



INDEPENDENT OFFICE
OF APPEALS

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

May 9, 2025

Control No. AP-08-0525-0007
Expiration Date: 05/09/2027
Affected IRM: 8.23.7

MEMORANDUM FOR DIRECTOR, EXAMINATION APPEALS

FROM: Steven M. Martin /s/ *Steven M. Martin*
Director, Operations Support

SUBJECT: Appeals Technical Employee (ATE) Paperless Procedures for
Doubt as to Liability (DATL) Offers in Compromise (OIC) from
Small Business/Self-Employed (SB/SE) Field Examination

Purpose: This interim guidance provides the Independent Office of Appeals (Appeals) steps and procedures to work, and process, appeals of paperless rejected DATL OICs received from SB/SE Field Examination. Please distribute this information to all affected employees within your organization.

This guidance does not apply to appeals of rejected DATL offers from SB/SE Campus Examination or Specialty Collection Offer in Compromise (SCOIC) DATL Unit or Collection Due Process (CDP) DATL offers.

Background/Source(s) of Authority: Appeals jointly conducted a nationwide pilot program with SB/SE to test the paperless process for unagreed nondocketed and docketed cases, as well as DATL offers, submitted during those examinations. Subsequently, Appeals fully implemented a permanent paperless process for the cases originating from SB/SE Field Examination, including DATL offers, as explained in Interim Guidance Memorandum AP-08-0923-0008 dated September 22, 2023.

Procedural Change: SB/SE Field Examination will scan, upload, and organize all relevant DATL offer documents in an accessible format to Report Generation Software (RGS)/Correspondence Examination Automation Support (CEAS) and transmit the case to Appeals via the Appeals Electronic Case Receipts (ECR) SharePoint site.

Appeals' Account and Processing Support will card-in these DATL offers from SB/SE Field Examination to Appeals Centralized Database System (ACDS) following similar procedures of other paperless workstreams.

The ATE will access the case in RGS/CEAS Appeals View only to review the documents. Any Appeals-generated documents and correspondence will be uploaded to ACDS by the Appeals employee.

Closed cases will be stored electronically in ACDS.

Paper DATL offers already in Appeals will **not** be converted to a paperless or electronic file and will continue to be managed as paper DATL offers.

Effect on Other Documents: This guidance will be incorporated into IRM 8.23.7 within two years from the date of this memorandum.

Effective Date: This guidance is effective as of the date of this memorandum.

Contact: Appeals employees should follow existing procedures to elevate questions through their management chain and follow established procedures on How to Contact an Analyst.

Attachment: Updated Guidance

cc: www.irs.gov

New Section

8.23.7.4.1 (MM-DD-YYYY)

Assignment of Paperless DATLs

(1) The ATM will check the Notifications page on ACDS 2.0 for new DATL offer receipts and assign the paperless DATL offer to an ATE to work the case. The ATE will verify that ACDS feature code "PL" (for paperless) is present on WUNO in ACDS. If not, the ATE adds this feature code. For DATLs from Field Exam, the ATE will access the case in RGS/CEAS Appeals View only to review the documents. The ATE will no longer receive a paper file.

(2) If "ECFI" is not present in LOC 7, the ATE will enter "ECFI" in the LOC 7 field.

New Section

8.23.7.19.1 (MM-DD-YYYY)

Paperless DATL - Accepted DATL Closing Documents and Appeals Technical Employee Procedures

(1) The ATE will attach the following documents to ACDS in a single PDF portfolio titled "MOIC Portfolio":

- Original Form 656-L, and amended Forms 656-L, if any.
- Signed acceptance letter (Letter 5521) as Print to PDF.
- Signed AOIC Form 7249, Offer Acceptance Report.
- Appeals Case Memorandum (ACM).

Note: The acceptance letter and Form 7249 must be attached to the MOIC portfolio as Print to PDF, which allows APS to add the acceptance date to the acceptance letter and Form 7249.

(2) After the ATE uploads the required closing documents to ACDS and places the case in AC/FR status, the ATM will receive a notification in ACDS 2.0.

(3) ATMs will complete the following actions and save all documents to ACDS as attachments:

1. Sign and date Form 5402.
2. Sign Letter 5521, DATL OIC Acceptance, and Form 7249, Offer Acceptance Report, in the MOIC portfolio and save both documents in the portfolio.
3. Enter ACDS ACAP date. The ACAP date will generate an ACDS 2.0 Paperless Notification to the APS PTM.

New Section

8.23.7.20.1 (MM-DD-YYYY)

Paperless DATL - Closing Documents and Procedures for Sustaining DATL Rejection

(1) When the closing documents for sustaining paperless rejected DATL are completed and assembled, ATEs will upload all closing documents to ACDS as attachments, update the ACDS case status to **AC/FR** and submit the case to the ATM for approval. The AC/FR status will generate a notification in ACDS 2.0 to ATM.

(2) ATMs will complete the following actions and save all documents to ACDS as attachments:

1. Sign and date Form 5402 and, if applicable, Form 3870.
2. Sign Letter 5197, Offer in Compromise Rejection.
3. Enter ACDS ACAP date. The ACAP date will generate an ACDS 2.0 Paperless Notification to the APS PTM.

New Section

8.23.7.21.1(MM-DD-YYYY)

Paperless DATL - Closing Documents and Procedures for Withdrawn DATLs

(1) When the closing documents for withdrawn paperless DATL are completed and assembled, ATEs will upload all closing documents to ACDS as attachments, update the ACDS case status to **AC/FR** and submit the case to the ATM for approval. The AC/FR status will generate a notification in ACDS 2.0 to ATM.

(2) ATMs will complete the following actions and save all documents to ACDS as attachments:

1. Sign Letter 241, Offer in Compromise Withdrawal.
2. Sign and date Form 5402 and, if applicable, Form 3870.
3. Enter ACDS ACAP date. The ACAP date will generate an ACDS 2.0 Paperless Notification to the APS PTM.

Add New Section:

8.23.7.22 (MM-DD-YYYY)

Premature Referrals of DATL OICs

(1) Form 5402 for premature referral cases should be completed as follows:

- Closing Code = 20
- Under "Remarks"
 - a. State the IRM reference explaining why the case is a premature referral.
 - b. Instruct APS to annotate in AOIC Remarks the IRM reference which explains DATL offer is premature referral.
 - c. Instruct APS to re-assign the DATL offer back to the originator in AOIC.