



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

6.575.1

NOVEMBER 8, 2023

EFFECTIVE DATE

(11-08-2023)

PURPOSE

- (1) This transmits the revised IRM 6.575.1, IRS Recruitment, Relocation, Retention, and Extended Assignment Incentives.

MATERIAL CHANGES

- (1) This revised IRM incorporates the Program Scope and Objectives subsection as required by the Internal Management Documents (IMD) outlined in IRM 1.11.2, **Internal Management Documents System, Internal Revenue Manual (IRM) Process**.
- (2) IRM 6.575.1.1.2 Authority, updates reference to Delegation Order 6.23, Delegation of Authority to Accomplish Pay Administration, at IRM 1.2.2.7.13.
- (3) IRM 6.575.1.1.3 Roles and Responsibilities, updates responsibilities for program directors and program owners to accurately reflect the administration of recruitment, relocation, retention and extended assignment incentives (EAI).
- (4) IRM 6.575.1.1.4 Program Management and Review, updates to accurately reflect responsibility for policy owner.
- (5) IRM 6.575.1.1.5 Program Controls, updates to accurately reflect the roles that Human Capital Office (HCO), Office of HR Strategy (OHRS), Policy and Audits (P&A) Division plays in review and policy management. Clarifies and updates the reference for the required misconduct screening.
- (6) IRM 6.575.1.1.6 Terms, changes subsection title from General Definitions to Terms as required by IRM 1.11.2, Internal Management Documents System, Internal Revenue Manual (IRM) Process.
- (7) IRM 6.575.1.1.7 Acronym, is new and adds the acronyms subsection as required by IRM 1.11.2, Internal Management Documents System, Internal Revenue Manual (IRM) Process.
- (8) IRM 6.575.1.2.1 Recruitment Incentive Terms, changes subsection title from Recruitment Incentive Definitions to Recruitment Incentive Terms as required by IRM 1.11.2, Internal Management Documents System, Internal Revenue Manual (IRM) Process.
- (9) IRM 6.575.1.2.2 The IRS Recruitment Incentive Policy, removes the requirement of HCO to notify the Treasury, Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer of approved group recruitment incentives.
- (10) IRM 6.575.1.2.3 Eligibility, removes language suggesting a one-year service agreement for entry level positions because it is not an eligibility requirement.
- (11) IRM 6.575.1.2.5 Approval of Recruitment Incentives, adds clarifying language that a recruitment incentive may not be paid to an employee until approved by the approving official.
- (12) IRM 6.575.1.2.6 Responsibilities, adds revised Form 14118-I, Recruitment Incentive Request and Form 14118, Recruitment Incentive Service Agreement for Non-Senior Executive Service (SES) Employees. Clarifies responsibilities to accurately reflect the recruitment incentives administration.
- (13) IRM 6.575.1.2.7 Documentation, adds additional requirement of the business unit to document that they have the funds to pay the recruitment incentive.

- (14) IRM 6.575.1.2.8 Determining the Amount of the Recruitment Incentive, clarifies that the IRS corporate incentive strategy must be followed when requesting recruitment incentives for Non-SES employees.
- (15) IRM 6.575.1.2.10 Service Agreement, adds language to clarify when the start of a recruitment incentive service agreement must be delayed. Adds revised Form 14118, Recruitment Incentive Service Agreement. Adds language to clarify language that must be included in the service agreement, as well as language that may be included in the service agreement. Adds and clarifies that the manager must retain the service agreements for records maintenance per IRS policy requirements.
- (16) IRM 6.575.1.2.11 Termination of a service Agreement, adds language to clarify when a recruitment incentive service agreement may be terminated by managements' need. Consistent with 5 CFR 575.111(a).
- (17) IRM 6.575.1.2.14 Records, Review, Reports, updates requirements to complete and maintain reports.
- (18) IRM 6.575.1.2.15 Miscellaneous Provisions, updates and clarifies reference for misconduct and tax compliance screenings.
- (19) IRM 6.575.1.3.1 Relocation Incentive Terms, changes subsection title from Relocation Incentive Definitions to Relocation Incentive Terms as required by IRM 1.11.2, Internal Management Documents System, Internal Revenue Manual (IRM) Process.
- (20) IRM 6.575.1.3.3 Criteria for Consideration of a Relocation Incentive, removes the requirement of HCO to notify the Treasury, Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer of approved group relocation incentives.
- (21) IRM 6.575.1.3.5 Eligibility, adds and clarifies language that a relocation incentive may begin during a previously authorized retention incentive, consistent with 5 CFR 575.205.
- (22) IRM 6.575.1.3.6 Responsibilities, clarifies responsibilities to accurately reflect the relocation incentives administration.
- (23) IRM 6.575.1.3.7 Documentation, adds additional requirement of the business unit to document that they have the funds to pay the relocation incentive. Clarifies that the IRS may require proof of residence in the new location.
- (24) IRM 6.575.1.3.8 Determining the Amount of the Relocation Incentive, clarifies that the IRS corporate incentive strategy must be followed when requesting relocation incentives for Non-SES employees.
- (25) IRM 6.575.1.3.9 Payment of a Relocation Incentive, adds clarifying language that residence must be maintained in the new geographic location throughout the service agreement.
- (26) IRM 6.575.1.3.10 Service Agreement, adds language to clarify when the start of a relocation incentive service agreement must be delayed. Adds language to clarify content that must be included in the service agreement and conditions under which the IRS will pay incentive for partially completed service, consistent with 5 CFR 575.210(f). Also adds and clarifies that the manager must retain the service agreements for records maintenance per IRS policy requirements.
- (27) IRM 6.575.1.3.14 Records, Review, Reports, updates requirements to complete and maintain reports.
- (28) IRM 6.575.1.3.15 Miscellaneous Provisions, updates and clarifies reference for misconduct and tax compliance screenings.
- (29) IRM 6.575.1.4.1 changes subsection title from Retention Incentive Definitions to Retention Incentive Terms as required by IRM 1.11.2, Internal Management Documents System, Internal Revenue Manual (IRM) Process.

- (30) IRM 6.575.1.4.2 IRS Retention Incentive Policy, clarifies when an employee may be considered for a retention incentive when the employee is leaving the IRS for a different position in the federal government.
- (31) IRM 6.575.1.4.3 Criteria for Consideration of a Retention Incentive, removes the requirement of HCO to notify the Treasury, Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer of approved group relocation incentives.
- (32) IRM 6.575.1.4.4 Approval of Retention Incentives, adds and clarifies the approving official for retention incentives that exceed two years.
- (33) IRM 6.575.1.4.6 Responsibilities, clarifies responsibilities to accurately reflect the retention incentives administration.
- (34) IRM 6.575.1.4.7 Documentation, adds additional requirement of the business unit to document that they have the funds to pay the retention incentive.
- (35) IRM 6.575.1.4.8 Determining the Amount of a Retention Incentive, clarifies that the IRS corporate incentive strategy must be followed when requesting retention incentives for Non-SES employees.
- (36) IRM 6.575.1.4.9 Payment of a Retention Incentive, adds clarifying language of how a retention incentive may be paid out. Also clarifies that a new retention incentive request must be requested and approved if it should last longer than 12 months.
- (37) IRM 6.575.1.4.10 Service Agreement, adds requirement to annually review retention incentives. Also adds and clarifies the content that may be included in the service agreement consistent with 5 CFR 575.311 and that the manager must retain the service agreements for records maintenance per IRS policy requirements.
- (38) IRM 6.575.1.4.12 Continuation, Reduction, or Termination of a Retention Incentive, changes subsection title from Continuation, Reduction, or Termination of a Retention Incentive with No Service Agreement to Continuation, Reduction, or Termination of a Retention Incentive.
- (39) IRM 6.575.1.4.14 Annual Review and Recertification, changes subsection title from Annual Recertification to Annual Review and Recertification. Clarifies responsibilities for the administration of the annual review of retention incentives consistent with 5 CFR 575.311(a)(1) and 5 CFR 575.311(f)(1).
- (40) IRM 6.575.1.4.15 Records, Review, Reports, updates requirements to complete and maintain reports.
- (41) IRM 6.575.1.4.16 Likely to Leave for a Different Position in the Federal Service, removes the requirement to submit an annual written report to Office of Personnel Management (OPM).
- (42) IRM 6.575.1.4.17 Miscellaneous Provisions, updates and clarifies reference for misconduct and tax compliance screenings.
- (43) IRM 6.575.1.5.1 EAI Terms, updates title of subsection from Extended Assignment Incentives Definitions to EAI Terms and adds term and the definition of involuntary separated.
- (44) IRM 6.575.1.5.2 IRS EAI Policy, adds and clarifies the type of employees that are eligible for an EAI.
- (45) IRM 6.575.1.5.3 Criteria for Consideration, clarifies the required criteria for consideration of an EAI.
- (46) IRM 6.575.1.5.5 Eligibility, removes language and relocates it under 6.575.1.5.7 Documentation.
- (47) IRM 6.575.1.5.7 Documentation, incorporates language from 6.575.1.5.5 to clarify required documentation.

- (48) IRM 6.575.1.5.9 Payment of an EAI, clarifies how an EAI may be paid out.
- (49) IRM 6.575.1.5.10 Service Agreement, adds and clarifies the content that the service agreement may contain consistent with 5 CFR 575.510(b) and adds the manager must retain the service agreements for records maintenance per IRS policy requirements.
- (50) IRM 6.575.1.5.11 Termination of a service Agreement, adds clarifying language regarding termination of EAI service agreements. Also adds and updates language about employees that involuntarily fail to complete the EAI service agreement consistent with 5 CFR 575.513.
- (51) IRM 6.575.1.5.13 Records, Review, Reports, changes subsection title from Reports to Records, Review, Reports. Clarifies responsibilities for maintaining EAI records and reports.
- (52) IRM 6.575.1.5.14 Miscellaneous Provisions, updates and clarifies reference for misconduct and tax compliance screenings.
- (53) Editorial changes are made throughout: corrected references; updated links and terms; and revised to conform with plain language standards.

EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 6.575.1, IRS Recruitment, Relocation, Retention and Extended Assignments Incentives, dated March 3, 2020.

AUDIENCE

All Business Units

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6.575.1

IRS Recruitment, Relocation, Retention, and Extended Assignment Incentives

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6.575.1.1
(11-08-2023)
Program Scope and Objectives

- (1) **Purpose:** This IRM provides Servicewide policy, standards, requirements, and guidance on IRS recruitment, relocation, retention, and extended assignment incentives (EAI). This IRM must be read and interpreted in accordance with pertinent law (5 United States Code (USC)), governmentwide regulations (5 Code of Federal Regulations (CFR)), Treasury Human Capital Issuance System (HCIS) directives, and Office of Personnel Management (OPM) decisions. The material in this chapter is generally organized consistent with the order of regulations contained in 5 CFR 575. As required, this guidance may be supplemented periodically by interim policy guidance from the IRS Human Capital Office.
- (2) **Audience:** Unless otherwise indicated, the policies, authorities, procedures, and instructions contained in this IRM apply to all business units. Members of the SES and non-SES employees, including employees covered under the IRS Payband System, are covered in this IRM. Bargaining unit employees should review negotiated agreement provisions relating to subjects in this IRM. Should any of these instructions conflict with a provision in the negotiated agreement, the agreement prevails.
- (3) **Policy Owner:** The IRS Human Capital Officer.
- (4) **Program Owner:** The HCO, Office of HR Strategy (OHRs), Policy and Audits (P&A).

6.575.1.1.1
(03-03-2020)
Background

- (1) Recruitment, relocation, and retention incentives (3Rs) are compensation flexibilities available to help federal agencies recruit and retain a world-class workforce. The 3Rs are administered under 5 USC, Sections 5753 and 5754 and 5 CFR 575, subparts A, B and C. The EAI is also a compensation flexibility available to assist agencies in retaining experienced, well-trained employees in locations located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands for a longer period than the employee's initial tour of duty. The EAI is administered under 5 USC, Section 5757 and 5 CFR 575, subpart E.

6.575.1.1.2
(03-03-2020)
Authority

- (1) **Laws:** USC at <http://uscode.house.gov/>
 - a. Title 5, Government Organization and Employees
 - §5753 - Recruitment and relocation bonuses
 - §5754 - Retention bonuses
 - §5757 - Extended assignment incentive
- (2) **Regulations:** Title 5, CFR at <https://www.ecfr.gov/cgi-bin/ECFR?SID=48e607ea83e9e1153545d6f6e5a3c168&page=browse>
 - a. Part 575 - Recruitment, Relocation, and Retention Incentives; Supervisory Differentials; and Extended Assignment Incentives
 - Subpart A - Recruitment Incentives
 - Subpart B - Relocation Incentives
 - Subpart C - Retention Incentives
 - Subpart E - Extended Assignment Incentives

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- (3) **Delegation of Authority:** Delegation Order 6-23, Delegation of Authority to Accomplish Pay Administration, at IRM 1.2.2.7.13
- (4) **Other:**
 - a. Consolidated Appropriations Act: (Consolidated Appropriations Act, 2023. Public Law No: 117-328 (12/29/2022), Division E-Financial Services and General Government Appropriations Act, 2023, Title I - Department of the Treasury (Treasury), Internal Revenue Service).
 - b. Treasury Human Capital Issuances at <https://my.treasury.gov/Collab/dashr/Lists/HCIS/AllItems.aspx>:
 - HCIS Chapter 451 TN-15-006, Monetary Recognition and Employee Misconduct (Non-SES)
 - HCIS Chapter 575.1 TN-15-001, Recruitment Incentive Plan
 - HCIS Chapter 575.2 TN-15-002, Relocation Incentive Plan
 - HCIS Chapter 575.3 TN-15-003, Retention Incentive Plan
 - HCIS Chapter 575.5 TN-05-002, Extended Assignment Incentive Plan

6.575.1.1.3 (11-08-2023) **Roles and Responsibilities**

- (1) The IRS Human Capital Officer is the executive responsible for:
 - a. This IRM and overall IRS policy for the 3Rs and EAls; and
 - b. Certifying that all statutory and regulatory requirements have been met for all non-SES incentive requests.
- (2) The HCO, OHRS, P&A Division is responsible for:
 - a. Developing and publishing content in this IRM;
 - b. Providing technical support to the business based human resource (BBHR) point of contact (POC) with any questions on non-SES incentives; and
 - c. Coordinating with the HCO, Office of Executive Services (OES) to perfect periodic reports on all incentives.
- (3) The HCO, OES is responsible for:
 - a. Developing content relevant to SES incentives for this IRM;
 - b. Serving as the functional POC for all SES incentives;
 - c. Forwarding all requests for SES incentives to the Treasury Assistant Secretary for Management for approval;
 - d. Coordinating with HCO, OHRS, P&A to perfect periodic reports on all incentives; and
 - e. Maintaining appropriate suspense files for all SES incentives.
- (4) The HCO, Office of HR Operations (OHRO), Talent Acquisition Division is responsible for recruitment and hiring. They partner with BUs who are interested in pursuing a recruitment incentive before a prospective employee enters on duty.
- (5) The HCO, OHRO, Labor/Employee Relations and Negotiations (LERN) Office provides guidance in areas such as grievances, disciplinary actions, adverse actions and performance cases, misconduct and federal tax compliance and contractual obligations with the National Treasury Employees Union (NTEU). They are responsible for completing a misconduct and federal tax compliance screening in compliance with the Consolidated Appropriations Act.

- (6) The HCO, OHRO, Human Resources Shared Services (HRSS) is responsible for processing Personnel Action Requests (PARs) for all incentive requests, reductions, and terminations.
- (7) The BBHR POC is responsible for:
 - a. Reviewing and perfecting each incentive request;
 - b. Obtaining verification through their BU finance office that funds are available;
 - c. Obtaining the signature of the BU's head of office, deputy head of office, or the equivalent official;
 - d. Forwarding the request to HCO, OHRS, P&A for processing and to obtain approval from the appropriate approving official;
 - e. Contacting HCO, OHRO, LERN to complete the misconduct and federal tax compliance screening;
 - f. Contacting HCO, OHRO, HRSS to request PAR processing for all incentives, including any reductions or terminations, as needed, such as when a service agreement was terminated;
 - g. Informing HCO, OHRS, P&A in the event there are any changes to an existing incentive due to failure to fulfill service agreement requirements; and
 - h. Maintaining appropriate incentive case files for records maintenance per IRS policy requirements, including but not limited to, approved misconduct and federal tax compliance screening results and approved incentive request forms for their BU. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829 General Records Schedules.
- (8) A manager is responsible for:
 - a. Recommending payment of an incentive ensuring government resources are used efficiently and effectively, with minimum potential for waste, fraud, and mismanagement;
 - b. Administering and counseling employees on incentives rules, regulations, and procedures, in accordance with applicable laws, regulations, and established policies;
 - c. Ensuring appropriate documentation for incentives are completed, approved, and submitted to the BBHR POC;
 - d. Maintaining and monitoring service agreements to ensure the terms are fulfilled;
 - e. Contacting the BBHR POC if there are any changes to an existing incentive due to failure to fulfill service agreement requirements (refer to applicable service agreement for requirements);
 - f. Initiating a timely PAR to terminate the amount of an incentive where a service agreement was terminated; and
 - g. Maintaining appropriate incentive case files for records maintenance per IRS policy requirements, including but not limited to, approved misconduct and federal tax compliance screening results, incentive service agreements and approved incentive request forms for their BU. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829 General Records Schedules.
- (9) An employee is responsible for being aware of and adhering to IRS incentive policies, rules and procedures established in accordance with applicable laws

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and should immediately notify their manager of any discrepancies with their earning and leave statement or Standard Form (SF)-50, Notification of Personnel Action. Any necessary corrections may result in a debt. For more information, refer to IRM 6.550.1, Pay Administration - General.

6.575.1.1.4 (11-08-2023) Program Management and Review

- (1) This IRM provides policy guidance on the 3Rs and EAs for IRS. During review and publishing of this IRM, sections are revised, added, or deleted. The HCO, OHRS, P&A Division plays an integral role in program management and review by:
 - a. Supporting HCO, OHRO, HRSS to deliver incentive payments through timely and accurate processing of incentive request forms;
 - b. Supporting HCO, OHRO, LERN to establish IRS labor and employee relations policy on incentives so they can provide related support and expertise to Service management, field and embedded labor/employee relations staff, and all employees; and
 - c. Coordinating with HCO, OES to provide accurate reports on incentive expenditures to leadership.

6.575.1.1.5 (11-08-2023) Program Controls

- (1) The OHRS, P&A Division develops policies, materials, and programs to increase Servicewide awareness and knowledge of incentive programs. Additionally, P&A collaborates with other HCO organizations and Servicewide stakeholders to support education and outreach activities related to recruitment, relocation, retention and extended assignment incentives.
- (2) The following activities help ensure program success:
 - a. Conducting annual policy reviews;
 - b. Maintaining accurate and up-to-date program websites;
 - c. Providing policy guidance to stakeholders; and
 - d. Publishing educational articles, such as Leaders Alerts and IRS Headlines.
- (3) Before receiving an incentive, employees will be subject to misconduct and federal tax compliance screenings in accordance with the applicable appropriations acts and IRS procedures. Details can be found in IRM 6.451.1, Employee Performance and Utilization - Policies, Authorities, Categories, and Approvals.

Verification of the misconduct and tax compliance screening must be retained for records maintenance per IRS policy requirements. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829, General Records Schedules.

6.575.1.1.6 (03-03-2020) Terms

- (1) The definitions used in this chapter are consistent with those contained in 5 CFR 575.
- (2) Additional definitions are found in each subsection, as relevant.
- (3) **Competencies** are the knowledge, skills, abilities, behaviors, and other characteristics an individual needs to perform the duties of the position.
- (4) **Rate of basic pay** is the rate fixed by law or administrative action for the position to which an employee is or will be appointed, relocated, or retained

before deductions and including any special rate under 5 CFR 530, subpart C, or similar payment under other legal authority, and any locality-based comparability payment under 5 CFR 531, subpart F, or similar payment under other legal authority, but excludes additional payments of any other kind.

- (5) **Service Agreement** is defined as a written agreement between IRS and an employee under which the employee agrees to a specified period of employment with the IRS of not less than six months or more than four years in return for payment of an incentive.

6.575.1.1.7 (11-08-2023) Acronyms

- (1) The table below lists commonly used acronyms and their definitions.

3Rs	Recruitment, Relocation and Retention Incentives
BBHR	Business Based Human Resource
BU	Business Unit
CFR	Code of Federal Regulations
EAI	Extended Assignment Incentive
HCIS	Human Capital Issuance System
HCO	Human Capital Office
HRSS	Human Resources Shared Services
LERN	Labor/Employee Relations and Negotiations
OES	Office of Executive Services
OHRO	Office of HR Operations
OHRS	Office of HR Strategy
OPM	Office of Personnel Management
P&A	Policy and Audits
PAR	Personnel Action Requests
PLAWS	Pay Leave and Work Schedules
POC	Point of Contact
SES	Senior Executive Service
SF-50	Standard Form-50, Notification Of Personnel Action
SL	Senior-level
ST	Scientific and professional
USC	United States Code

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6.575.1.1.8
(03-03-2020)

Related Resources

- (1) Additional guidance regarding IRS incentive programs is available on the IRS Source under the Employee Resources tab, under Pay at: <https://irssource.web.irs.gov/SitePages/Pay.aspx>. The information supplements this chapter. To provide more detailed references, hyperlinks are included to supporting documents and additional information.
- (2) The OPM Fact Sheets:
 - a. Pay & Leave, Recruitment, Relocation & Retention Incentives Fact Sheets at: <https://www.opm.gov/policy-data-oversight/pay-leave/recruitment-relocation-retention-incentives/#url=Fact-Sheets>
 - b. Pay & Leave, Pay Administration, Fact Sheet: Extended Assignment Incentives at: <https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/extended-assignment-incentives/>

6.575.1.2
(09-24-2013)

Recruitment Incentives

- (1) This section establishes IRS policy and procedures for administering the recruitment incentive authority.
- (2) The provisions of this policy apply to all newly appointed employees as defined under 5 USC 5753 and 5 CFR 575.102 within IRS, including the following positions approved by OPM at the request of Treasury:
 - a. The position of National Taxpayer Advocate, IRS, appointed and compensated under section 7803(c)(l)(B) of the Internal Revenue Code of 1986, as amended by Section 1301(c) of the Taxpayer First Act of 2019. OPM approved coverage on August 8, 1998.
 - b. A position appointed and compensated under the IRS Payband System, that covers all IRS managers including senior managers, department managers, and frontline managers.

6.575.1.2.1
(03-03-2020)

Recruitment Incentive Terms

- (1) The terms used in this subsection are in addition to those listed in IRM 6.575.1.1.6, Terms and are consistent with those contained in 5 CFR 575.102 and HCIS Chapter 575.1 TN-15-001.
- (2) **Likely to be difficult to fill** means IRS is likely to have difficulty recruiting qualified candidates with the competencies required for a position or group of positions in the absence of a recruitment incentive. The IRS must consider the factors in 5 CFR 575.106(b), as applicable to the case at hand, to determine whether a position is likely to be difficult to fill.
- (3) **Newly appointed** refers to:
 - a. The first appointment, regardless of tenure, as an employee of the federal government;
 - b. An appointment of a former employee of the federal government following a break in federal government service of at least 90 days; or
 - c. An appointment of an individual in the federal government when their service in the federal government during the 90-day period immediately preceding the appointment was not in a position excluded by 5 CFR 575.104, and was limited to one or more of the following:
 - A time-limited appointment in the competitive or excepted service;
 - A non-permanent appointment in the competitive or excepted service;

- Employment with the Government of the District of Columbia (DC) when the candidate was first appointed by the DC Government on or after October 1, 1987;
- An appointment as an expert or consultant under 5 USC 3109 and 5 CFR 304;
- Employment under a provisional appointment designated under 5 CFR 316.403;
- Employment under an Internship Program appointment under 5 CFR 213.3402(a); or
- Employment as an SES limited term appointee or limited emergency appointee (as defined in 5 USC 3132(a)(5) and (a)(6), respectively).

6.575.1.2.2
(11-08-2023)
**The IRS Recruitment
Incentive Policy**

- (1) A recruitment incentive may be authorized on a case-by-case basis to a newly appointed employee when the employee's position is likely to be difficult to fill in the absence of the incentive. The approving official must make the determination to authorize a recruitment incentive before the prospective employee enters on duty in the position for which recruited.
- (2) The regulations contained in 5 CFR 575, subpart A, permit approval of recruitment incentives for a group or category of employees if the IRS determines that a category or group of positions have been difficult to fill in the past or may be difficult to fill in the future.
 - a. The BBHR POC must initiate contact with HCO, OHRS, P&A for technical advice prior to finalizing a formal request for group recruitment incentives.
 - b. All requests for group incentives must be coordinated between BUs having like or similar occupations.
 - c. The category or group of positions must be narrowly defined to include: occupational series, grade level, distinctive job duties, unique competencies required for the positions, and geographic location.
 - d. Changes to an approved group request (such as, increase in number of incentives or hard-to-fill locations) will require additional written approval.
 - e. The requesting office must review each decision to target a group of similar positions for the purpose of offering a recruitment incentive at least annually to determine whether the positions are still likely to be difficult to fill and certify this determination in writing. If a determination is made that the positions are no longer likely to be difficult to fill, a recruitment incentive may not be offered to newly-appointed employees in that group on a group basis.

6.575.1.2.3
(03-03-2020)
Eligibility

- (1) To be eligible to receive a recruitment incentive, an employee must:
 - a. Be a newly appointed employee (as defined under 5 CFR 575.102); and
 - b. Sign a service agreement, consistent with IRM 6.575.1.2.10, Service Agreement, to remain an employee of IRS for a period of six months to four years as established by the approving official based on the needs of IRS.
- (2) A recruitment incentive **may not** be paid to ineligible employees as defined in 5 CFR 575.104, which includes, but is not limited to, individuals appointed by

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the President, by and with the advice and consent of the Senate, or a position in the SES as a non-career appointee (as defined in 5 USC 3132(a)(7)).

6.575.1.2.4 (09-24-2013) **Criteria for Consideration of a Recruitment Incentive**

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to determine when a position is likely to be difficult to fill (that is, the IRS is likely to have difficulty recruiting qualified candidates with the competencies required for the position or group of positions in the absence of a recruitment incentive). The following factors must be considered, as applicable to the case at hand, in determining whether a position or group of positions is likely to be difficult to fill in the absence of the incentive and in documenting this determination (5 CFR 575.106):
 - a. The availability and quality of candidates possessing the competencies required for the position, including the success of recent efforts to recruit candidates for the position or similar positions using indicators, such as offer acceptance rates, the proportion of positions filled, and the length of time required to fill similar positions;
 - b. The salaries typically paid outside the federal government for similar positions;
 - c. Recent turnover in similar positions;
 - d. Employment trends and labor-market factors that may affect IRS's ability to recruit candidates for similar positions;
 - e. Special or unique competencies required for the position;
 - f. Efforts to use non-pay authorities, such as special training and work scheduling flexibilities, to resolve difficulties alone or in combination with a recruitment incentive;
 - g. The desirability of the duties, work or organizational environment, or geographic location of the position; and
 - h. Other supporting factors.
- (2) The IRS may determine that a position or group of positions is likely to be difficult to fill if OPM has approved the use of a direct-hire authority applicable to the position or group of positions under 5 CFR 337, subpart B, or other legislative authority.

6.575.1.2.5 (11-08-2023) **Approval of Recruitment Incentives**

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to approve a recruitment incentive.
- (2) The Treasury Assistant Secretary for Management is the approving official for payment of a recruitment incentive to a member of the SES, or non-SES employees selected for an SES position, other than one for whom appointing authority is reserved to the Treasury Deputy Secretary.
- (3) The Commissioner, the Deputy Commissioner for Services and Enforcement, and the Deputy Commissioner for Operations Support are the approving officials for the payment of a recruitment incentive for employees within their respective organization. This authority may not be redelegated. (Refer to Delegation Order 6-23, Delegation of Authority to Accomplish Pay Administration, at IRM 1.2.2.7.13(62))
- (4) The recommending official must be at least one level higher than the employee's supervisor unless there is no higher official within the IRS.

- (5) The approving official must review and approve the recruitment incentive request in writing **before the new employee enters on duty and before the incentive can be paid to the employee.**

6.575.1.2.6 (11-08-2023) Responsibilities

- (1) The BU recommends payment of a recruitment incentive after determining a position is likely to be difficult to fill.
- (2) For non-SES employees, the requesting office completes and signs Form 14118-I, Recruitment Incentive Individual Request, or Form 14118-G, Recruitment Incentive Group Request, and routes the completed form to the BBHR POC. All non-SES employees who are offered and accept a recruitment incentive are required to sign Form 14118, Recruitment Incentive Service Agreement for Non-SES Employees. For SES employees or non-SES employees selected for an SES position, the requesting office completes and signs the Recruitment Incentive Template and routes the request to the functional POC.
- (3) The BBHR POC or functional POC must review and perfect the incentive request prior to forwarding the request for approval. For non-SES employees, the BBHR POC or functional POC will forward incentive requests to HCO, OHRS, P&A. For SES employees, forward incentive requests to HCO, OES.
- (4) The IRS Human Capital Officer will certify that all statutory and regulatory requirements have been met. The requests for non-SES recruitment incentives will be forwarded by HCO, OHRS, P&A to the IRS Commissioner or appropriate Deputy Commissioner for approval, and the requests for SES will be forwarded by HCO, OES to the Treasury Assistant Secretary for Management for approval.
- (5) For more information on responsibilities, refer to IRM 6.575.1.1.3, Roles and Responsibilities.

6.575.1.2.7 (11-08-2023) Documentation

- (1) For each determination to pay a recruitment incentive, the following must be documented in writing on the incentive request form applicable to the position or group of positions for non-SES employees or the Recruitment Incentive Template for SES employees or non-SES employees selected for an SES position:
 - a. The basis for determining that a position is likely to be difficult to fill as determined under IRM 6.575.1.2.4, Criteria for Consideration of a Recruitment Incentive;
 - b. The basis for authorizing a recruitment incentive;
 - c. The basis for establishing the amount and timing of the incentive payment and the length of the required service period;
 - d. Verification that funds are available to pay a recruitment incentive; **and**
 - e. If applicable, the basis for making a determination to pay a recruitment incentive to a prospective employee who has not yet entered on duty in the position for which recruited (the employee must have received a written offer of employment and signed the service agreement).

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6.575.1.2.8
(09-24-2013)

Determining the Amount of the Recruitment Incentive

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish criteria for determining the amount of a recruitment incentive.
- (2) For SES, the maximum amount authorized for a recruitment incentive is 25 percent of an employee's annual rate of basic pay at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period (not to exceed four years).
- (3) The IRS established the IRS Non-SES Corporate Incentives Strategy, which sets the maximum incentive amount allowed, per year for non-SES employees. The Non-SES Corporate Incentives Strategy at: <http://hco.web.irs.gov/compbenefits/pdf/IRSNon-SESCorporateIncentivesStrategy.ppt> must be referenced and utilized.
- (4) The following factors must be considered when determining the amount of the recruitment incentive:
 - a. The criticality of the skills or special mission requiring the service of a specific executive, manager, employee, or group of employees;
 - b. The cost effectiveness of granting a recruitment incentive relative to the cost of further recruitment (for example, training, lost productivity, attrition rate, and other applicable alternatives and considerations); and
 - c. The availability of funds.
- (5) The IRS may, through Treasury's Office of the Deputy Assistant Secretary for Human Resources/Chief Human Capital Officer (DASHR/CHCO), request OPM approval to waive the 25 percent limitation for non-SES and SES employees based on a critical agency need. The requesting office must determine that the competencies required for the position(s) are critical to the successful accomplishment of an important agency mission, project, or initiative (such as, programs or projects related to a national emergency or implementing a new law or critical management initiative). With an approved waiver, the total amount of recruitment incentive payments paid to a non-SES or SES employee in a service period may not exceed 50 percent of the employee's annual rate of basic pay at the beginning of the service period multiplied by the number of years in the service period. However, in no event may a waiver provide total recruitment incentive payments exceeding 100 percent of the employee's annual rate of basic pay at the beginning of the service period. A written waiver request must include all of the information required in 5 CFR 575.109(c)(2).

6.575.1.2.9
(03-03-2020)

Payment of a Recruitment Incentive

- (1) A recruitment incentive may be paid:
 - a. As an initial lump-sum payment at the commencement of the service period required by the service agreement or before the start of the service period to an employee who has not yet entered on duty once the employee has received a written offer of employment and signed a service agreement;
 - b. In installments throughout the service period required by the service agreement;
 - c. As a final lump-sum payment upon the completion of the full service period required by the service agreement; or
 - d. In a combination of these payment methods.

- (2) A recruitment incentive is not part of an employee's rate of basic pay for any purpose.
- (3) Payment of a recruitment incentive is subject to the aggregate limitation on pay. For more information, refer to IRM 6.575.1.2.15, Miscellaneous Provisions.
- (4) A recruitment incentive will not be included in the calculation of a lump-sum payment for annual leave.

6.575.1.2.10
(11-08-2023)
Service Agreement

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish criteria for determining the length of a service period.
- (2) A service agreement is a written agreement between IRS and an employee under which the employee agrees to a specified period of employment in return for the payment of a recruitment incentive.
- (3) Before the IRS may pay a recruitment incentive, an employee must sign a written service agreement to complete a specified period of employment with IRS. The minimum service agreement may not be for less than six months; the maximum service agreement may not be for more than four years.
- (4) The service agreement **must**:
 - a. Meet the requirements of, and contain the information specified in 5 CFR 575.110;
 - b. Include the commencement and termination dates of the required service period;
 - c. Specify the total amount of the incentive, the method of paying the incentive, and the timing and amount of each incentive payment, as established under 5 CFR 575.109;
 - d. Include the conditions under which IRS must terminate the service agreement (such as, if an employee is demoted or separated for cause, receives a rating of record of less than "Fully Successful" or equivalent, or otherwise fails to fulfill the terms of the service agreement) and the conditions under which the employee must repay a recruitment incentive under 5 CFR 575.111;
 - e. Include the conditions under which the agency **may** terminate the service agreement prior to the completion of the agreed upon service period; **and**
 - f. The effect of a termination of a service agreement, including the conditions under which the IRS will pay an additional recruitment incentive payment for partially completed service.
- (5) The service agreement may also include any additional terms that if violated will result in the termination of the service agreement.

Note: For example, the service agreement may specify the employee's work schedule, type of position, and the duties the employee is expected to perform. In addition, the service agreement may address the extent to which periods of time on detail, in a nonpay status, or in a paid leave status are creditable towards the completion of the service period.

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- (6) If service does not begin on the first day of a pay period, the approving official must delay the service period commencement date so that the required service period begins on the first day of the first pay period beginning on or after the commencement of service with IRS.
 - For example, if an employee enters on duty on Monday (the second day of the pay period), the service agreement must be delayed until the first day of the following full pay period.
- (7) The approving official may delay a service agreement commencement date until after the employee completes an initial period of formal training or required probationary period when continued employment in the position is contingent on successful completion of the formal training or probationary period. The service agreement must specify that if the employee does not successfully complete the training or probationary period before the service period commences, the IRS is not obligated to pay any portion of the recruitment incentive.
- (8) For non-SES employees, service agreement Form 14118, Recruitment Incentive Service Agreement for Non-SES Employees is available. For SES employees or non-SES employees selected for an SES position, a service agreement form is provided as part of the Recruitment Incentive Template Request.
- (9) The manager will retain the service agreements for records maintenance per IRS policy requirements. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829, General Records Schedules.

6.575.1.2.11
(11-08-2023)

Termination of a Service Agreement

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish criteria for terminating a service agreement.
- (2) The officials authorized to approve the payment of a recruitment incentive are also authorized to terminate the recruitment incentive service agreement.
- (3) The IRS may unilaterally terminate a recruitment incentive service agreement based solely on management needs (5 CFR 575.111(a)). If the decision is made to unilaterally terminate a recruitment incentive service agreement, the employee is entitled to all the recruitment incentive payments for completed service and to retain any portion of the recruitment incentive payment the employee received that is attributable to uncompleted service.
 - For example, the IRS will terminate a recruitment incentive service agreement when:
 - a. An employee's position is affected by a reduction in force;
 - b. There are insufficient funds to continue the planned incentive payments; or
 - c. The IRS assigns the employee to a different position or the employee accepts a new position (if the different position is not within the terms of the service agreement). The manager must report the position change to the BBHR or Incentive POC. Refer to IRM 6.575.1.1.3, Roles and Responsibilities, for more information.

- (4) The IRS must terminate a recruitment incentive service agreement as prescribed under 5 CFR 575.111(b) if the employee:
 - a. Is demoted or separated for cause (such as, for unacceptable performance or conduct);
 - b. Receives a rating of record of less than “Fully Successful” or equivalent;
or
 - c. Otherwise fails to fulfill the terms of the service agreement.
- (5) If IRS terminates a recruitment incentive service agreement based on the reasons listed at IRM 6.575.1.2.11(4), the following rules apply:
 - a. The employee is entitled to retain the recruitment incentive payments previously paid that are attributable to the completed portion of the service period and to retain any portion of a recruitment incentive payment the employee received that is attributable to uncompleted service.
 - b. If the payments received are less than the amount that would be attributable to the completed portion of the service period, or if the payments are more than the amount that would be attributable to the completed portion of the service period, IRS must follow the requirements in 5 CFR 575.111(f) to determine its obligations for payment or the employee’s obligations for repayment.

Note: An employee is not entitled to retain any portion of the recruitment incentive and must repay all payments received when the employee is separated as a result of material false or inaccurate statements, deception or fraud in examination or appointment, or fails to meet employment qualifications.

- c. The IRS must notify an employee in writing when it terminates a recruitment incentive agreement and provide the reason(s) for the termination.
- d. The relevant BU must initiate a timely PAR to terminate the amount of a recruitment incentive.
- e. The termination of a service agreement is not grievable or appealable as prescribed under 5 CFR 575.111(c).

6.575.1.2.12
(09-24-2013)
**Collection of Excess
Payments**

- (1) If an employee fails to fulfill their obligations for repayment, IRS must recover any outstanding incentive repayment amount from the employee consistent with IRS’s policies and procedures for collection by offset from an indebted government employee under 5 USC 5514 and 5 CFR 550, subpart K, or the appropriate provisions governing federal debt collection if the individual is no longer a federal employee (5 CFR 575.111(g)).
- (2) Authorized officials may waive the requirement to repay the full amount owed when, in the judgment of the official, collection of the excess amount would be against equity and good conscience and not in the best interest of the United States (5 CFR 575.111(h)).

Note: Repayment of recruitment incentives received as a result of material false or inaccurate statements, deception or fraud in examination or appointment, or fails to meet employment qualifications **may not be waived**.

- (3) Any waivers must be consistent with and in accordance with the provisions of Treasury Directive 34-01, Waiving Claims Against Treasury Employees for

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Erroneous Payments, and IRM 1.2.2.2.13, Servicewide Delegations of Authority, Delegation Order 1-15, Waiving Claims Against Current or Former Employees for Erroneous Payments.

6.575.1.2.13 (03-03-2020) Relation to Other Incentives

- (1) The IRS **may not** begin paying a recruitment incentive to an eligible employee who is receiving or fulfilling the requirements of a service agreement for the payment of a relocation incentive under 5 CFR 575.206, or for a retention incentive under 5 CFR 575.306, or to an eligible employee who is receiving a retention incentive without a service agreement (5 CFR 575.105(c)).
- (2) The IRS **may not** begin paying an EAI to an eligible employee who is receiving or fulfilling the requirements of a recruitment incentive (5 CFR 575.506).

6.575.1.2.14 (11-08-2023) Records, Review, Reports

- (1) The BU will complete and maintain:
 1. A record of each determination to pay a recruitment incentive per IRS policy requirements; and
 2. A written report that must include:
 - a. A description of how the authority to pay recruitment incentives was used;
 - b. The number and dollar amount of the recruitment incentives paid for each employee including the title of their position, pay plan, occupational series, grade/step rate (or equivalent), and commencement date of the incentive; **and**
 - c. Other information, which may be subject to periodic review by OPM and/or Treasury. For additional information, refer to IRM 1.15 , Records and Information Management and Document 12829 , General Records Schedules.

6.575.1.2.15 (03-03-2020) Miscellaneous Provisions

- (1) **Aggregate Limitation:** Payment of a recruitment incentive is subject to the aggregate limitation on pay under 5 USC 5307, 5 CFR 530, subpart B and IRM 6.530.1.2 , Aggregate Limitation on Pay, as follows:
 - a. **The SES:** The total annual compensation (including a recruitment, relocation, or retention incentive payment) for SES cannot exceed the rate payable to the Vice President under 3 USC 104 during periods when OPM and Office of Management and Budget (OMB) certification of Treasury's SES performance appraisal system is in effect and cannot exceed the rate of pay for level I of the Executive Schedule during periods when OPM and OMB certification of Treasury's SES performance appraisal system has lapsed as follows:
 - **During periods when certification is in effect:** If an incentive would cause an employee's total annual compensation to exceed the Vice President's rate of pay, the IRS **must** defer the excess amount for payment as a lump-sum payment to the beginning of the following calendar year.
 - **During periods when certification has lapsed:** If an incentive payment would cause an employee's total annual compensation to exceed the rate of pay for level I of the Executive Schedule, the IRS

must: (1) defer the excess amount until OPM and OMB certify Treasury's SES performance appraisal system, at which time the IRS may pay the excess amount up to the rate payable to the Vice President and defer any remaining amount for payment as a lump-sum payment at the beginning of the following calendar year; **or** (2) defer the entire excess amount for payment as a lump-sum payment at the beginning of the following calendar year, if OPM and OMB do not certify Treasury's SES performance appraisal system before the end of the current calendar year.

- b. The limitations described above also apply to employees in senior-level (SL) positions and scientific and professional (ST) positions who are paid under 5 USC 5376.
- c. **Other Employees:** Total annual compensation (including a recruitment, relocation, or retention incentive payment) cannot exceed the rate of pay for level I of the Executive Schedule in any calendar year. Excess incentive payments that would cause the employee's total annual compensation to exceed the aggregate limitation must be deferred and paid in a lump-sum payment at the beginning of the following calendar year as provided under 5 CFR 530.203(d) and 530.204.

- (2) Before receiving a recruitment incentive, employees will be subject to misconduct and federal tax compliance screening, in accordance with the appropriations act and IRS procedures, which prohibit using appropriated funds to pay employee incentives without considering the employee's conduct and federal tax compliance. Refer to IRM 6.575.1.1.5, Program Controls and IRM 6.575.1.1.3, Roles and Responsibilities for more information.

6.575.1.3 (11-08-2023) Relocation Incentives

- (1) This section establishes IRS policy and procedures for administering the relocation incentive authority.
- (2) The provisions of this policy apply to employees as defined under 5 USC 5753 and 5 CFR 575.202 and 575.203 within IRS, plus the following positions approved by OPM at the request of Treasury:
 - a. The position of National Taxpayer Advocate, IRS, appointed and compensated under Section 7803(c)(l)(B) of the Internal Revenue Code of 1986, as amended by Section 1301(c) of the Taxpayer First Act of 2019. OPM approved coverage on August 8, 1998.
 - b. A position appointed and compensated under the IRS Payband System, that covers all IRS managers including senior managers, department managers, and frontline managers.

6.575.1.3.1 (11-08-2023) Relocation Incentive Terms

- (1) The definitions used in this subsection are in addition to those listed in IRM 6.575.1.1.6, Terms and are consistent with those contained in 5 CFR 575.202 and Treasury HCIS Chapter 575.2 TN-15-002.
- (2) **Likely to be difficult to fill** means the IRS is likely to have difficulty recruiting employees with the competencies required for the position or group of positions in the absence of a relocation incentive. The IRS must consider the factors in 5 CFR 575.206(b), as applicable to the case at hand, to determine whether a position is likely to be difficult to fill.

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- (3) **Position in a different geographic area** is a position that is considered to be in a different geographic area if the worksite of the new position is 50 or more miles from the worksite of the position held immediately before the move. If the worksite of the new position is less than 50 miles from the worksite of the position held immediately before the move, but the employee must relocate (in other words, establish a new residence) to accept the position, the approving official may waive the 50-mile requirement and pay the employee a relocation incentive.
- (4) **Establish a residence in the new geographic location** includes, but is not limited to, purchasing or renting of a home, apartment, or condominium; residing at a residence of a friend or family member; **or** temporarily residing at a hotel.

6.575.1.3.2 (11-08-2023) The IRS Relocation Incentive Policy

- (1) The IRS may pay a relocation incentive to a current employee who:
 - a. Relocates without a break in service to a different geographic area (permanently or temporarily) to accept a position when the position is likely to be difficult to fill in the absence of a relocation incentive, as determined under 5 CFR 575.206;
 - b. Establishes and maintains residency in the new geographic area for the duration of the service agreement, as outlined in IRM 6.575.1.3.10, Service Agreement; **and**
 - c. Is a current employee of the federal government immediately before the relocation.
- (2) A relocation incentive may be paid only when the employee's rating of record for the position held immediately before the move is at least "Fully Successful" or equivalent. To continue to receive a relocation incentive, an eligible employee must continue to have a rating of at least "Fully Successful" or equivalent during the service period.

6.575.1.3.3 (11-08-2023) Criteria for Consideration of a Relocation Incentive

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to determine when a position is likely to be difficult to fill.
- (2) The following factors must be considered, as applicable to the case at hand, in determining whether a position or group of positions is likely to be difficult to fill in the absence of a relocation incentive:
 - a. The availability and quality of candidates possessing the competencies required for the position, including the success of recent efforts to recruit candidates for the position or similar positions using indicators such as offer acceptance rates, the proportion of positions filled, and the length of time required to fill similar positions;
 - b. The salaries typically paid outside the federal government for similar positions;
 - c. Recent turnover in similar positions;
 - d. Employment trends and labor-market factors that may affect the ability of IRS to recruit candidates for similar positions;
 - e. Special or unique competencies required for the position;

- f. Efforts of the IRS to use non-pay authorities, such as special training and work scheduling flexibilities, to resolve difficulties alone or in combination with a relocation incentive;
 - g. The desirability of the duties, work or organizational environment, or geographic location of the position; **and**,
 - h. Other supporting factors.
- (3) The IRS may determine that a position or group of positions is likely to be difficult to fill if OPM has approved the use of a direct-hire authority applicable to the position or group of positions under 5 CFR 337, subpart B, or other legislation.
- (4) The regulations permit approval of a group relocation incentive. The IRS may waive the required case-by-case authorization and authorize a relocation incentive to a group of employees when:
 - An employee is a member of a group of employees subject to a mobility agreement, and IRS determines that relocation incentives are necessary to retain the employees subject to the mobility agreement to ensure continuation of operations; **or**
 - A major organizational unit of the IRS is relocated to a new duty station, and IRS determines that relocation incentives are necessary for a group of employees to ensure the continued operation of that unit without undue disruption of an activity or function that is deemed essential to the IRS's mission or without undue disruption of service to the public.
- (5) The BBHR POC must initiate contact with the HCO, OHRS, P&A for technical advice prior to finalizing a formal request for group relocation incentives.
- (6) The written determination of the basis to pay a relocation incentive must specify the group of employees covered by the case-by-case waiver, the conditions under which the waiver is approved, and the period of time the waiver is applied.
- (7) The category or group of positions must be narrowly defined to include: occupational series, grade level, distinctive job duties, unique competencies required for the position, special project, function or activity, minimum service requirements, and organization or team geographic location.

6.575.1.3.4
(09-24-2013)
Approval of Relocation Incentives

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to approve a relocation incentive for an employee.
- (2) The Treasury Assistant Secretary for Management is the approving official for payment of a relocation incentive to a member of the SES, or non-SES employees selected for an SES position, other than one for whom appointing authority is reserved to the Treasury Deputy Secretary.
- (3) The IRS Commissioner, the Deputy Commissioner for Services and Enforcement, or the Deputy Commissioner for Operations Support are the approving officials for the payment of a relocation incentive for employees within their respective organization. This authority may not be redelegated. (Refer to Delegation Order 6-23, Delegation of Authority to Accomplish Pay Administration, at IRM 1.2.2.7.13 .

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- (4) The recommending official must be at least one level higher than the employee's supervisor, unless there is no higher official within the IRS.
- (5) The approving official must review and approve the relocation incentive request in writing **before the employee enters on duty in the new position to which relocated** and before the incentive can be paid to the employee.

6.575.1.3.5 (11-08-2023) Eligibility

- (1) To be eligible to receive a relocation incentive, an employee must:
 - a. Be a federal employee immediately before the relocation;
 - b. Have at least a "Fully Successful" or equivalent rating of record for the position held immediately before the move;
 - c. Sign a service agreement (Form 14065-B, Relocation Incentive Service Agreement, for non-SES or Service Agreement Template for SES) to remain an employee of the IRS, and maintain residency in the new geographic location for a specified period of time, which must be a minimum of six months and no more than four years;
 - d. Relocate to a position in a different geographic area, as outlined in IRM 6.575.1.3.1 (3) Relocation Incentive Terms;
 - e. Establish residency in the new geographic area, as outlined in IRM 6.575.1.3.1 (4) Relocation Incentive Terms;
 - f. Maintain residency in the new geographic area for the duration of the service agreement; **and**
 - g. Not be fulfilling a service agreement for receipt of a previously approved recruitment or relocation incentive. A relocation incentive service agreement may begin during a period of employment established under a previously authorized retention incentive. The service periods must be fulfilled concurrently if applicable, per 5 CFR 575.205(e).
- (2) Employees in positions listed in 5 CFR 575.204, which include Presidential appointees, non-career SES appointees, and employees in positions excepted from the competitive service by reason of their confidential, policy-determining, policy-making, and policy-advocating character (Schedule C), **are not** eligible for a relocation incentive.

6.575.1.3.6 (11-08-2023) Responsibilities

- (1) The requesting manager recommends payment of a relocation incentive through the second-level manager.
- (2) The requesting office completes and signs the Relocation Incentive Request Form 14064-B for non-SES employees, or the Relocation Incentive Template for SES employees or non-SES employees selected for an SES position. Requests for non-SES employees are routed to the BBHR POC and requests for SES employees are routed to the functional POC.
- (3) The BBHR POC or functional POC reviews and perfects the incentive request prior to forwarding the request for approval; and must maintain a record that includes:
 - Facts supporting that the employee established residency in the new geographic location **before** the relocation incentive was paid **and**
 - Facts supporting that the employee **maintains** residency in the new geographic area for the duration of the service agreement as required by 5 CFR 575.205(b).

- (4) For non-SES employees, forward incentive requests to HCO, OHRS, P&A. For SES employees, forward incentive requests to HCO, OES.
- (5) The IRS Human Capital Officer will certify that all statutory and regulatory requirements have been met. The requests for non-SES will be forwarded by HCO, OHRS, P&A to the IRS Commissioner or appropriate Deputy Commissioner for approval, and the requests for SES will be forwarded by HCO, OES to the Treasury Assistant Secretary for Management for approval.
- (6) For more information, refer to IRM 6.575.1.1.3, Roles and Responsibilities.

6.575.1.3.7 (11-08-2023) **Documentation**

- (1) For each determination to pay a relocation incentive, the following must be documented in writing on the Relocation Incentive Request Form 14064-B for non-SES employees, or the Relocation Incentive Template for SES employees or non-SES employees selected for an SES position:
 - a. The basis for determining that a position or group of positions is likely to be difficult to fill as determined under IRM 6.575.1.3.3, Criteria for Consideration of a Relocation Incentive;
 - b. The basis for authorizing a relocation incentive;
 - c. The basis for establishing the amount and timing of the relocation incentive payment, and the length of the required service period;
 - d. Verification that funds are available to pay a relocation incentive;
 - e. Facts supporting that the worksite of the employee's new position is not in the same geographic area as the worksite of the position held immediately before the move (or that a waiver was approved under 5 CFR 575.205(b)); **and**
 - f. Facts supporting that the employee established and maintains residency in the new geographic area as required by 5 CFR 575.205(b).
- (2) The IRS may request the employee provide proof of residence, such as a lease, proof of purchasing property, utility bill, or a similar document to ensure the employee still resides in the new geographic area. The manager will retain the documentation for records maintenance per IRS policy requirements. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829, General Records Schedules.

6.575.1.3.8 (03-03-2020) **Determining the Amount of the Relocation Incentive**

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish criteria for determining the amount of a relocation incentive.
- (2) For SES, the maximum amount authorized for a relocation incentive is 25 percent of an employee's annual rate of basic pay at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service agreement.
- (3) The IRS established the IRS Non-SES Corporate Incentives Strategy, which sets the maximum incentive amount for non-SES employees. The Non-SES Corporate Incentives Strategy at: <http://hco.web.irs.gov/compbenefits/pdf/IRSNon-SESCorporateIncentivesStrategy.ppt> must be referenced and utilized.
- (4) The IRS may, through the DASHR/CHCO office, request OPM approval to waive the 25 percent relocation incentive payment limitation for non-SES and SES employees based on IRS's critical need for a higher incentive payment

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amount consistent with the requirements in 5 CFR 575.209(c)(1). The total amount of the higher payment may not exceed 50 percent of the employee's annual rate of basic pay at the beginning of a service period multiplied by the number of years (including fractions of a year) in the service period. The total relocation incentive payment may not in any event exceed 100 percent of the employee's annual rate of basic pay at the beginning of the service period. A written waiver request must include all of the information required in 5 CFR 575.209(c)(2).

6.575.1.3.9
(11-08-2023)

Payment of a Relocation Incentive

- (1) A relocation incentive may be paid:
 - a. As an initial lump-sum payment at the commencement of the service period required by the service agreement;
 - b. In installments throughout the service period required by the service agreement;
 - c. As a final lump-sum payment upon the completion of the full service period required by the service agreement; or
 - d. In a combination of these payment methods.
- (2) A relocation incentive will not be considered part of the employee's rate of basic pay for any purpose.
- (3) Payment of a relocation incentive is subject to the aggregate limitation on pay. For more information, refer to IRM 6.575.1.3.15, Miscellaneous Provisions.
- (4) A relocation incentive will not be included in the calculation of a lump-sum payment for annual leave.
- (5) In all cases, an employee **must** establish residence in the new geographic area **before** IRS may pay a relocation incentive to the employee.
- (6) A relocation incentive may be paid **only** if the employee maintains residency in the new geographic area for the duration of the service agreement.
- (7) For employees who do not maintain a residence in the new geographic location throughout the service agreement, the relocation incentive will be terminated. IRM 6.575.1.3.11, Termination of a Service Agreement for more information.

6.575.1.3.10
(11-08-2023)

Service Agreement

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish criteria for determining the length of a service period.
- (2) A service agreement is a written agreement between IRS and an employee under which the employee agrees to a specified period of employment with IRS at the new duty station to which the employee relocated in return for payment of a relocation incentive.
- (3) Before the IRS may pay a relocation incentive, an employee must sign a written service agreement to complete a specified period of employment at the new duty station to which relocated. The minimum service period specified may not be for less than six months and the maximum may not be more than four years at the new duty station to which relocated.

- (4) The service agreement must:
- a. Meet the requirements of, and contain the information specified in, 5 CFR 575.210;
 - b. Include the commencement and termination dates of the required service period;
 - c. Specify the total amount of the incentive, the method of paying the incentive, and the timing and amount of each incentive payment, as established under 5 CFR 575.209;
 - d. Include the conditions under which IRS must terminate the service agreement (such as, if an employee is demoted or separated for cause, receives a rating of record of less than “Fully Successful” or equivalent, fails to maintain residency in the new geographic area for the duration of the service agreement, or otherwise fails to fulfill the terms of the service agreement) and the conditions under which the employee must repay a relocation incentive under 5 CFR 575.211;
 - e. Include the conditions under which the IRS **may** terminate the service agreement prior to the completion of the agreed upon service period, including the effect of termination and the conditions under which the IRS will pay an additional relocation incentive payment for partially completed service under 5 CFR 575.211(e) and (f); **and**
 - f. Begin upon the commencement of service at the new duty station and end on the last day of a pay period. If service at the new duty station does not begin on the first day of a pay period, the approving official must delay the service period commencement date so that the required service period begins on the first day of the first pay period beginning on or after the commencement of service at the new duty station.
 - For example, if an employee enters on duty on Monday (the second day of the pay period), the service agreement must be delayed until the first day of the following full pay period.
- (5) The approving official must make the determination to pay a relocation incentive in writing:
- a. Before the employee enters on duty in the new location; **and**
 - b. Before the incentive can be paid out.
- (6) The service agreement may also include any other terms or conditions that, if violated, will result in the termination of the service agreement; and may address the extent to which periods of time on detail, in a nonpay status, or in a paid leave status are creditable towards the completion of the service period.
- (7) The approving official may delay a service agreement commencement date until after the employee completes an initial period of formal training when continued employment in the position is contingent on successful completion of the formal training. However, the service agreement must specify that if an employee does not successfully complete the training before the service period commences, the agency is not obligated to pay any portion of the relocation incentive to the employee.
- (8) The requesting office must define the limits of the new geographic area in the service agreement for the purpose of determining whether an employee maintains residency in that geographic area for the duration of the service agreement, consistent with 5 CFR 575.205(b).

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- (9) A service agreement Form 14065-B, Relocation Incentive Service Agreement for non-SES or Service Agreement Template for SES is required.
- (10) The manager will retain the service agreements for records maintenance per IRS policy requirements. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829, General Records Schedules.

6.575.1.3.11
(09-24-2013)

Termination of a Service Agreement

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish criteria for terminating a service agreement.
- (2) The officials authorized to approve the payment of a relocation incentive are also authorized to terminate the relocation incentive service agreement.
- (3) The IRS may unilaterally terminate a relocation incentive service agreement based solely on management needs (5 CFR 575.211(a)). If the decision is made to unilaterally terminate the relocation incentive service agreement, the employee is entitled to all the relocation incentive payments for completed service and to retain any portion of the relocation incentive payment the employee received that is attributable to uncompleted service.
- (4) The IRS must terminate a relocation incentive service agreement as prescribed under 5 CFR 575.211(b) if the employee:
 - Is demoted or separated for cause (such as, for unacceptable performance or conduct);
 - Receives a rating of record of less than "Fully Successful" or equivalent;
 - Fails to maintain residency in the new geographic area for the duration of the service agreement; **or**
 - Otherwise fails to fulfill the terms of the service agreement.
- (5) If IRS terminates a relocation incentive service agreement based on the reasons in IRM 6.575.1.3.11(4), the following rules apply:
 - a. The employee is entitled to retain the relocation incentive payments previously paid that are attributable to the completed portion of the service period.
 - b. If the payments received are less than the amount that would be attributable to the completed portion of the service period, or the payments are more than the amount that would be attributable to the completed portion of the service period, IRS must follow the requirements in 5 CFR 575.211(f) to determine IRS's obligations for payment or the employee's obligations for repayment.
- (6) The IRS must notify an employee in writing when it terminates a relocation incentive agreement and provide the reason(s) for the termination.
- (7) The relevant BU must initiate a timely PAR to terminate a relocation incentive.
- (8) The termination of a service agreement is not grievable or appealable as prescribed under 5 CFR 575.211(c).

6.575.1.3.12
(09-24-2013)
Collection of Excess Payments

- (1) If an employee fails to fulfill their obligations for repayment, IRS must recover any outstanding incentive repayment amount from the employee consistent with IRS's policies and procedures for collection by offset from an indebted government employee under 5 USC 5514 and 5 CFR part 550, subpart K, or the appropriate provisions governing federal debt collection if the individual is no longer a federal employee (5 CFR 575.211(g)).
- (2) Authorized officials may waive the requirement to repay the excess amount when, in the judgment of the official, collection of the excess amount would be against equity and good conscience and not in the best interest of the United States (5 CFR 575.211(h)). Any waivers must be consistent and in accordance with the provisions of Treasury Directive 34-01, Waiving Claims Against Treasury Employees for Erroneous Payments, and IRM 1.2.2.2.13, Delegation Order 1-15, Waiving Claims Against Current or Former Employees for Erroneous Payments.

6.575.1.3.13
(03-03-2020)
Relation to Other Incentives

- (1) The IRS **may not** begin paying a relocation incentive to an eligible employee who is receiving or fulfilling the requirements of a service agreement for the payment of a recruitment incentive under 5 CFR 575.106, or for the payment of a relocation incentive previously authorized under 5 CFR 575.206 (5 CFR 575.205(d)).
- (2) A relocation incentive service agreement **may** commence during a period of employment established under a service agreement for a previously authorized retention incentive or for which an employee is receiving previously authorized retention incentive payments without a service agreement under 5 CFR 575, subpart C. The service periods for the relocation and retention incentive service agreements must be fulfilled concurrently (5 CFR 575.205(e)).
- (3) The IRS **may not** begin paying a relocation incentive to an eligible employee who is receiving or fulfilling the requirements of a service agreement for the payment of an EAI under 5 CFR 575, subpart E.

6.575.1.3.14
(11-08-2023)
Records, Review, Reports

- (1) The BU will complete and maintain:
 - a. A record of each determination to pay a relocation incentive; and
 - b. A written report that must include:
 - A description of how the authority to pay relocation incentives was used;
 - The number and dollar amount of the relocation incentives paid for each employee including the title of their position, pay plan, occupational series, grade/step rate (or equivalent), and commencement date of the incentive; **and**
 - Other information, which may be subject to periodic review by OPM and/or Treasury. For additional information, refer to IRM 1.15 , Records and Information Management and Document 12829 , General Records Schedules.

6.575.1.3.15
(03-03-2020)
Miscellaneous Provisions

- (1) **Aggregate Limitation:** Payment of a relocation incentive is subject to the aggregate limitation on pay under 5 USC 5307, 5 CFR part 530, subpart B, and IRM 6.530.1.2 , Aggregate Limitation on Pay, as follows:

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- a. **The SES:** Total annual compensation (including a recruitment, relocation, or retention incentive payment) cannot exceed the rate payable to the Vice President under 3 USC 104 during periods when OPM and OMB certification of Treasury's SES performance appraisal system is in effect and cannot exceed the rate of pay for level I of the Executive Schedule during periods when OPM and OMB certification of Treasury's SES performance appraisal system has lapsed.
 - **During periods when certification is in effect:** If an incentive payment would cause an employee's total annual compensation to exceed the Vice President's rate of pay, IRS **must** defer the excess amount for payment as a lump-sum payment to the beginning of the following calendar year.
 - **During periods when certification has lapsed:** If an incentive payment would cause an employee's total annual compensation to exceed the rate of pay for level I of the Executive Schedule, IRS must: (1) defer the excess amount until OPM and OMB certify Treasury's SES performance appraisal system, at which time IRS may pay the excess amount up to the Vice President's rate of pay and defer any remaining amount for payment as a lump-sum payment at the beginning of the following calendar year; **or** (2) defer the entire excess amount for payment as a lump-sum payment at the beginning of the following calendar year, if OPM and OMB do not certify Treasury's SES performance appraisal system before the end of the current calendar year.
- b. The limitations described above also apply to employees in SL positions and ST positions who are paid under 5 USC 5376.
- c. **Other Employees:** Total annual compensation (including a recruitment, relocation, or retention incentive payment) cannot exceed the rate of pay for level I of the Executive Schedule in any calendar year. Excess incentive payments that would cause the employee's total annual compensation to exceed the aggregate limitation must be deferred and paid in a lump-sum payment at the beginning of the following calendar year as provided under 5 CFR 530.203(d) and 530.204.

- (2) Before receiving a relocation incentive, employees will be subject to misconduct and federal tax compliance screening in accordance with the appropriations act and IRS procedures, which prohibit using appropriated funds to pay employee incentives without considering the employee's conduct and federal tax compliance. Refer to IRM 6.575.1.1.5, Program Controls and IRM 6.575.1.1.3, Roles and Responsibilities for more information.

6.575.1.4 (11-08-2023) Retention Incentives

- (1) This section establishes the IRS policy and procedures for administering the retention incentive authority.
- (2) The provisions of this policy apply to employees as defined under 5 USC 5754 and 5 CFR 575.302 within IRS, plus the following positions approved by OPM at the request of Treasury:
 - a. The position of National Taxpayer Advocate, IRS, appointed and compensated under Section 7803(c)(1)(B) of the Internal Revenue Code of 1986, as amended by Section 1301(c) of the Taxpayer First Act of 2019. OPM approved coverage on August 8, 1998.

- b. A position appointed and compensated under IRS Payband System, that covers all IRS managers including senior managers, department managers, and frontline managers.

6.575.1.4.1
(11-08-2023)
**Retention Incentive
Terms**

- (1) The terms used in this subsection are in addition to those listed in IRM 6.575.1.1.6, Terms and are consistent with those contained in 5 CFR 575.302 and Treasury HCIS Chapter 575.3 TN-15-003.
- (2) **Annual Review** refers to the review conducted at least annually to determine whether the original determination to pay the incentive still applies or whether payment is still warranted as provided in 5 CFR 575.311 (a)(1) and CFR 575.311(f)(1). The IRS must annually review all determinations to pay retention incentives before the end of each calendar year.
- (3) **Likely to Leave Federal Service** means IRS has determined that, in the absence of a retention incentive, an employee or group of employees is likely to leave the federal service or an employee has notified the IRS that they will leave the federal service.
- (4) **Position Changes** refers to when IRS assigns an employee to a different position, either a permanent change or a temporary change of more than 120 days. When this occurs, IRS must terminate the retention incentive, unless the different position is within the terms of the service agreement.

6.575.1.4.2
(03-03-2020)
**IRS Retention Incentive
Policy**

- (1) An employee may be considered for a retention incentive if:
 - a. The unusually high or unique qualifications (for example, specific competencies) of the employee **or** a special need for the employee's services makes it essential to retain the employee; **and**
 - b. The employee would be likely to leave the federal service in the absence of a retention incentive.
- (2) The statute and regulations provide for approval of retention incentives for a group or category of employees if the agency determines that:
 - a. The unusually high or unique qualifications (for example, specific competencies) of the group or category of employees **or** a special need of IRS for the employees' services makes it essential to retain the employees in that group or category; **and**
 - b. There is a high risk that a significant number of the employees in the group would be likely to leave the federal service in the absence of a retention incentive.
- (3) An employee may be considered for a retention incentive if the IRS has a special need for the employee's services that makes it essential to retain the employee in their current position during a period of time before the closure or relocation of the employee's office, facility, activity, or organization; **and** the employee would be likely to leave for a different position in the federal service in the absence of a retention incentive. Refer to IRM 6.575.1.4.16, Likely to Leave for a Different Position in the federal service, for more information.
- (4) The IRS may not offer or authorize a retention incentive prior to an employee's employment with IRS.

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6.575.1.4.3
(11-08-2023)

Criteria for Consideration of a Retention Incentive

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to:
 - a. Determine when the unusually high or unique qualifications (for example, specific competencies) of an employee or a special need of IRS for the employee's services makes it essential to retain the employee, and when the employee would be likely to leave the federal service in the absence of a retention incentive;
 - b. Determine when a group or category of employees has unusually high or unique qualifications (for example, specific competencies) or when an agency has a special need for the employees' services that makes it essential to retain the employees in that group or category, and when there is a high risk that a significant number of employees in the group would be likely to leave the federal service in the absence of a retention incentive;
 - c. Approve a retention incentive for an employee (or group or category of employees, except as prohibited by 5 CFR 575.305(c)) in a position (or positions) listed in 5 CFR 575.303;
 - d. Establish the criteria for determining the amount of a retention incentive and the length of a service period under 5 CFR 575.309 and 5 CFR 575.310, respectively;
 - e. Request a waiver from OPM of the limitation on the maximum amount of a retention incentive for an employee (or group or category of employees) under 5 CFR 575.309(e); **and**
 - f. Establish the criteria for terminating a service agreement or retention incentive payments under 5 CFR 575.311.
- (2) The following factors must be considered, as applicable to the case in hand, before authorizing a retention incentive for an individual employee in determining whether the unusually high or unique qualifications of an employee or a special need of IRS for an employee's services makes it essential to retain the employee, and that the employee would be likely to leave the federal service in the absence of a retention incentive:
 - a. Employment trends and labor market factors, such as the availability and quality of candidates in the labor market possessing the competencies required for the position, and who, with minimal training, cost, or disruption of service to the public, could perform the full range of duties and responsibilities of the employee's position at the level performed by the employee;
 - b. The success of recent efforts to recruit candidates and retain employees with competencies similar to those possessed by the employee for positions similar to the position held by the employee;
 - c. Special or unique competencies required for the position;
 - d. The IRS's efforts to use non-pay authorities to help retain the employee instead of, or in addition to, a retention incentive, such as special training and work scheduling flexibilities or improving working conditions;
 - e. The desirability of the duties, work or organizational environment, or geographic location of the position;
 - f. The extent to which the employee's departure would affect IRS's ability to carry out an activity, perform a function, or complete a project that IRS deems essential to its mission;
 - g. The salaries typically paid outside the federal government;

- h. The quality and availability of the potential sources of employees that are identified in the organization's succession plan and knowledge transfer strategy, who possess the competencies required for the position, and who, with minimal training, cost, and disruption of service to the public, could perform the full range of duties and responsibilities of the employee's position at the level performed by the employee; **and**,
 - i. Other supporting factors.
- (3) The regulations permit approval of group retention incentives. The BBHR POC must initiate contact with HCO, OHRS, P&A for technical advice prior to finalizing a formal request for a group incentive.
- (4) Before a group incentive may be approved, the requesting organization must determine, based upon the factors outlined above, whether a group or category of employees:
 - a. Has unusually high or unique qualifications (for example, specific competencies) **or** that IRS's special need for the employees' services makes it essential to retain the employees in that group or category; **and**
 - b. That it is reasonable to presume that there is a high risk that a significant number of employees in the targeted group or category would be likely to leave the federal service in the absence of a retention incentive.
 - c. A group incentive authorization may not include any employee covered by 5 CFR 575.303(a)(2), (a)(3), or (a)(5), or those in similar categories of positions approved by OPM to receive retention incentives under 5 CFR 575.303(a)(7).
 - d. The BU must narrowly define a category or group of positions to include: occupational series, grade level, distinctive job duties, unique competencies required for the position, special project, function or activity, minimum service requirements, organization or team, geographic location, and required rating of record.

6.575.1.4.4
(09-24-2013)
Approval of Retention Incentives

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to approve a retention incentive for an employee.
- (2) The Treasury Assistant Secretary for Management is the approving official for payment of a retention incentive to:
 - a. A member of the SES, other than one for whom appointing authority is reserved to the Treasury Deputy Secretary; and
 - b. An individual appointed to a position under the streamlined critical pay authority at 5 USC 9503.
- (3) The IRS Commissioner, the Deputy Commissioner for Services and Enforcement, or the Deputy Commissioner for Operations Support are the approving officials for the payment of a retention incentive for employees within their respective organization. This authority may not be redelegated. (Refer to Delegation Order 6-23, Delegation of Authority to Accomplish Pay Administration, at IRM 1.2.2.7.13 .
- (4) The recommending official must be at least one level higher than the employee's supervisor, unless there is no higher official within the IRS.

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- (5) The approving official must review and approve the retention incentive request in writing **before** it can be made effective and paid to the employee.
- (6) The DASHR/CHCO is the approving official for payment of retention incentives that exceed two years for any individual or group.

6.575.1.4.5 (09-24-2013) Eligibility

- (1) To be eligible to receive a retention incentive, an employee must:
 - a. Have at least a "Fully Successful" or equivalent rating of record on the most recent annual performance appraisal;
 - b. Not be fulfilling a service agreement for receipt of a previously approved recruitment or relocation incentive; **and**
 - c. Sign a Certification of Awareness concerning buyout ineligibility (if an employee or manager).
- (2) Employees in positions listed in 5 CFR 575.304, which include Presidential appointees, non-career SES appointees, and employees in positions excepted from the competitive service by reason of their confidential, policy-determining, policy-making, and policy-advocating character (Schedule C), **are not** eligible for a retention incentive.

6.575.1.4.6 (11-08-2023) Responsibilities

- (1) The requesting manager recommends payment of a retention incentive through the second-level manager.
- (2) The requesting office completes and signs the Retention Incentive Request Form 14063-B for non-SES employees or the Retention Incentive Template for SES employees. Requests for non-SES employees are routed to the BBHR POC and requests for SES employees are routed to the functional POC.
- (3) The BBHR POC or functional POC must review and perfect the incentive request prior to forwarding the request for approval. For non-SES employees, the BBHR POC or functional POC will forward incentive requests to HCO, OHRS, P&A. For SES employees, forward incentive requests to HCO, OES.
- (4) The IRS Human Capital Officer will certify that all statutory and regulatory requirements have been met. The requests for non-SES will be forwarded by HCO, OHRS, P&A to the IRS Commissioner or appropriate Deputy Commissioner for approval, and the requests for SES will be forwarded by HCO, OES to the Treasury Assistant Secretary for Management for approval.
- (5) For more information on responsibilities, refer to IRM 6.575.1.1.3, Roles and Responsibilities.

6.575.1.4.7 (11-08-2023) Documentation

- (1) For each determination to pay a retention incentive, the following must be documented in writing on the Retention Incentive Request Form 14063-B for non-SES employees or the Retention Incentive Template for SES:
 - a. The basis for determining that the unusually high or unique qualifications of the employee (or group of employees), or a special need of IRS for the employee's (or group of employees') services, make it essential to retain the employee(s);

- b. The basis for determining that the employee (or a significant number of employees in a group) would be likely to leave the federal service in the absence of a retention incentive;
- c. The basis for authorizing a retention incentive;
- d. The factors listed in IRM 6.575.1.4.3(2), Criteria for Consideration of a Retention Incentive, must also be considered and addressed in writing as part of the retention incentive determination;
- e. Verification that funds are available to pay a retention incentive; **and**
- f. The basis for establishing the amount and timing of the approved retention incentive payment and the length of the required service period.

6.575.1.4.8
(09-24-2013)

Determining the Amount of the Retention Incentive

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish criteria for determining the amount of a retention incentive.
- (2) For SES, the maximum amount authorized for a retention incentive is 25 percent of an employee's annual rate of basic pay at the beginning of the service period.
- (3) An incentive authorized for a group or category of employees may not exceed 10 percent of each employee's rate of basic pay.
- (4) The IRS established the IRS Non-SES Corporate Incentives Strategy, which sets the maximum incentive amount for non-SES employees. The Non-SES Corporate Incentives Strategy at: <http://hco.web.irs.gov/compbenefits/pdf/IRSNon-SESCorporateIncentivesStrategy.ppt> must be referenced and utilized.
- (5) The IRS may, through the DASHR/CHCO office, request OPM approval to waive the 25 percent retention incentive rate limitation for non-SES and SES employees based on the Service's critical need for a higher incentive payment amount consistent with the requirements in 5 CFR 575.309(e). The total amount of the higher payment may not exceed 50 percent of the employee's annual rate of basic pay. The written waiver request must include all of the information required in 5 CFR 575.309(e)(2). A written service agreement is required for any employee who may receive a higher retention incentive due to a waiver of the limitation, regardless of whether biweekly payments are authorized.

6.575.1.4.9
(11-08-2023)

Payment of a Retention Incentive

- (1) A retention incentive may be paid:
 - a. In installments, after completion of specified periods of service during the course of the full service period, such as biweekly; **or**
 - b. As a final lump-sum payment **after completion** of the full service period required by the service agreement.
- (2) The IRS may not pay a retention incentive as an initial lump-sum payment at the start of a service period or in advance of fulfilling the service period for which the retention incentive is being paid.
- (3) Payment of a retention incentive cannot exceed 12 months. However, if management determines that the retention incentive should continue beyond the original 12 month period, then a completely new retention incentive request

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must be completed and submitted for approval to include, but not limited to, written justification, basis for the amount and timing of the incentive and the length of the service agreement. For more information, refer to IRM 6.575.1.4.7, Documentation.

- (4) An eligible employee who is receiving a retained rate of pay may also receive a retention incentive. However, the incentive payment must be based on the maximum rate for the employee's position of record/grade and not on the retained rate of pay (5 CFR 536.307(b)). For more information, refer to IRM 6.536.1, IRS Grade/Band and Pay Retention.
- (5) A retention incentive will not be considered part of the individual's rate of basic pay for any purpose.
- (6) Payment of a retention incentive is subject to the aggregate limitation on pay. For more information, refer to IRM 6.575.1.4.17, Miscellaneous Provisions.
- (7) A retention incentive will not be included in the calculation of a lump-sum payment for annual leave.

6.575.1.4.10 (11-08-2023) Service Agreement

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish criteria for determining the length of a service period.
- (2) A service agreement is a written agreement between IRS and an employee in which the employee agrees to a specified period of employment in return for payment of a retention incentive.
- (3) Before the IRS may pay a retention incentive, the IRS **must** require an employee, including each employee covered by a group retention incentive authorization, to sign a written service agreement to complete a specified period of employment when the incentive is paid:
 - a. As a final lump-sum payment;
 - b. In installments when payments are made in something other than biweekly, such as quarterly; or
 - c. In bi-weekly installments when the payment amount is **set higher** than the full incentive percentage rate due to an approved waiver.
- (4) The service agreement **must** meet:
 - a. The requirements of, and contain the information specified in 5 CFR 575.310;
 - b. Include the commencement and termination dates of the service period;
 - c. Begin on the first day of a pay period and end on the last day of a pay period;
 - d. Specify the total amount of the incentive, the method of paying the incentive, and the timing and amount of each incentive payment, as established under 5 CFR 575.309; **and**
 - e. Include the conditions under which the IRS must terminate the service agreement (such as, if an employee is demoted or separated for cause, receives a rating of record of less than "Fully Successful" or equivalent, when IRS assigns the employee to a different position or the employee accepts a new position that is not within the terms of the service

agreement or otherwise fails to fulfill the terms of the service agreement) as established under 5 CFR 575.311.

- (5) The service agreement **may** include any other terms or conditions that if violated will result in a termination of the service agreement and may also address the extent to which periods of time on detail, in a nonpay status, or in paid leave status are creditable towards the completion of the service period.
- (6) The minimum service agreement may not be for less than six months and the maximum service agreement may not be more than four years.
- (7) A service agreement is **not** required when:
 - a. Payments are made in biweekly installments; **and**
 - b. The incentive percentage amount established for the employee is set **at or below** the full incentive percentage rate established for the employee, which is a 25 percent cap for individual authorizations or a 10 percent cap for a group of employees.
- (8) For each retention incentive that is subject to a service agreement, an authorized IRS official must conduct a review of the determination to pay a retention incentive at least annually to determine whether the original payment is still warranted as required by 5 CFR 575.311 (a)(1) and must certify this determination in writing by an authorized IRS official.
- (9) When a service agreement is required, such as an incentive paid in lump sum at the end of the full service period, the manager will retain the service agreement for records maintenance per IRS policy requirements. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829, General Records Schedules.

6.575.1.4.11
(03-03-2020)

Termination of a Service Agreement

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish criteria for terminating a service agreement.
- (2) The officials authorized to approve the payment of a retention incentive are also authorized to terminate the retention incentive service agreement.
- (3) The IRS may unilaterally terminate a retention incentive service agreement based solely on management needs (5 CFR 575.311(a)(3)). If the decision is made to unilaterally terminate the retention incentive service agreement, the employee is entitled to any retention incentive payments for completed service and to receive any portion of the retention incentive payment owed for completed service.
- (4) The IRS **must** terminate a retention incentive service agreement as prescribed under 5 CFR 575.311(a)(2) and (b) for an employee if:
 - a. The employee is demoted or separated for cause (such as, for unacceptable performance or conduct);
 - b. The employee receives a rating of less than "Fully Successful" or equivalent;
 - c. The conditions change such that the original determination to pay the retention incentive no longer applies (for example, if an employee is assigned to a different position that is not within the terms of the service

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agreement; or when payment is no longer warranted after considering such factors as those listed in 5 CFR 575.311(a)(2)(i) – (iii); **or**

d. The employee otherwise fails to fulfill the terms of the service agreement.

- (5) If IRS terminates a retention incentive service agreement based on the reasons outlined in IRM 6.575.1.4.11 (4), the following rules apply:
 - a. The employee is entitled to retain the retention incentive payments previously paid that are attributable to the completed portion of the service period.
 - b. If the payments received are less than the amount that would be attributable to the completed portion of the service period, or the payments are more than the amount that would be attributable to the completed portion of the service period, IRS must follow the requirements in 5 CFR 575.311(d) and (e) to determine IRS's obligations for payment or the employee's obligations for repayment.
- (6) The IRS must notify an employee in writing when it terminates a retention incentive service agreement and provide the reason(s) for the termination.
- (7) The relevant BU must initiate a timely PAR to terminate the amount of a retention incentive.
- (8) The termination of a retention incentive service agreement or the reduction or termination of a retention incentive is not grievable or appealable as prescribed under 5 CFR 575.311(g).

6.575.1.4.12
(03-03-2020)

Continuation, Reduction, or Termination of a Retention Incentive with No Service Agreement

- (1) The IRS must review each determination to pay a retention incentive, when no service agreement is required, subject to the same provisions in IRM 6.575.1.4.10 at least annually to determine whether payment is still warranted. The determination must be certified in writing.
- (2) The IRS may continue paying a retention incentive to an employee (when no service agreement is required) as long as the conditions giving rise to the original determination to pay the incentive still exist.
- (3) The IRS **must** reduce or terminate a retention incentive authorization (when no service agreement is required) whenever conditions change such that the original determination to pay the retention incentive no longer applies (for example, the BU assigns the employee to a different position, or the employee accepts a new position that is not within the terms of the original determination) or when payment is no longer warranted at the level originally approved or at all after considering factors, such as:
 - Whether a lesser amount (or none at all) would be sufficient to retain the employee (or group or category of employees);
 - Whether labor-market factors make it more likely (or reasonably likely) to recruit a candidate with competencies similar to those possessed by the employee (or group or category of employees); **or**
 - Whether IRS's need for the services of the employee (or group or category of employees) has been reduced to a level that makes it unnecessary to continue payment at the level originally approved (or at all).

- (4) The IRS may unilaterally terminate a retention incentive (when no service agreement is required) based solely on the management needs of the agency, even if the conditions giving rise to the original determination to pay the incentive still exist (for example, the IRS may terminate a retention incentive when there are insufficient funds to continue the planned retention incentive payments).
- (5) The IRS **must** terminate a retention incentive (when no service agreement is required) when:
 - a. The employee is demoted or separated for cause (such as, for unacceptable performance or conduct); **or**
 - b. The employee receives a rating of less than “Fully Successful” or equivalent.
- (6) The IRS must notify an employee in writing if a retention incentive is reduced or terminated and provide the reason(s) for the reduction or termination.
- (7) An employee is entitled to receive any scheduled incentive payments through the end of the pay period in which written notification of termination was given or until the date of separation (if sooner).
- (8) The relevant BU must initiate a timely PAR to terminate the amount of a retention incentive.
- (9) The termination or reduction of a retention incentive is not grievable or appealable as prescribed under 5 CFR 575.311(g).

6.575.1.4.13
(09-24-2013)
**Relation to Other
Incentives**

- (1) The IRS **may not** begin payment of a retention incentive to an eligible employee who is receiving or fulfilling the requirements of a service agreement for the payment of a recruitment or relocation incentive (5 CFR 575.309(g)(1)).
- (2) The IRS **may not** begin paying a retention incentive to an eligible employee who is receiving or fulfilling the requirements of a service agreement for the payment of an EAI under 5 CFR 575, subpart E.

6.575.1.4.14
(11-08-2023)
**Annual Review and
Recertification**

- (1) The IRS must annually review all determinations to pay a retention incentive before the end of each calendar year in which the retention incentive payment began to ascertain whether the original determination, in other words, the circumstances that supported the initial request and approval still applies or whether payment is still warranted.
- (2) During the annual review, the Division Commissioner or equivalent must request and receive approval from the authority who approved the original request, if the retention incentive is to continue.
- (3) The BU must complete and sign the Non-SES retention incentive annual recertification form (attached to this email) for each incentive being recommended for continuation and forward the request to the approving official. The approving official, (that is the Commissioner, Deputy Commissioner for Services and Enforcement or the Deputy Commissioner for Operations Support) must certify in writing their determination as to whether the retention incentive will continue.

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- (4) For incentives not being recommended for recertification, the BU must:
 - a. provide written notice to the employee that the incentive will be reduced or terminated and provide the reason(s) for the reduction or termination.
 - b. initiate a timely PAR to terminate or reduce the amount of the retention incentive.
- (5) All recertifications must be finalized before the end of each calendar year to ensure IRS compliance with Treasury.
- (6) Refer to IRM 6.575.1.4.11, Termination of a Service Agreement or IRM 6.575.1.4.12, Continuation, Reduction, or Termination of a Retention Incentive with No Service Agreement for additional information.

6.575.1.4.15
(11-08-2023)
**Records, Review,
Reports**

- (1) The BU will complete and maintain:
 - a. A record of each determination to pay a retention incentive per IRS policy requirements; and
 - b. A written report that must include:
 - A description of how the authority to pay retention incentives was used;
 - The number and dollar amount of the retention incentives paid for each employee including the employee's name, the title of their position, pay plan, occupational series, grade/step rate (or equivalent), and commencement date of the incentive; **and**
 - Other information, which may be subject to periodic review by OPM and/or Treasury. For additional information, refer to IRM 1.15 , Records and Information Management and Document 12829 , General Records Schedules.

6.575.1.4.16
(11-08-2023)
**Likely to Leave for a
Different Position in the
Federal Service**

- (1) Except as provided in this section, all other requirements in this IRM pertaining to retention incentives apply to the approval of a retention incentive for an employee or group or category of employees who would be likely to leave **the federal service**. (5 CFR 575.314).
- (2) An authorized official, as defined in IRM 6.575.1.4.4, Approval of Retention Incentives, may approve a retention incentive as follows:
 - a. **For an individual** employee when it is determined that given the Service's mission requirements and the employee's competencies, the IRS has a special need for the employee's services that makes it essential to retain the employee in their current position during a period of time before the closure or relocation of the employee's office, facility, activity, or organization, and the employee would be likely to leave for a different position in the federal service in the absence of a retention incentive.
 - b. **For a group or category** of employees when the authorized official determines that given the Service's mission requirements and the employees' competencies, the IRS has a special need for the employees' services that makes it essential to retain the employees in their current positions during a period of time before the closure or relocation of the employees' office, facility, or organization and there is a high risk that a significant number of the employees in the group would be likely to leave for different positions in the federal service in the absence of a retention

incentive. **Each group retention incentive authorized under this section may cover no more than one occupational series.**

Note: The IRS must have provided a general or specific notice to the employee that their position may or would be affected by the closure or relocation of the employee's office, facility, activity, or organization.

- (3) For each determination to pay a retention incentive under this section, the requesting office must document in writing:
 - a. The basis for determining that IRS has a special need for the employee's (or group of employees) services that makes it essential to retain the employee(s), based on the business needs and the employee(s) competencies during a period of time before the closure or relocation of the employee's (or group of employees') office, facility, activity, or organization;
 - b. The basis for determining, in the absence of a retention incentive, the employee(s) would be likely to leave for a different position in the federal service; and
 - c. The basis for establishing the amount and timing of the approved retention incentive payment and the length of the required service period.
- (4) For an individual employee, the requesting office must address each of the factors listed in 5 CFR 575.314(d)(2) when documenting the determinations. For a group or category of employees, the requesting office must address each of the factors listed in 5 CFR 575.314(d)(3) when documenting the determinations.
- (5) The IRS must require an employee, including each employee covered by a group retention incentive who would be likely to leave for a different position in the federal service, to sign a service agreement:
 - a. The service agreement may not extend beyond the date on which the employee's position is actually affected by a relocation or closure; and
 - b. The service agreement must include the conditions under which IRS must terminate the service agreement, including those listed in 5 CFR 575.311 and 5 CFR 575.314(g), and the conditions under which the IRS will pay an additional payment for partially completed service under 5 CFR 575.311.
- (6) An authorized IRS official **may not** pay retention incentive payments in biweekly installments at the full retention incentive percentage rate under 5 CFR 575.309(a). The impacted office will need to consider options to pay all or a significant portion of the retention incentive at the end of the full period of service required by the service agreement to maximize the effectiveness of the retention incentive to retain the employee (5 CFR 575.314(e)).
- (7) Each determination to pay a retention incentive under this section must be reviewed at least annually to determine whether payment is still warranted. The authorized approving official must certify this determination in writing. Refer to IRM 6.575.1.4.14, Annual Review and Recertification, for more information.
- (8) In addition to the conditions for terminating a service agreement, an authorized IRS official must terminate a retention incentive service agreement if:

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- a. The closure or relocation is cancelled or no longer affects the employee's position;
 - b. The employee moves to another position not affected by the closure or relocation (including another position within the same agency);
 - c. The employee accepts an IRS or Treasury offer to relocate with their office, facility, activity, or organization, and the employee is no longer likely to leave for a different position in the federal service; or
 - d. The employee moves to a different position in the same office, facility, activity, or organization subject to closure or relocation that is not covered by the employee's service agreement. In this case, the BU, or functional office, may authorize a new retention incentive for the employee.
- (9) If an authorized IRS official terminates a service agreement, the employee is entitled to retain retention incentive payments previously paid that are attributable to the completed portion of the service. If the retention incentive payments received are less than the amount that would be attributable to the completed portion of the service period, the BU must follow the requirements in 5 CFR 575.314(g)(4) to determine the Service's obligations for additional payment.
- (10) In addition to the records and reports required in 5 CFR 575.313, the BU must maintain a record on the use of retention incentives under this section. Each report must include:
- a. The description of how IRS used the authority to pay retention incentives during the previous calendar year to employees who would be likely to leave for a different position in the federal service before the closure or relocation of the employee's office, facility, activity, or organization;
 - b. The number and dollar amount of retention incentives paid during the previous calendar year under this section by occupational series and grade, pay level, or other pay classification;
 - c. The agency to which each employee would be likely to leave in the absence of a retention incentive;
 - d. Each employee's official worksite and the geographic location of the agency to which each employee would be likely to leave in the absence of a retention incentive; and
 - e. Other information, records, reports, and data that Treasury and/or OPM may require.

6.575.1.4.17
(09-24-2013)
**Miscellaneous
Provisions**

- (1) **Aggregate Limitation:** Payment of a retention incentive is subject to the aggregate limitation on pay under 5 USC 5307, 5 CFR part 530, subpart B, and IRM 6.530.1.2, Aggregate Limitation on Pay, as follows:
- a. **SES:** Total annual compensation (including a recruitment, relocation, or retention incentive payment) cannot exceed the rate payable to the Vice President under 3 USC 104 during periods when OPM and OMB certification of Treasury's SES performance appraisal system is in effect and cannot exceed the rate of pay for level I of the Executive Schedule during periods when OPM and OMB certification of Treasury's SES performance appraisal system has lapsed.
 - **During periods when certification is in effect:** If an incentive payment would cause an employee's total annual compensation to exceed the

- Vice President's rate of pay, IRS must defer the excess amount for payment as a lump-sum payment to the beginning of the following calendar year.
 - **During periods when certification has lapsed:** If an incentive payment would cause an employee's total annual compensation to exceed the rate of pay for level I of the Executive Schedule, IRS **must:** (1) Defer the excess amount until OPM and OMB certify Treasury's SES performance appraisal system, at which time IRS may pay the excess amount up to the rate payable to the Vice President and defer any remaining amount for payment as a lump-sum payment at the beginning of the following calendar year; **or** (2) Defer the entire excess amount for payment as a lump-sum payment at the beginning of the following calendar year, if OPM and OMB do not certify Treasury's SES performance appraisal system before the end of the current calendar year.
 - b. The limitations above also apply to employees in SL positions and ST positions who are paid under 5 USC 5376.
 - c. **Other Employees:** Total annual compensation (including a recruitment, relocation, or retention incentive payment) cannot exceed the rate of pay for level I of the Executive Schedule in any calendar year. Excess incentive payments that would cause the employee's total annual compensation to exceed the aggregate limitation must be deferred and paid in a lump-sum payment at the beginning of the following calendar year as provided under 5 CFR 530.203(d) and 530.204.
- (2) Before receiving a retention incentive, employees will be subject to misconduct and federal tax compliance screening in accordance with the appropriations act and IRS procedures, which prohibit using appropriated funds to pay employee incentives without considering the employee's conduct and federal tax compliance. Refer to IRM 6.575.1.1.5, Program Controls and IRM 6.575.1.1.3, Roles and Responsibilities for more information.

6.575.1.5
(11-08-2023)
Extended Assignment Incentives (EAI)

- (1) This section establishes the IRS policy and procedures for administering the provisions of EAI authority (5 USC 5757 and Section 207 of the 21st Century Department of Justice Appropriations Authorization Act (Pub. L. 107-273, November 2, 2002), and 5 CFR 575, subpart E).
- (2) The provisions of this policy apply to employees as defined under 5 USC 5757 and 5 CFR 575.502 within IRS, plus the following positions approved by OPM at the request of Treasury:
 - a. The position of National Taxpayer Advocate, IRS, appointed and compensated under Section 7803(c)(1)(B) of the Internal Revenue Code of 1986, as amended by Section 1301(c) of the Taxpayer First Act of 2019. OPM approved coverage on August 8, 1998.
 - b. A position appointed and compensated under IRS Payband System, that covers all IRS managers including senior managers, department managers, and frontline managers.

6.575.1.5.1
(03-03-2020)
EAI Terms

- (1) The terms used in this subsection are in addition to those listed above and are consistent with those contained in 5 CFR 575.502 and Treasury Human Capital Issuance, HCIS Chapter 575.5 TN-05-002.

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- (2) **Service Agreement** means a written agreement between the IRS and an employee under which the employee agrees to a specified period of employment with IRS in a particular territory, possession, or commonwealth in return for payment of an EAI.
- (3) **Territory, Possession, or Commonwealth** means a territory or a possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands.
- (4) **Involuntarily separated** means a separation initiated by the IRS against an employee's will and without the employee's consent for reasons other than cause on charges of misconduct, delinquency, or inefficiency. In addition, when an employee is separated because they decline to accept reassignment to another geographic area outside one of the covered locations, the separation is involuntary if the employee's position description or other written agreement does not provide for such reassignment.

6.575.1.5.2 (03-03-2020) IRS EAI Policy

- (1) This policy applies to all eligible employees who satisfy the definition of employee under 5 U.S.C. 2105.
- (2) This incentive may be authorized on a case-by-case basis to eligible federal employees assigned to positions located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands who agree to a specified additional period of employment with IRS in that location.
- (3) An EAI may not be paid to the head of an agency, including an agency headed by a collegial body composed of two or more individual members.
- (4) The IRS may not begin paying an EAI to an otherwise eligible employee who is receiving or fulfilling the requirements of a service agreement for a recruitment, relocation, or retention incentive.

6.575.1.5.3 (09-24-2013) Criteria for Consideration of EAI

- (1) This incentive is similar to retention and relocation incentives; however, there are significant differences. The recipient of an EAI is not required to meet the standard of possessing unusually high, unique, or one-of-a-kind qualifications.
- (2) The EAI provides management with a financial tool to retain experienced, well-trained employees (assigned to positions located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands) for a longer period in that location than the employee's initial tour of duty, when replacing that employee with another employee possessing the required qualifications and experience would be difficult; and
- (3) It is in the best interest of the government to encourage the employee to complete a specified additional period of employment with the IRS in that location.

6.575.1.5.4 (03-03-2020) Approval of EAI

- (1) The IRS retains discretion, subject only to Treasury and OPM review and oversight, to approve an EAI for an employee.

- (2) The Treasury Assistant Secretary for Management is the approving official for payment of an EAI to a member of the SES, or non-SES employees selected for an SES position, other than one for whom appointing authority is reserved to the Treasury Deputy Secretary.
- (3) The Commissioner, the Deputy Commissioner for Services and Enforcement, and the Deputy Commissioner for Operations Support are the approving officials for the payment of an EAI for employees within their respective organization. This authority may not be redelegated. (See Delegation Order 6-23, Delegation of Authority to Accomplish Pay Administration, at IRM 1.2.2.7.13(74).
- (4) The recommending official must be at least one level higher than the employee's supervisor, unless there is no higher official within the IRS.
- (5) The approving official must review and approve the EAI request in writing **before** it can be made effective and paid to the employee.

6.575.1.5.5 (11-08-2023) Eligibility

- (1) The determination to pay an EAI must be on a case-by-case basis. All requests must contain a written determination which addresses the following criteria:
 - a. Verification that the employee has completed at least two years of **continuous** service in one or more civil service positions located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands immediately before commencement of the service agreement for the EAI;
 - b. A determination that it would be difficult to replace the employee with someone else with the required qualifications and experience; and
 - c. A determination that it is in the interest of the Government to encourage the employee to complete a specified additional period of employment with IRS in that location, considering how the employee's departure would affect IRS's ability to operate efficiently or to carry out an activity or perform a function that IRS deems essential to its mission.
- (2) An employee must sign a service agreement to remain in the location for a specified additional period in a particular authorized location;
- (3) An EAI may **not** be paid to an otherwise eligible employee who is receiving or fulfilling the requirements of a recruitment, relocation, or retention incentive service agreement. See IRM 6.575.1.5.2, IRS EAI Policy, for more information.

6.575.1.5.6 (09-24-2013) Responsibilities

- (1) The employee's manager recommends payment of an EAI through the second-level manager.
- (2) The requesting office initiates and completes the EAI Worksheet and Certification Form for non-SES employees. Requests for non-SES are routed to BBHR POC.
- (3) The BBHR POC must review and perfect the incentive request prior to forwarding the request for approval to HCO, OHRS, P&A.

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- (4) The IRS Human Capital Officer will certify that all statutory and regulatory requirements have been met. The requests for non-SES employees will be forwarded by HCO, OHRS, P&A to the Commissioner or appropriate Deputy Commissioner for approval.
- (5) For more information on responsibilities, see IRM 6.575.1.1.3, Roles and Responsibilities.

6.575.1.5.7 (11-08-2023) Documentation

- (1) For each determination to pay an EAI, the following must be documented in writing on the EAI Worksheet and Certification form:
 - a. The employee has completed at least 2 years of **continuous** service, immediately before the commencement of a service agreement, in one or more civil service positions located in the approved covered locations.
 - b. The basis for authorizing an EAI, including the specific mission, task, and/or objective the employee will accomplish in exchange for receiving an EAI payment, and the impact the employee's departure would have on the organization's ability to accomplish its mission;
 - c. The basis for establishing the amount and timing of the EAI and the length of the required service period;
 - d. A detailed explanation why it would be difficult to replace the employee with someone else with the required qualifications and experience;
 - e. A detailed explanation why it is in the interest of the government to encourage the employee to complete a specified additional period of employment with IRS in that location, considering how the employee's departure would affect IRS's ability to operate efficiently or to carry out an activity or perform a function that IRS deems essential to its mission;
 - f. Verification that funds are available to pay an EAI;
 - g. A detailed explanation for the need to retain the employee in the location at issue;
 - h. The employee's total service under one or more EAI service agreements with the Treasury in a particular area may not exceed five years; **and**
 - i. The minimum EAI amount needed to retain the employee, subject to the limitations set forth in IRM 6.575.1.5.8, Determining the Amount of the EAI.

6.575.1.5.8 (09-24-2013) Determining the Amount of the EAI

- (1) The amount of the EAI payment will be determined on a case-by-case basis. The amount will align with IRS's need for the employee's qualifications and experience and the mission and objectives of the organization. The amount of the payment cannot exceed the greater of:
 - a. 25 percent of the annual rate of basic pay of the employee at the beginning of the service period times the number of years (including fractions of a year) in the service period; **or**
 - b. \$15,000 per year (including fractions of a year) in the service period.

6.575.1.5.9 (11-08-2023) Payment of an EAI

- (1) The incentive payment may be paid:
 - a. As an initial lump-sum payment at the beginning of the service period;
 - b. In installments after completion of specified periods throughout the service period, such as biweekly, monthly or quarterly;
 - c. As a final lump-sum payment at the end of the service period; **or**

d. A combination of payment methods.

- (2) The incentive payment will **not** be considered part of the individual's rate of basic pay for any purpose.
- (3) Payment of an EAI is subject to the aggregate limitation on pay under 5 CFR 530, subpart B. For more information, see IRM 6.575.1.5.14, Miscellaneous Provisions.
- (4) An EAI will not be included in the calculation of a lump-sum payment for annual leave.

6.575.1.5.10
(03-03-2020)
Service Agreement

- (1) A service agreement is a written agreement between IRS and an employee in which the employee agrees to a specified period of additional employment with the IRS in a particular territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands in return for payment of an EAI.
- (2) Before the IRS may pay an EAI, an employee must sign a written service agreement to complete a specified period of additional employment located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands.
- (3) The service agreement must:
 - a. Meet the requirements of, and contain the information specified in, 5 CFR 575.510 and *Treasury Human Capital Issuance, HCIS Chapter 575.5 TN-05-002*, Provision 9(C);
 - b. Include the commencement and termination dates of the required service period;
 - c. Begin on the first day of a pay period and end on the last day of a pay period;
 - d. Include conditions for which the IRS may terminate an EAI payment as prescribed under 5 CFR 575.512;
 - e. Include conditions for which the employee is required to repay an EAI payment as prescribed under 5 CFR 575.513;
 - f. Include procedures for repayment of an EAI if the employee fails to fulfill the terms of the service agreement;
 - g. Include conditions for which the IRS may impose a repayment penalty under 5 CFR 575.513(e) for an employee who fails to fulfill the terms of a service agreement;
 - h. Specify the total amount of the incentive; **and**
 - i. Specify the method of paying the EAI.
- (4) The service agreement may also specify other terms and conditions of employment applicable to the employee, such as specifying the employee's work schedule, type of position and performance level.
- (5) The maximum service period under one or more EAI service agreements with Treasury in a particular authorized location may not exceed five years.
- (6) The manager will retain the service agreement for records maintenance per IRS policy requirements. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829, General Records Schedules.

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6.575.1.5.11
(11-08-2023)

Termination of a Service Agreement

- (1) The IRS is authorized to unilaterally terminate a service agreement based solely on the business needs of the IRS.
- (2) The officials authorized to approve the payment of an EAI incentive are also authorized to terminate the agreement.
- (3) The IRS may unilaterally terminate a service agreement based solely on the business needs of the agency. For example, an authorized agency official may terminate a service agreement when the employee's position is affected by a reduction in force or when there are insufficient funds to continue the planned incentive payments.
- (4) If IRS terminates a service agreement based on the reasons outlined in IRM 6.575.1.5.11(3) above, the employee is entitled to keep all incentive payments received and, if applicable, is entitled to receive any additional amount representing the difference between the amount received and the prorated share of the total incentive attributable to completed service. The employee may receive a portion or all of the incentive payment attributable to uncompleted service only to the extent provided in the service agreement.
- (5) An employee must repay the Government if the employee fails to complete the period of service or violates any other conditions specified in the service agreement as one that would trigger termination of the service agreement. The employee will owe a debt and must repay the IRS for an appropriate portion of an EAI.
- (6) If an employee voluntarily fails to complete the terms of the service agreement as outlined in 6.575.1.5.11(5) and has received incentive payments whose value exceeds the percentage reflecting the portion of completed service, the employee must repay the excess payment and any additional repayment penalty imposed by the agency, except when an authorized agency official waives the requirement to repay the excess amount pursuant to 5 CFR 575.513(g).
 - **For example:** Consider an employee who received an EAI as an initial lump-sum payment in exchange for a 364-day (26 pay period) service agreement, who voluntarily leaves after 20 pay periods (280 days). The employee will have received 100 percent of the total EAI while completing only 76.9 percent (280/364) of the service period. The excess is 23.1 percent. Therefore, the employee must repay 23.1 percent (84/364) of the incentive. The employee is entitled to keep 76.9 percent of the incentive, unless the IRS imposes an additional repayment penalty for failure to fulfill the service agreement pursuant to 5 CFR 575.513(g).
- (7) If an employee involuntarily fails to complete the terms of the service agreement, such as an employee who is involuntarily separated, or is involuntarily reassigned to a position outside the particular territory, possession, or commonwealth, they are not indebted to the federal government for any EAI payments they have received. The employee is entitled to keep all incentive payments received and, if applicable, is entitled to receive any additional amount representing the difference between the amount received and the prorated share of the total incentive attributable to completed service.
- (8) The IRS must notify an employee in writing when it terminates an EAI and provide the reason(s) for the termination.

6.575.1.5.12
(03-03-2020)
Relation to Other Incentives

- (1) The IRS may not begin paying an EAI under 5 CFR 575, subpart E, to an otherwise eligible employee who is receiving or fulfilling the requirements of a service agreement for the payment of a recruitment, relocation, or retention incentive (5 CFR 575.506(b)).

6.575.1.5.13
(11-08-2023)
Records, Review, Reports

- (1) The BU will complete and maintain:
- a. A record of each determination to pay an EAI per IRS policy requirements.
 - b. A record of each EAI agreement that commenced in each fiscal year; and
 - c. A report that must include:
 - The number of EAI agreements that commenced in each fiscal year;
 - The dollar amount expended on EAI's each fiscal year;
 - The number of employees who declined an EAI, by series and location;
 - The number of employees who signed an EAI service agreement, the total amount of the planned incentive, and the total number of years of agreed-upon service, by series and location;
 - The number of employees whose service agreements were terminated before the completion of the agreed-upon service period and sub-counts showing the number covered under 5 CFR 575.511, 575.512, and 575.513;
 - The number of employees who incurred a repayment debt under 5 CFR 575.513 and the total amount of repayment debt incurred;
 - The portion of the repayment debt that, as of December 31, has been recovered, is subject to ongoing collection efforts and has been waived or written off;
 - Whether the use of EAI's influenced employees to stay longer than their initial tour of duty at their current duty station;
 - The BU's recommendations for changes to improve the effectiveness of EAI's; **and**
 - Other information, which may be subject to periodic review by OPM and/or Treasury. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829, General Records Schedules.

6.575.1.5.14
(03-03-2020)
Miscellaneous Provisions

- (1) **Aggregate Limitation:** Payment of an EAI is subject to the aggregate limitation on pay under 5 USC 5307, 5 CFR 530, subpart B, and IRM 6.530.1.2 , Aggregate Limitation on Pay, as follows:
- a. **SES:** Total annual compensation (including a recruitment, relocation, or retention incentive payment) cannot exceed the rate payable to the Vice President under 3 USC 104 during periods when OPM and OMB certification of Treasury's SES performance appraisal system is in effect and cannot exceed the rate of pay for level I of the Executive Schedule during periods when OPM and OMB certification of Treasury's SES performance appraisal system has lapsed.
 - **During periods when certification is in effect:** If an incentive payment would cause an employee's total annual compensation to exceed the

6.575 Recruitment, Relocation, Retention, and Extended Assignment Incentives

Vice President's rate of pay, IRS must defer the excess amount for payment as a lump-sum payment to the beginning of the following calendar year.

- **During periods when certification has lapsed:** If an incentive payment would cause an employee's total annual compensation to exceed the rate of pay for level I of the Executive Schedule, IRS **must:** (1) Defer the excess amount until OPM and OMB certify Treasury's SES performance appraisal system, at which time IRS may pay the excess amount up to the rate payable to the Vice President and defer any remaining amount for payment as a lump-sum payment at the beginning of the following calendar year; **or** (2) Defer the entire excess amount for payment as a lump-sum payment at the beginning of the following calendar year, if OPM and OMB do not certify Treasury's SES performance appraisal system before the end of the current calendar year.
 - b. The limitations above also apply to employees in SL positions and scientific and professional (ST) positions who are paid under 5 USC 5376.
 - c. **Other Employees:** Total annual compensation (including a recruitment, relocation, or retention incentive payment) cannot exceed the rate of pay for level I of the Executive Schedule in any calendar year. Excess incentive payments that would cause the employee's total annual compensation to exceed the aggregate limitation must be deferred and paid in a lump-sum payment at the beginning of the following calendar year as provided under 5 CFR 530.203(d) and 530.204.
- (2) Before receiving an EAI, employees will be subject to misconduct and federal tax compliance screening in accordance with the appropriations act and IRS procedures, which prohibits using appropriated funds to pay employee incentives without considering the employee's conduct and federal tax compliance. See IRM 6.575.1.1.5, Program Controls and IRM 6.575.1.1.3, Roles and Responsibilities for more information.