



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

July 14, 2020

MEMORANDUM FOR ALL FIELD EXAMINATION EMPLOYEES

FROM: Maha H. Williams
Director, Field Exam and Campus Policy

Maha H. Williams
Digitally signed by Maha H. Williams
Date: 2020.07.14 14:40:06 -04'00'

SUBJECT: Resumption and Initiation of Compliance Activity Effective July 16, 2020

The purpose of this memorandum is to provide guidance to Field Examination employees for the resumption and initiation of compliance activity beginning July 16, 2020. This memorandum updates and supersedes the following:

- [Closing Imminent Statute Cases in COVID-19 environment](#)
- [Temporary Relief for Taxpayers – Postponement of Certain Compliance Activity During the COVID-19 Pandemic](#)
- [COVID-19 Claims-Abatements-Reconsiderations](#)
- [Status Codes 14 and 19 to Support the People First Initiative](#)
- [Notice 2020-23 Regarding Statutes](#)
- Use of Correspondence Exams for NRP Inventory

The guidance in the [Temporary SB/SE Case Closing Procedures](#) memorandum remains in effect and will be updated as needed. Currently there is one modification:

- Cases with original tax returns can now be closed and shipped to Centralized Case Processing (CCP) following normal case closing procedures

It remains vitally important for all Examination employees to be sensitive to the individual circumstances of taxpayers and provide them with the appropriate tax administrative actions commensurate with the taxpayer's situation. This memorandum provides specific guidance regarding:

- Resuming Compliance Activity ([Attachment 1](#))
- Initiating New Examinations ([Attachment 2](#))
- Limiting Face-to-Face Contacts ([Attachment 3](#))
- Status Code 19 Cases Needing Additional Action ([Attachment 4](#))

While we cannot anticipate and provide guidelines for every possible situation, the health, safety and wellbeing of employees and taxpayers continues to be our first concern. As the

country and IRS continue with the phased approach to reopening, and as we continue to monitor the COVID-19 situation, additional guidance will be provided.

In addition to the SB/SE Field Exam specific guidance in this memorandum, employees must continue to follow COVID-19 [Servicewide guidance](#), which includes [mandatory telework](#) for work that can be performed remotely, and requires the use of [face coverings](#) while in IRS facilities and workspaces. In addition, for ALL face-to-face taxpayer contacts (office or field), employees and taxpayers must wear face coverings and observe social distancing (i.e., maintaining at least 6 feet of distance between people).

Employees should ask their management chain for guidance on issues not specifically addressed in this memorandum. Questions that cannot be answered by their management chain may be [emailed](#). [Frequently asked questions](#) will be developed and updated periodically.

ATTACHMENT 1 – Resuming Compliance Activity

Before resuming compliance activity, a statute review must be conducted for all cases where compliance activity was postponed.

If...	Then...
There are less than 180 days remaining on the statute	<p>Contact the taxpayer by phone using soft contact procedures. The purpose of the contact is to advise the taxpayer The People First Initiative has expired, compliance activity is resuming, and the statute needs to be protected.</p> <ul style="list-style-type: none"> • Solicit a consent following procedures in IRM 25.6.22, Statute of Limitations, Extension of Assessment Statute of Limitations by Consent. Generally, allow at least 10 calendar days to respond to Letter 907, Request to Extend Assessment Statute. • If the taxpayer extends the statute, continue with the appropriate compliance activity. • If the taxpayer does not extend the statute, prepare and issue an agreed examination report with the appropriate Letter 5153, to notify the taxpayer they must extend the period for assessment for Appeals to consider their case. Allow 10 days for the taxpayer to respond. If the taxpayer refuses to extend the statute or does not respond, close the case using the appropriate unagreed case closing procedures.
There are at least 180 days remaining on the statute	Contact the taxpayer by phone using soft contact procedures. The purpose of the contact is to advise the taxpayer The People First Initiative has expired, and compliance activity is resuming.

Based on the taxpayer's circumstances, compliance activity may be deferred for an additional period of time if the statute is protected and group manager approval is secured. All case actions and delays must be documented on [Form 9984](#), Examining Officer's Activity Record.

All cases previously updated to Status Code 14 must be returned to their prior status code by July 31st unless managerial approval to defer compliance activity for an additional period is granted. While in Status 14, no additional time should be applied to the case.

Limit face-to-face taxpayer contacts by following the guidance in [Attachment 3](#).

Soft Contact: Soft contact procedures entail approaching the taxpayer with caution and extreme sensitivity to their personal circumstances. The impact on taxpayers during the COVID-19 pandemic can be wide ranging. While one taxpayer may experience little impact, another may suffer greatly. Therefore, examiners should exercise extreme sensitivity when communicating with any taxpayer. Contact should begin with an assessment of the impact of the pandemic on the taxpayer. Based on the taxpayer's circumstances, compliance activity may be deferred beyond July 15th for a reasonable period, if the statute is protected and group manager approval is secured.

ATTACHMENT 2 – Initiating New Examinations

With the exception of National Research Program (NRP) cases, use [Letter 6323](#), Initial Contact - COVID-19, to initiate new examinations. Tax compliance officers must use the selectable paragraph within the letter and include Form 4564, Information Document Request, in accordance with [IRM 4.10.2.8.1.1\(2\)](#). New NRP examinations will be initiated using [Letter 6316](#), NRP Field Exam Correspondence Contact. When the taxpayer responds to the letter, the initial telephone contact must adhere to [soft contact](#) procedures and include an assessment of the impact of COVID-19 on the taxpayer. [Letter 6323](#) and [Letter 6316](#) do not offer to postpone the examination, but based on the taxpayer's circumstances, postponement or other action may be appropriate. When necessary, use existing guidance to determine how to accommodate a taxpayer's personal situation.

Existing guidance includes:

- [IRM 4.22.4](#), Examination of NRP Returns
In addition to guidance in IRM 4.22.4, contact the appropriate [NRP area coordinator](#) for assistance.
- [IRM 4.10.2.4.1](#), Collectibility, and [IRM 4.10.7.4.6](#), Collectibility; also see the [Collectibility Job Aid](#) for COVID-19 specific guidance and examples.
If collectibility is an issue, the group manager should be alerted as soon as the issue is discovered. Managers will make the final determination whether to survey the return or to limit the scope/depth of an examination. If a determination is made:
 - a. To survey the return due to an absolutely uncollectible assessment, examiners should follow the procedures in [IRM 4.10.2.5](#).
 - b. To conduct a limited scope examination, examiners should follow the procedures in [IRM 4.10.2.3](#).
- [IRM 4.10.2.5.1](#), Conditions Allowing Survey of Returns After Assignment
Under certain conditions, a return may be surveyed after the taxpayer has been contacted, but before records have been inspected. This could include instances where the taxpayer is deceased, has a terminal illness, or there are other extraordinary circumstances that may warrant the survey of the return. Letter 1024, Return Accepted as Filed, must be issued if a decision is made to survey the return after taxpayer contact.

Reminder: Examiners must document [Form 1900](#) with the reason for the survey and all actions taken to support the decision, including all documentation from the in-depth pre-contact analysis (if required). The group manager must also approve the decision.

- [IRM 4.10.2.9.4](#), Rescheduling the Initial Appointment
Attempt to accommodate the taxpayer when a request to reschedule the initial appointment is reasonable. Subsequent requests and requests over 45 days must be approved by the manager.

When scheduling the initial appointment, limit face-to-face contacts by following the guidance in [Attachment 3](#).

ATTACHMENT 3 – Limiting Face-to-Face Contacts

Place and Time of Examination

[IRM 4.10.2.9.2](#), Place and Time of Examination, states under IRC 7605(a) “the time and place of examination shall be such time and place as may be fixed by the Secretary and as are reasonable under the circumstances.” At this time, examinations should be conducted in a manner so face-to-face contacts are rare.

Note: A correspondence examination is a type of compliance action where communication with the taxpayer is exclusively through phone and/or correspondence. The limitation (or elimination) of face-to-face contact due to COVID-19 issues does not convert an Office or Field examination to a correspondence examination even though most, if not all, actions are completed remotely.

Alternative Methods to Face-to-Face Contact

For all types of cases (e.g., NRP, claims, non-filer, whistleblower, preparer penalty, fraud, etc.), alternative methods to conduct the fact-finding phase of the examination in person should be exhausted before considering a face-to-face contact. Alternative methods include:

- Conducting interviews by phone
Note: Client interviews for preparer/promoter investigations can be conducted by phone
- Receiving summoned testimony by phone
Note: The issued summons must include the place and time for appearance (e.g., IRS office). After issuance, with mutual agreement, arranging to accept testimony by phone in lieu of an in-person appearance is acceptable.
- Conducting tours of business virtually (e.g., using mapping technology to conduct a virtual drive-by, requesting photos of a business facility, etc.)
Note: If a tour of business can't be conducted because of COVID-19 concerns, document COVID-19 as the reason(s) for the deviation from this minimum income probe (see [IRM 4.10.4.3.2.2](#), [IRM 4.10.4.3.3.10](#), and [IRM 4.10.4.3.4.10](#)).
- Mailing records and documents to an IRS office
- eFaxing records and documents
- Emailing records and documents following the guidance in [NHQ-01-0620-0002](#)

Conducting a Face-to-Face Contact

Employees are permitted to conduct essential face-to-face contacts on a voluntary basis, only when necessary and appropriate, and with prior approval (see [Approval of Face-to-Face Contacts](#)). If a face-to-face contact is needed, employees must communicate to the taxpayer/representative the terms of the visit including all parties providing their own personal protective equipment (PPE), the need to social distance, and the taxpayer/representative must agree. Limit the duration of the contact to the extent possible and face coverings must be worn by all parties. To limit face-to-face contacts measures to consider include:

- Picking up records from the home or business location of the taxpayer/representative

- Requesting the taxpayer drop off records at an IRS office
Note: If possible, consider conducting the meeting in a Taxpayer Assistance Center (TAC) that is equipped with plexiglass barriers. However, be aware not all TACs are open and the nature of the continued risks associated with COVID-19 may result in additional closings of TACs that may be open. Prior to scheduling any meeting with a taxpayer at a TAC, contact the local TAC manager and ensure it is open and available and schedule a specific date and time for use. In some cases, social distancing requirements will dictate TAC space is not available despite it being open. TAC procedures must be followed, including asking taxpayers to wear face coverings and not be accompanied by more than one person. In addition, the work area must be cleaned after use.
- Serving a summons at the taxpayer's last and usual place of abode without face-to-face contact (see [IRM 25.5.3.2\(1\)b](#))
Note: The "last and usual place of abode" rule does not apply when a corporation is the summoned party (see [IRM 25.5.3.2\(1\)\(c\)](#))
- Coordinating with the group manager to secure assistance for an examiner who is unable to retrieve records due to COVID-19 concerns

Reminder: If original records are secured, [Form 2725-A](#), Document Receipt/History and Custody of Documents, must be issued to the taxpayer when documents are received (and acknowledged when the documents are returned).

Approval of Face-to-Face Contacts

Face-to-face contacts must be pre-approved by the territory manager (email approval is sufficient). The approval request must:

- Include the social distancing plan (i.e., a description of the meeting location and how social distancing will be maintained during the meeting), and
- Be submitted to the territory manager through the group manager.

Examiners may use the following format to request approval:

"I request approval to meet with [identify individuals to be present at the meeting] on [enter date] at [enter location]. Social distancing will be observed by [enter social distance plan]."

Example: "I request approval to meet with taxpayer Chris Poplar on August 14, 2020, at the taxpayer's business location at 123 Main St Dallas, TX, 75201. Social distancing will be observed by receiving taxpayer records in the parking lot and reviewing the records at my telework location."

Example: "I request approval to meet with taxpayer Chris Poplar on August 14, 2020, at the IRS POD. Social distancing will be observed by meeting in the large conference room and sitting in excess of 6 feet apart."

Working in an IRS Post of Duty (POD)

Face-to-face contacts should be limited when working in an IRS POD. Work performed in a POD requires coordination with the group manager to ensure social distancing can be observed (see [note](#) below), and generally is limited to the following:

- Refreshing inventory (i.e., retrieving newly assigned cases and submitting closed cases)
- Printing
- Processing mail and priority items

Note: Field Exam group managers should develop local procedures to limit the number of employees working in the group area simultaneously to no more than 50%.

ATTACHMENT 4 – Status Code 19 Cases Needing Additional Action

Keep cases in Status Code 19 until closed from the group unless additional case actions are required. If additional case actions are required, update the case to Status Code 12. Generally, no cases should be in Status Code 19 after August 15th.

Cases Previously Closed Under Temporary SB/SE Case Closing Procedures

When mail operations resume, cases previously closed to Centralized Case Processing (CCP) using procedures in the [Temporary SB/SE Case Closing Procedures](#) memo must be mailed to Kansas City Files. For each case, ensure the following:

- Form(s) 9856, Attachment Alert, including the controlling DLNs for the TC 421 have been received from CCP
- Form(s) 9856 is printed and placed on top of each tax period
- The closing letter (e.g., Letter 987, Letter 590, etc.) is mailed to the taxpayer, if not previously mailed
- The case file is shipped to Kansas City [Files](#) at the following address:

SE:W:CAS:SP:KC:PPO:DRD1:DRT105
333 W. Pershing Rd M/S 6700 ATTN: CCU
Kansas City, MO 64108-4302

Cases Not Previously Closed Under Temporary SB/SE Case Closing Procedures

When mail operations resume, cases in Status Code 19 should be closed. Cases ready to close to:

- **CCP** should be updated to Status Code 51 and closed following procedures in [IRM 4.7.5.6.3](#).
- **Planning and Special Programs (PSP)** should be updated to Status Code 41 and sent to the appropriate PSP group.
- **Technical Services** should be updated to Status Code 21 and sent to the appropriate Technical Services group according to the following priority order:
 1. Imminent statutes (statutes expiring in 180 days or less)
 2. Protests

Reminder: A minimum of 395 days must remain on the statute when closing protested cases from the group (see [IRM 4.10.8.12.1\(1\)](#)).
 3. Partially disallowed claims requiring a notice of claim disallowance by Technical Services
 4. Remaining cases

Note: To allow Technical Services the opportunity to close priority cases (listed above) and address existing backlogs, do not ship remaining cases before August 1st. Managers should coordinate with their local Technical Services to determine the priority of remaining case closures.