



INDEPENDENT OFFICE
OF APPEALS

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

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MEMORANDUM FOR IRS INDEPENDENT OFFICE OF APPEALS (APPEALS)
EMPLOYEES

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

SUBJECT: Post Appeals Mediation (PAM) Pilot Program

Purpose: This memorandum provides interim guidance to Appeals employees on changes to PAM procedures that will be implemented and evaluated as part of the PAM Pilot Program.

Background/Source(s) of Authority: Pursuant to IRC 7123(b)(1)(A), Rev. Proc. 2014-63, IRM 8.26.5, Post Appeals Mediation (PAM) Procedures for Non-Collection Cases, and IRM 8.26.9, Post-Appeals Mediation Procedures for Collection Cases, the IRS generally offers PAM to taxpayers who have been unsuccessful in resolving their Appeals cases. In its continued effort to expand and improve alternative dispute resolution (ADR) programs, Appeals is implementing a nationwide pilot program that will test certain changes to PAM. The pilot is designed to reassign applicable cases from the team that received the PAM request (referring team) to another team able to work the same type of case (receiving team), with concurrence by the ADR Program Management Office (PMO). If the PAM request is accepted, the receiving Appeals Team Manager (ATM) will assign the case to a new Appeals Technical Employee (ATE), and together they will serve as the Appeals representatives during the PAM proceeding.

The piloted changes will be evaluated during a two-year period to determine the degree to which the updates should be discontinued, adjusted, or made permanent.

Procedural Change: See attachment.

Effect on Other Documents: This pilot is consistent with, and relies upon, the provisions of Rev. Proc. 2014-63. This temporary guidance supersedes any contradictory provisions of the affected IRMs listed above for the duration of the pilot. This guidance may be

discontinued or made permanent and incorporated into the IRMs listed above 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 to the ADR PMO at *AP ADR PMO.

Attachment

cc: www.irs.gov

Post Appeals Mediation (PAM) Pilot Procedures

The following procedures implement the PAM Pilot Program in Appeals. These procedures are consistent with, and do not impact, Rev. Proc. 2014-63. Instead, they revise Appeals IRM language relating to the identity of Appeals personnel who evaluate PAM requests and conduct PAM proceedings. To the extent not covered by this pilot, current IRM guidance will continue to govern. See IRM 8.26.5, Post Appeals Mediation (PAM) Procedures for Non-Collection Cases, and IRM 8.26.9, Post-Appeals Mediation Procedures for Collection Cases.

(1) Submission of PAM Requests

Taxpayers are directed to file PAM requests with the appropriate Appeals Team Manager (ATM) and the appropriate Area Director, see Rev. Proc. 2014-63, §7.02(1), IRM 8.26.5.5.1(1), Filing Requirements, and IRM 8.26.9.2.3, Post-Appeals Mediation Procedures for ATEs – OIC & TFRP.

- a) Under the pilot, the ATM, upon receiving the request, will inform the Appeals Technical Employee (ATE) assigned to the case and instruct the ATE to input Action Code MI, or the Appeals Centralized Database System (ACDS) equivalent, in the Case Activity Record (CAR) using the date the request was received. The ATM and ATE will review the request for exclusions based on the relevant criteria in Rev. Proc. 2014-63, §4.01, IRM 8.26.5.4.4(1), Cases/Issues Not Eligible for Mediation, IRM 8.26.9.2.1, PAM Eligibility – OIC, and/or IRM 8.26.9.2.2, PAM Eligibility – TFRP.

The ATE will create the PAM request package, which will include:

- A copy of the full examination report,
- The protest,
- The CAR, and
- The Appeals Case Memorandum (ACM).

If the ACM is not yet complete, a draft ACM may be used; however, the final ACM should be forwarded within 30 days from the date the request was received.

The ATM will forward the PAM request package to the Alternative Dispute Resolution Program Management Office (ADR PMO) via email to *AP ADR PMO within three business days from the date the request was received for processing. The email should also indicate if the ATM believes the request is premature, involves excluded issues, or is otherwise ineligible.

- b) Within five business days, the ADR PMO will review the request to see if the case, on its face, is excluded from PAM consideration. See Rev. Proc. 2014-63, §4.01, IRM 8.26.9.2.1, PAM Eligibility – OIC, IRM 8.26.9.2.2, PAM Eligibility – TFRP, and IRM 8.26.5.4.4(1), Cases/Issues Not Eligible for Mediation. If the case is excluded, the ADR PMO will send a draft denial letter to the referring

ATM for signature and issuance to the taxpayer and advise the ATM to commence closing procedures. This determination by the ADR PMO is subject to first-line executive review, see section (4) below.

- c) If the case possesses unique circumstances that may make it excludable from the PAM Pilot, the ADR PMO will consult with the first-line executive, and together they will arrive at a determination regarding whether to include the case in the pilot or to offer PAM under pre-existing procedures.

If the request is not excluded, or otherwise excepted, from the PAM pilot, the ADR PMO will review the PAM request to ensure it is complete and adequate to move forward. If not, the ADR PMO will contact the taxpayer and work with the taxpayer to perfect the request. If this cannot be achieved within a reasonable timeframe, the ADR PMO will obtain executive approval to issue a draft denial letter, send the draft letter to the referring ATM to sign and issue to the taxpayer, and advise the referring ATM to initiate closing procedures.

(2) Assignment of PAM Requests to Receiving ATM

Once a complete and adequate request has been received, the ADR PMO will begin the process of assigning the request for substantive consideration.

- a) **Reassignment to New Team**

The ATM receiving the PAM assignment will ordinarily be from the same Area as the referring ATM but will have had no previous connection with the prior Appeals case. If the receiving ATM accepts the PAM request, the case will generally be transferred and assigned to an ATE who is part of the receiving ATM's team to continue with the PAM procedures. Neither the receiving ATM nor the ATE who is ultimately assigned to the case, if accepted, should have any connection with the underlying case. In situations where technical or procedural restrictions limit Appeals' ability to transfer the case, the ADR PMO, in consultation with the first-line executive, may request that the team retain the case and represent Appeals in the PAM proceeding.

- b) **Assignment by ADR PMO**

When assigning a PAM request to an ATM for consideration, the ADR PMO will consult the appropriate Area Director to determine where the request should be routed. The Area Director and ADR PMO will give first preference to teams with ATEs who have completed ADR training and have volunteered for ADR-related assignments. The Area Director and ADR PMO may also consider other factors, such as expertise, work schedules, inventory balance, location, and availability.

- c) **Material Relied Upon for Evaluating Request**

Once an assignment determination is reached, the ADR PMO will contact the receiving ATM and provide them with a general overview of the issue(s) and the applicable timeframes governing the proceeding. The ADR PMO will also forward the PAM request package. For timing, see IRM 8.26.5.5.3, Review of Mediation Request, and IRM 8.26.9.2.3.2, Processing Receipt of PAM Request. From this

point forward, the PAM process will follow the same timeframes as those established in pre-existing PAM guidance.

Based on these materials, and the guidance set forth below, the receiving ATM will decide whether to accept or deny the PAM request. See Rev. Proc. 2014-63, §7.03, and IRM 8.26.5.5.3, Review of Mediation Request, and IRM 8.26.9.2.3.2, Processing Receipt of PAM Request.

(3) Factors to be Considered when Granting or Denying PAM Requests

PAM issues not otherwise excluded from eligibility based on the review of the referring team and the ADR PMO described in section (1), should generally be accepted by the receiving ATM unless the issues involved are inappropriate for a PAM proceeding.

Factors to be considered when determining if an issue is appropriate for a PAM proceeding include whether:

- Appeals is convinced the issues carry zero hazards of litigation for the government.
- Appeals lacks jurisdictional ability to provide the requested relief in the proposed PAM proceeding. For example, is the taxpayer requesting relief that would involve years not within Appeals jurisdiction?

The presence of such factors would ordinarily support a determination that the request is inappropriate for PAM. This determination is subject to the procedures in section (4) below.

(4) Tentative Denials of PAM Requests

If the receiving ATM is considering denying a PAM request, a series of steps will occur before the tentative denial becomes final. These steps are as follows:

a) Consultation

The receiving ATM will contact the ADR PMO, via email, to begin discussion of the tentative denial. See Rev. Proc. 2014-63, §7.03, and IRM 8.26.5.5.3, Review of Mediation Request, or IRM 8.26.9.2.3.2, Processing Receipt of PAM Request.

b) Elevation

All denials require executive level concurrence. If, after the discussion with the ADR PMO, the receiving ATM wishes to propose denial, the next step is to seek approval from the Area Director. If the Area Director concurs with the proposed denial, the ATM or Area Director will email the first-line executive the PAM request, a draft denial letter, and any other relevant supporting material. The ADR PMO is available to assist in the drafting of denial letters upon request. The first-line executives are:

- Director, Examination Appeals;
- Director, Specialized Examination Programs & Referrals (SEPR); and
- Director, Collection Appeals.

If the first-line executive does not concur with the denial, and accepts the request, the case will proceed as set forth in section (5) below.

c) **Executive Concurrence with Denial**

If the first-line executive concurs with the denial, the receiving ATM will email a copy of the draft denial letter and evidence of the first-line executive's concurrence to the referring ATE and ATM and the ADR PMO. The referring ATM will then sign and mail the denial letter to the taxpayer and commence closing procedures. The ADR PMO should receive a copy of the final signed denial letter. The referring ATE will enter Action Code MO, or its ACDS equivalent, in the CAR using the date the denial letter was mailed as the date of the Action Code entry. See IRM 8.26.5.5.3.1, Request Denied, for non-collection cases, or IRM 8.26.9.2.3.3, Mediation Request Denied, for collection cases.

(5) Accepted PAM Cases

If a PAM request is accepted, the receiving ATM will assign the PAM to a new ATE. When making this assignment, the ATM may give first preference to ATEs who have completed ADR training and have volunteered for PAM-related assignments. The ATM may also consider other factors, such as expertise, work schedules, inventory balance, location, and availability. The receiving ATM will reassign the case in ACDS to the new ATE, and, if applicable, the referring team will forward the paper administrative file or records.

Consistent with pre-existing guidance, the Appeals mediator may be from the same Appeals office or geographic area as the receiving Appeals team, but not from the same group or team. See IRM 8.26.5.5.8(3), Selection of Appeals Mediator and Expenses, or IRM 8.26.9.2.3.4.3(2), Selection of Appeals Mediator. Under the pilot, a mediator also cannot be chosen from the referring Appeals team.

In certain cases, an ATE will involve a Technical Specialist with specialized knowledge that cannot be quickly developed without substantial training or prior experience. As a result, the involvement of Technical Specialists assigned to support an ATE does not fall within the scope of these pilot procedures; however, every effort shall be made to assign a new Technical Specialist to the PAM case whenever possible.

Once a PAM case is accepted and reassigned to a new ATE, subsequent activities and procedures, including preparation of a discussion summary based on the PAM request package, will be performed as set forth in Rev. Proc. 2014-63, IRM 8.26.5, Post Appeals Mediation (PAM) Procedures for Non-Collection Cases, and IRM 8.26.9, Post-Appeals Mediation Procedures for Collection Cases. To preserve the appearance of objectivity, the new team should communicate with the referring team only to address relevant administrative issues, such as obtaining documentation or facilitating closing activities.

At the conclusion of the PAM, case closing procedures will generally be undertaken by the new team. To the extent that unresolved issues or procedural obligations (e.g., Joint Committee reporting) warrant post-PAM resolution by the referring team, the case can

be transferred back to the referring team for the completion of final closing procedures. These transfers are subject to management approval.