global High Wealth
IDR	Information Document Request
IDRS	Information Document Retrieval System
IER	International Examiner's Report
IIC	International Individual Compliance
IIR	Industry Issue Resolution
ILSC	Investor Level Statute Control
IMD	Internal Management Document
IMS	Issue Management System
ISCP	Issue Selection and Collaboration Process
JCT	Joint Committee on Taxation Case
LCC	Large Corporate Compliance Case
LB&I	Large Business and International
LCTU	Large Corporate Technical Unit
LECS	LB&I Electronic Classification System
LEP	LB&I Examination Process
LIN	LB&I Imaging Network
LQMS	LB&I Quality Measurement System
LUQ	Large, Unusual and Questionable
LWIS	LB&I Workload Identification System

Exhibit 4.46.1-3 (Cont. 2) (08-01-2024)**Table of Acronyms**

Acronym	Definition
MAP	Mutual Agreement Procedures
MIRA	Manager Initial Risk Assessment
NOPA	Notice of Proposed Adjustment
OECD	Organisation for Economic Cooperation and Development
OVDP	Offshore Voluntary Disclosure Program
PA	Practice Area
PFA	Pre-Filing Agreement
PTE	Pass-Through Entity
QRA	Quality Review and Analysis
RAP	Rapid Appeals Process
RAR	Revenue Agent's Report
RTVUE	Returns Transaction View
SAIN	Standard Audit Index Numbers
SB/SE	Small Business/Self-Employed
SEP	Simultaneous Exchange Program
SIRA	Specialist Initial Risk Assessment
SME	Subject Matter Expert
SRA	Senior Revenue Agent
SRS	Specialist Referral System
SWC-C2	Selection Workload Classification C-2
TAIT	Treaty Assistance and Interpretation Team
TAM	Technical Advice Memorandum
TAS	Taxpayer Advocate Service
TC	Team Coordinator
TCS	Tax Computation Specialist
TE/GE	Tax Exempt/Government Entities
TIG	Taxpayer Information Gateway
TM	Team Manager
TPP	Transfer Pricing Practice
TS	Technical Specialist
TTM	Territory Manager

Exhibit 4.46.1-3 (Cont. 3) (08-01-2024)**Table of Acronyms**

Acronym	Definition
TTPO	Treaty and Transfer Pricing Operations
UIL	Uniform Issue Listing
UTP	Uncertain Tax Position
WEIIC	Withholding, Exchange and International Individual Compliance

