



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

July 15, 2020

MEMORANDUM FOR ALL SPECIALTY EXAMINATION EMPLOYEES

FROM: Wanda R. Griffin Digitally signed by Wanda R. Griffin  
Date: 2020.07.16 08:56:48 -04'00'  
Director, Specialty Exam Policy

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

The purpose of this memorandum is to provide guidance to Specialty 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
- Temporary SB/SE Case Closing Procedures for Specialty Exam
- COVID-19 Claims-Abatements-Reconsiderations
- Status Codes 14 and 19 to Support the People First Initiative
- Notice 2020-23 Regarding Statutes

It remains vitally important for all Specialty Examination employees to be cognizant of the individual circumstances of taxpayers and other external stakeholders 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 In-Person Contacts ([Attachment 3](#))
- Status Code 19 Cases Needing Additional Action ([Attachment 4](#))

The health, safety and well-being of IRS employees, taxpayers, and representatives continues to be our primary concern. As the country and IRS continue with the phased approach to reopening, we will continue to monitor the COVID-19 situation and provide updated guidance.

In addition to the SB/SE Specialty Exam specific guidance in this memorandum, employees must continue to follow Servicewide and SB/SE guidance, which includes mandatory telework for work that can be performed remotely, and the use of [face coverings](#) while in IRS facilities and workspaces and for any field activity. Resumption procedures for Report of Foreign Bank and Financial Accounts (FBAR) work will be transmitted in a separate memo.

Employees should ask their management chain for guidance on issues not specifically addressed in this memorandum. Executives and their staff may refer questions to Doreen Centeri, Acting Technical Advisor, Specialty Exam Policy.

## ATTACHMENT 1 – Resuming Compliance Activity

Statutes must be reviewed on 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 <a href="#">soft contact</a> procedures. The purpose of the contact is to advise the taxpayer that compliance activity is resuming and the statute needs to be protected.</p> <ul style="list-style-type: none"> <li>• If the statute can be extended, solicit a consent following procedures in <b>IRM 25.6.22</b>, Statute of Limitations, Extension of Assessment Statute of Limitations by Consent. Generally, at least 10 calendar days from the date <b>Letter 907</b>, Request to Extend Assessment Statute, is issued should be allowed for the taxpayer to respond.</li> <li>• If the taxpayer extends the statute, continue with the appropriate compliance activity.</li> <li>• If the statute can be extended but the taxpayer has not agreed to extend the statute, prepare and issue an examination report with the appropriate <b>Letter 5153</b>, 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.</li> </ul>
There are at least 180 days remaining on the statute	Contact the taxpayer by phone using <a href="#">soft contact</a> procedures. The purpose of the contact is to advise the taxpayer that 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 31<sup>st</sup> 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 in-person taxpayer contacts by following the guidance in [Attachment 3](#).

**Soft Contact:** Soft contact procedures entail approaching the taxpayer with sensitivity and an awareness of 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 care 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 15<sup>th</sup> for a reasonable period, if the statute is protected and group manager approval is secured.

## ATTACHMENT 2 – Initiating New Examinations and Other Compliance Actions

Use the appropriate letter to initiate new examinations and other compliance actions. When the taxpayer responds to the letter, the initial contact must adhere to [soft contact](#) procedures and include an assessment of the impact of COVID-19 on the taxpayer. The initial contact letter does 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 4.10.2.4.1, Collectability**  
If collectability 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 and IRM 4.26.6.5.1, 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/financial institution is out of business, 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. This procedure should be narrowly applied to the most exigent COVID-19 circumstances.**  
**Reminder:** Examiners must document **Form 1900**, **Form 2503**, or **Form 3187** 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 and IRM 4.26.6.5.3.2, 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 in-person contacts by following the guidance in [Attachment 3](#).

### ATTACHMENT 3 – Limiting In-Person Contacts

**Place and Time of Examination:** **IRM 4.10.2.9.2** and **IRM 4.26.6.5.3.2**, 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.” The place of the examination should be chosen to limit in-person contacts.

In-person contacts must be limited to the extent possible. Alternative methods to conduct the fact-finding phase of the examination should be exhausted before considering in-person contact. Alternative methods include:

- Conducting interviews by phone or video conference (if available)
- 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 to an IRS office
- E-Faxing records
- Emailing records 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 taxpayer's 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. Face to face interactions must be agreed to by the employee and the taxpayer/representative and submitted through the frontline manager to the territory manager for approval. The approval request will include a social distancing plan and face masks must be worn by all parties during any face to face interaction.

- 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.
- Strongly encourage electronic payment of taxes, interest and penalties.

**Note:** 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."

In-person contacts should be limited when working in an IRS post of duty (POD). Work performed in a POD should be limited to the following:

- Refreshing inventory (i.e., retrieving newly assigned cases and submitting closed cases)
- Printing and scanning

- Processing mail
- Picking up supplies
- **Note:** Specialty Exam group managers should develop local procedures to limit the number of employees working in the group area simultaneously to no more than 50%. The approved procedures must be shared with employees.



## **ATTACHMENT 4 – Status Code 19 Cases Needing Additional Action**

Keep cases in Status Code 19 until closed unless additional case actions are required. If additional case actions are required, update the case to Status Code 12. No cases should be in Status Code 19 after August 15<sup>th</sup>.

### 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 for Specialty Exam** 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 and examiners have the ability to print case files and closing documents, cases in Status Code 19 may 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**.
- **Technical Services (TS)** should be updated to Status Code 21 and sent to the appropriate TS group according to the following priority:
  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.)
  3. Claims requiring action by TS for issuance of a refund
  4. Remaining cases (**Note:** To allow TS the opportunity to close priority cases (listed above) and address existing backlogs, do not ship remaining cases before August 1<sup>st</sup>.)

BSA case closing guidance will be provided in a separate memorandum.