

Modernization Update ***The New IRS Stands UP***

Meet the New IRS ***Chief Counsel***

Counsel At-a-Glance

Mission: Provide the correct legal interpretation of the Internal Revenue laws; represent the IRS in litigation; provide all other legal support for the IRS; and interpret the law with complete impartiality, so that taxpayers will know the law is being applied with integrity and fairness.

Headquarters: Washington, DC

Management Team: Stuart Brown, Chief Counsel

Marlene Gross, Deputy Chief Counsel
(Operations)

Richard Skillman, Deputy Chief
Counsel (Technical) (Designee)

The New Chief Counsel organizational structure is designed to assist the Service in applying the law correctly and consistently for all taxpayers.

Counsel National Office

Counsel will continue to maintain a centralized group of subject matter experts in the National Office, organized on the basis of Internal Revenue Code subject matter.

- The National Office will continue its traditional functions (e.g., drafting regulations and other published guidance; issuing private letter rulings and technical advice).
- Some parts of the National Office will undertake an internal reorganization primarily designed to enhance service to the Field.

Meet the New IRS Chief Counsel

Counsel Field Organization

Counsel's Field organization will be divided into specialized groups that are aligned with the new IRS Operating Divisions.

- Each new unit will be headed by a "Division Counsel" who will work directly with the Division Commissioner and will also have nationwide supervision of all the attorneys assigned to the work of that Division.
- Each Division Counsel unit will have an intermediate field management structure that lines up with the corresponding IRS management structure.
- Counsel's front line attorneys will continue to be located in all local posts of duty where they are today.

Both the National Office and Division Counsel units will remain part of the Office of Chief Counsel.

OFFICE OF CHIEF COUNSEL MODERNIZATION OVERVIEW



GUIDING PRINCIPLES AND FUNDAMENTAL DECISIONS

Goal: Help Accomplish IRS mission of serving America's taxpayers

Guiding Principles

To accomplish this goal, Counsel organization and processes should be designed to:

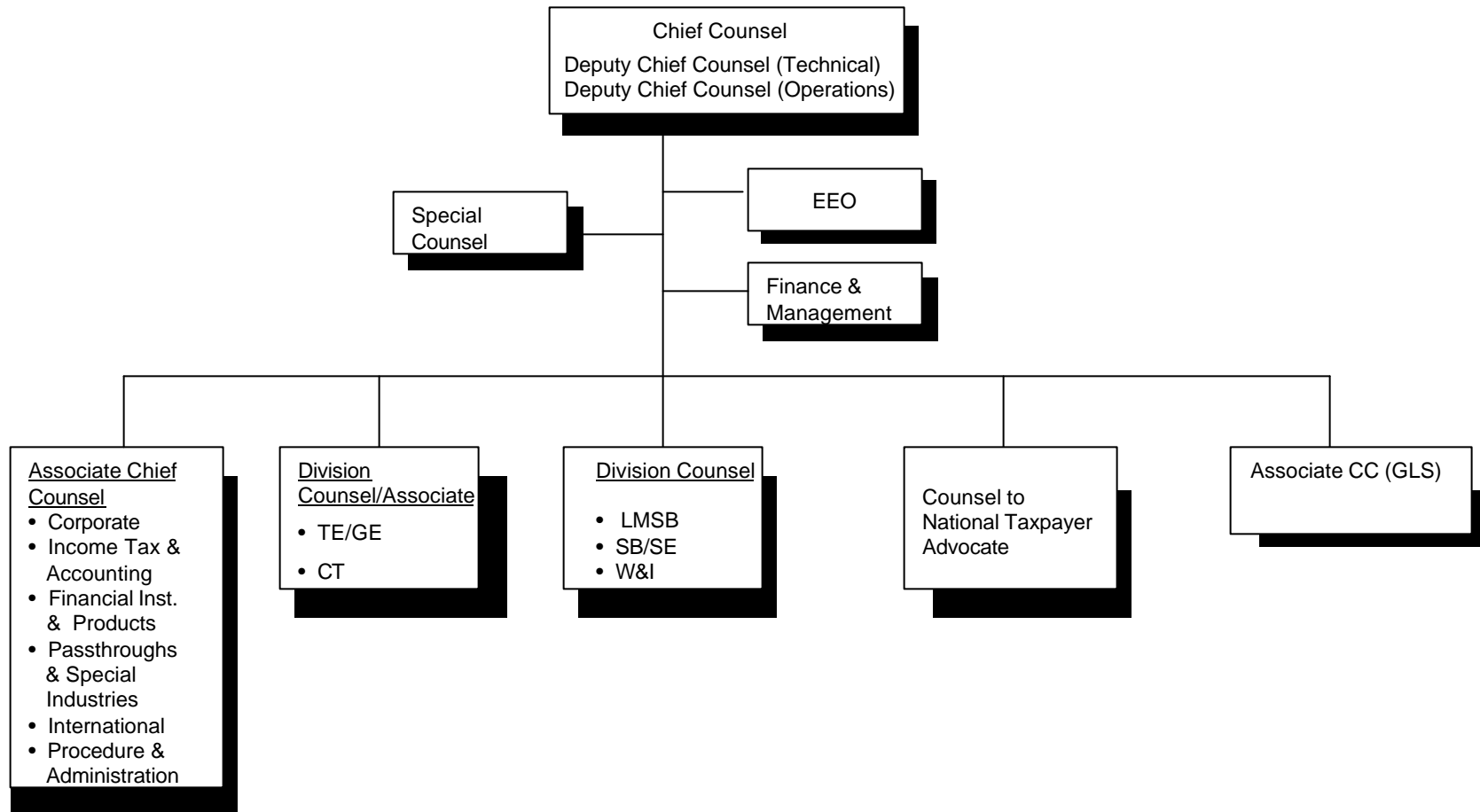
- Provide the highest quality legal services to taxpayers and the IRS
- Work in active partnership with colleagues in the IRS, Treasury and Justice Department to help accomplish the IRS' mission
- Ensure that legal advice reflects Counsel's independent professional judgment as to the correct interpretation of the law, based on finding the true meaning of the statute in light of Congressional intent, without bias in favor of either the government or the taxpayer

Fundamental Decisions

- To maintain consistency, uniformity and impartiality in tax law interpretations, all Counsel personnel will continue to be part of a unified, nationwide Chief Counsel organization
- To develop an active working partnership with new IRS Operating Divisions, Counsel will establish four new "Division Counsel (DC)" units
 - Each unit will be headed by a Division Counsel who will directly serve the Division Commissioner
 - Most of Counsel's field attorneys will be assigned to one or another of the Division Counsel units.
 - Alignment will enhance the expertise of the attorneys in the areas of tax law most relevant to the Operating Division they serve, and help them develop close working relationships with employees, managers and executives of the Operating Divisions
- Counsel's National Office technical experts will remain in Washington, D.C., and will continue to be organized primarily on the basis of the tax law technical subject areas required by the Internal Revenue Code. This preserves Counsel's depth of technical expertise and ensures that legal interpretations are consistent for all taxpayers and all Operating Divisions

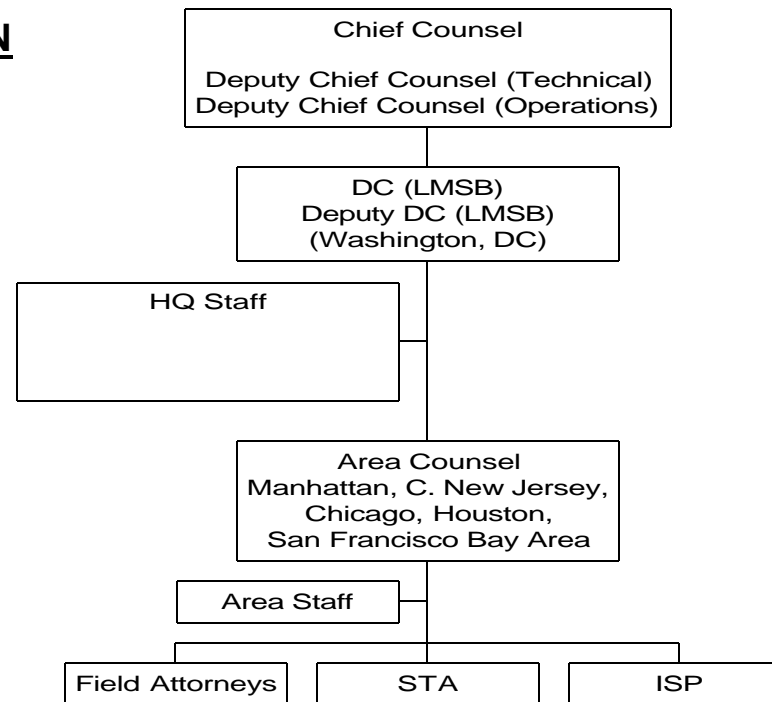
Structural Changes . . .

THE NEW COUNSEL STRUCTURE ENCOMPASSES HEADQUARTERS, TECHNICAL UNITS AND DIVISION COUNSEL/FIELD OFFICES



THE DIVISION COUNSEL (LMSB) WILL HAVE A LEAN HEADQUARTERS ORGANIZATION FOCUSING ON STRATEGY, PLANNING & OPERATIONS MANAGEMENT, WITH A GEOGRAPHICALLY DISPERSED FIELD ORGANIZATION

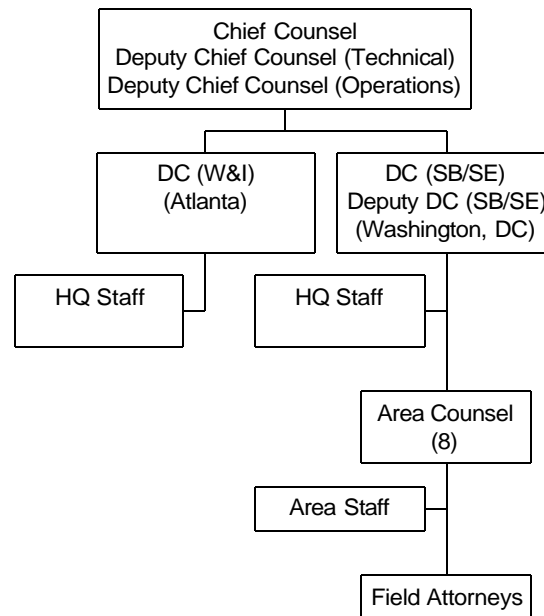
DC (LMSB) ORGANIZATION



- DC headquarters will be co-located with the LMSB Operating Division Commissioner
- Five SES Area Counsel will be co-located with the five LMSB Industry Directors
- Special Trial Attorneys and Industry Counsel attorneys will report to Area Counsel
- Area Counsel will supervise field attorney groups within a geographic area and also provide program & strategy advice to their Industry Director
- LMSB field attorneys (approximately 250) will be located in groups in about 25 locations, with additional remotely managed attorneys in other Counsel office locations

THE DIVISION COUNSEL (SB/SE) WILL HAVE FIELD ATTORNEY GROUPS LOCATED IN 51 POSTS OF DUTY. W&I FIELD WORK WILL BE HANDLED BY SB/SE FIELD ATTORNEYS

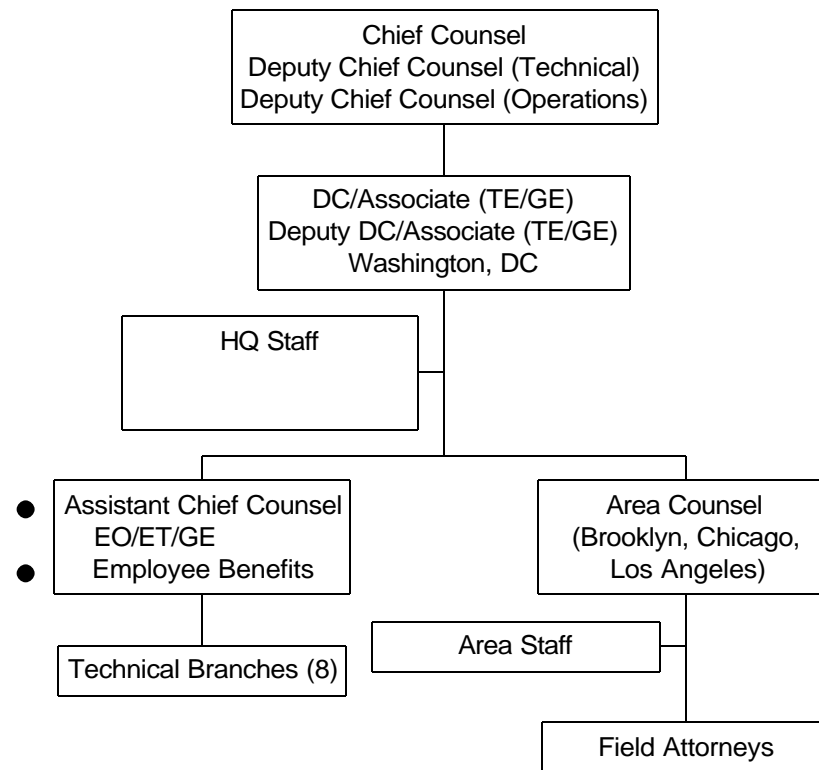
DC (SB/SE) AND (W&I) ORGANIZATIONS



- DC headquarters will be co-located with the respective Division Commissioner
- Eight SB/SE Area Counsel will supervise field attorney groups within geographic areas comprising one or more of the 14 SB/SE areas
- SB/SE field attorneys (approximately 320) will be located in groups in the current Counsel field office locations
- The DC (W&I) will not have a field footprint. W&I field work will be assigned to SB/SE field attorneys.

THE DC/ASSOCIATE (TE/GE) WILL SUPERVISE BOTH NATIONAL OFFICE TECHNICAL EXPERTS AND FIELD ATTORNEYS HANDLING TE/GE ISSUES

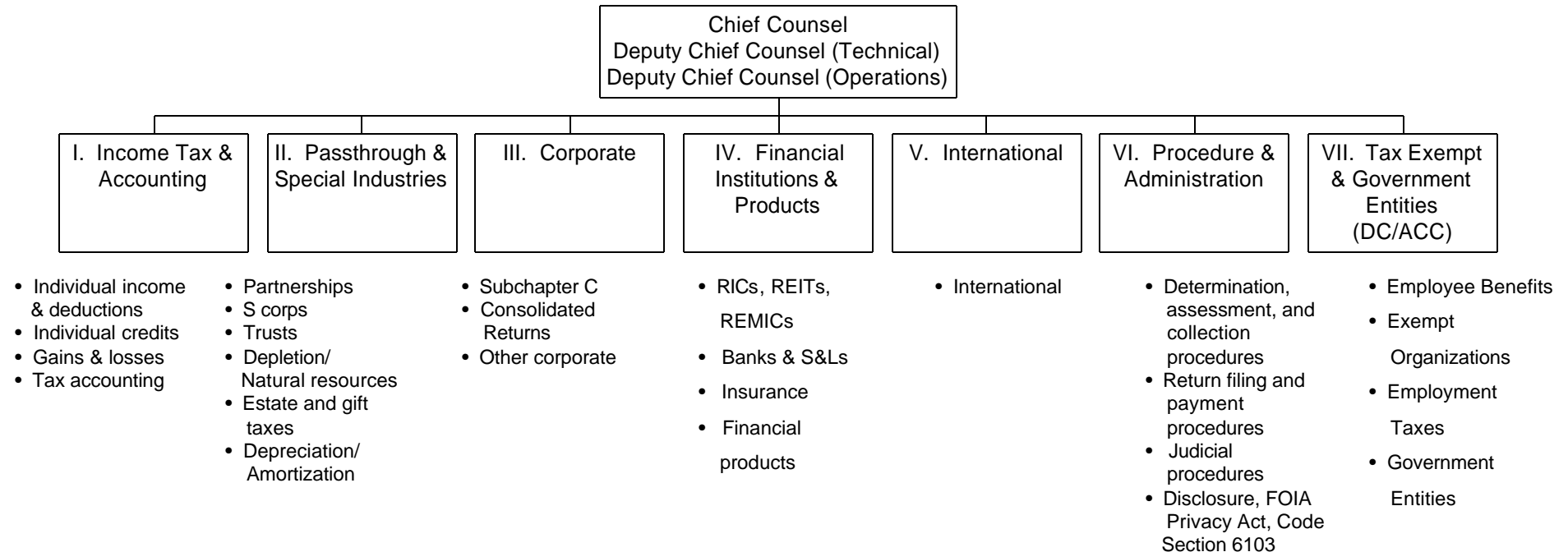
DC/ASSOCIATE (TE/GE) ORGANIZATION



- The DC/Associate (TE/GE) will be co-located with the TE/GE Division Commissioner and will supervise the technical subject experts for employee benefits, exempt organizations, employment taxes and government entities issues, as well as TE/GE field attorneys.
- Three Area Counsel will supervise approximately 30 TE/GE field attorneys in six locations within geographic areas corresponding to multiple SB/SE areas.

THE NATIONAL OFFICE TECHNICAL STRUCTURE WILL INCLUDE THE FOLLOWING TECHNICAL DIVISIONS

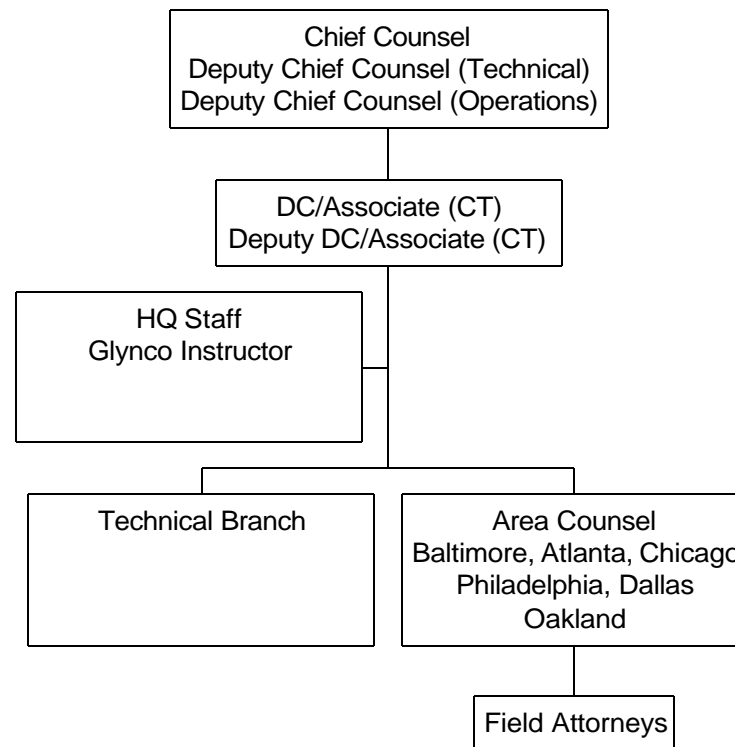
TECHNICAL DIVISIONS



- The National Office will maintain responsibility for providing authoritative legal interpretations of the tax law. This fixes “Code accountability” on technical interpretations and ensure uniformity and consistency.
- The National Office will maintain responsibility for many of the key products that directly affect taxpayers: Published Guidance, Private Letter Rulings, Technical Advice, Field Service Advice.

THE DC/ASSOCIATE CHIEF COUNSEL (CRIMINAL TAX) WILL SUPERVISE A NATIONAL ORGANIZATION OF CRIMINAL TAX SPECIALIST ATTORNEYS

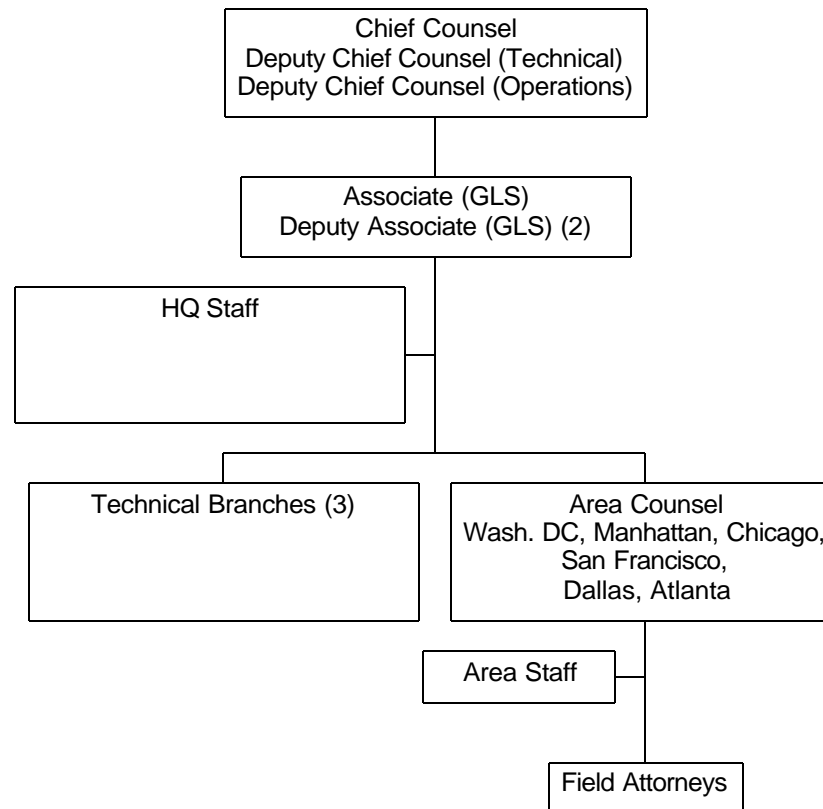
DC/ASSOCIATE (CRIMINAL TAX) ORGANIZATION



- Six Area Counsel will be co-located with the CID Area Managers
- Field Criminal Tax attorneys (approximately 50-60 at start-up) will be substantially dedicated to Criminal Investigation Division issues & will report to the Area Counsel from about 30 posts of duty.

THE ASSOCIATE CHIEF COUNSEL (GLS) WILL SUPERVISE BOTH NATIONAL OFFICE TECHNICAL EXPERTS AND FIELD ATTORNEYS HANDLING GLS ISSUES FOR ALL IRS COMPONENTS

ASSOCIATE (GLS) ORGANIZATION



- Six Area Counsel will supervise approximately 40 GLS field attorneys in six locations within geographic areas corresponding to multiple SB/SE areas.
- GLS field and national office attorneys will provide labor relations, procurement, tort claim and other GLS legal services for all IRS Operating Divisions and functional units.

COUNSEL STRUCTURAL AND PROCESS CHANGES WILL IMPROVE OUR ABILITY TO HELP THE IRS TO ACCOMPLISH ITS MISSION OF SERVING AMERICA'S TAXPAYERS

IMPROVED SERVICE TO TAXPAYERS

- Enable Counsel employees to understand and solve problems from the taxpayer's point of view.
- Ensure uniformity of Service position across all Operating Divisions.
- Ensure prompt coordination of issues and the correct interpretation of the law, the foundation of good tax administration.

IMPROVED SERVICE TO CLIENT: LEARNING TO BE GOOD PARTNERS

- The new structure promotes better understanding and focus on client's business practices and programs.
- Promotes more accessibility and greater expertise: successful attorneys don't just answer questions – they help solve problems.
- Engenders collaboration on up-front solutions to emerging issues.
 - Greater client involvement in strategic management of published guidance needs.
 - Greater client strategic input on litigation priorities.

PRODUCTIVITY THROUGH A QUALITY WORK ENVIRONMENT – EMPLOYEE SATISFACTION

- Skill Development
 - Interesting and challenging work assignments
 - Enhanced formal training programs
- Job Satisfaction
 - Meaningful contributions to accomplishing the IRS mission
 - Quality support services
- Career Opportunities
 - Attractive lateral and vertical career paths