

IRM PROCEDURAL UPDATE

DATE: 09/17/2025

NUMBER: sbse-04-0925-3600

SUBJECT: Incorporate Rev. Proc. 2025-10 That Provides Updated Guidance Regarding the Implementation of Section 530

AFFECTED IRM(s)/SUBSECTION(s): 4.23.6

CHANGE(s):

IRM 4.23.6.1 - Revised the subsection title to "Program Scope and Objective" to be consistent with IRM 1.11.2.2.4, Address Management and Internal Controls.

(1) **Purpose:** This section explains the Classification Settlement Program (CSP).

(2) **Audience:** This section contains instructions and guidelines for all Large Business & International (LB&I), Tax Exempt/Government Entities (TE/GE), and Small Business/Self-Employed (SB/SE) employees dealing with employment tax issues. This IRM also applies to Independent Office of Appeals (Appeals) employees working employment tax cases.

(3) **Policy Owner:** Director, Specialty Examination Policy of the Small Business/Self-Employed Division.

(4) **Program Owner:** Program Manager - Employment Tax Policy.

(5) **Primary Stakeholders:**

- Employment Tax – Workload Selection and Delivery (CTCO:S:E:HQ:ECS:S:ETEGCS:EWSD)
- Specialty Examination - Employment Tax (CTCO:S:E:SE:ET)
- Examination Specialty Examination Policy, Employment Tax Policy (CTCO:S:E:HQ:SEP:EMTP)

(6) **Program Scope:** The mission of Employment Tax Policy is to establish effective policies and procedures, and to support compliance with employment tax laws.

IRM 4.23.6.1.5 - New subsection added titled "Program Controls" to document the reviews and quality assurance activities associated with the Employment Tax Program and to be consistent with IRM 1.11.2.2.4, Address Management and Internal Controls. All subsequent subsections have been renumbered.

(1) All information management systems have safeguard measures in place that address key components of Information Technology (IT) security requirements to restrict access to sensitive data.

(2) Certain duties and functions are separate from the SB/SE ET Examination program:

- Policy and procedure is with ET Policy within SB/SE Specialty Examination Policy,
- Case selection is with ET-WSD within SB/SE Examination Case Selection, and
- Quality review is within SB/SE Exam Quality and Technical Support.

(3) The Issue Management System (IMS) is required to be used during employment tax examinations by ET examiners assigned to Specialty – ET Operations.

(4) ET examiners will use the Employment Tax Lead Sheets (ETLS) developed specifically for employment tax cases.

(5) ET examiners working ET Large Cases will use Large Case Lead Sheets (LCLS). LCLS are developed specifically for large case employment tax cases. ET examiners working ET Large Cases will follow workpaper preparation, specific examination techniques, and case closing procedures unique to these types of examinations.

(6) The Specialty Employment Tax Application (SETA) is a web-based application that ET examiners may use in ET examinations to generate most of the documents needed to prepare an examination report and close their examination.

IRM 4.23.6.1.8(2) - Revised the description and hyperlinks in paragraph (2).

(2) Other helpful information sources include:

- a. SB/SE Employment Tax Small Business Knowledge Base provides guidance, resources and information for ET examiners to aid in raising, developing, and resolving employment tax issues.
- b. Specialist Referral System can be used by any employee, regardless of operating division. In addition to requesting assistance or a referral, SRS may be used to submit informal questions or to request a consultation with an employment tax specialist to discuss employment tax potential in an examination.

- c. Contacts, Tools, and Training provides contact information and program assignments for SB/SE ET Policy Analysts and SB/SE ET group contacts and areas of coverage.

IRM 4.23.6.1.8(3) - Revised the description and hyperlinks in paragraph (3).

(3) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the IRC, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3). For additional information about the TBOR, see Pub 5170, Taxpayer Bill of Rights, or Taxpayer Bill of Rights.

IRM 4.23.6.5(4) - Insert new paragraph (4) that provides the definition of "timely filed" information for purposes of section 530 Reporting Consistency and eligibility for CSP. The definition is from Rev. Proc. 2025-10, 2025-4 I.R.B. 492, footnote 14.

(4) For purposes of determining taxpayer eligibility for CSP, "timely filed" means an information return filed prior to the start of an employment tax examination, even if filed after the due date of the information return. Information returns filed after the start of an employment tax examination are not timely filed thus the reporting consistency test of section 530 is not met and the taxpayer is not eligible for a CSP. See Rev. Proc. 2025-10 footnote 14 and IRM 4.23.5.3.3.1, *Consistency Requirement - Reporting Consistency*.

IRM 4.23.6.6(1) - Inserted a link to IRM 4.23.6.5(4).

(1) CSP is available to taxpayers with an open employment tax examination in SB/SE, TE/GE, LB&I, and Appeals. As described in IRM 4.23.6.7, *Cases Included in CSP*, if a taxpayer has timely filed all required Forms 1099, and satisfies other requirements described herein, it is **mandatory** that the examiner present a CSP offer to a taxpayer. The taxpayer has the option to accept or reject the offer. Taxpayers that have not timely filed the required information returns are not entitled to participate in the CSP with respect to any years for which such returns were not timely filed, see IRM 4.23.6.5 (4). For further information see IRM 4.23.6.6.1, *Forms 1099 Not Filed for All Years*.

IRM 4.23.6.6.1(1) - Inserted a note with a link to IRM 4.23.6.5(4).

(1) Examiners may encounter situations where the taxpayer timely filed Forms 1099 for some years but not others. CSP is only available for years in which the taxpayer timely filed Forms 1099. The year in which the taxpayer did not timely file Forms 1099 should not be included in the CSP agreement.

Note: For the definition of "timely filed" see IRM 4.23.6.5 (4).

Note: The dates used to prepare the CSP agreement for situations where the taxpayer is eligible for some years but not others will need to be modified from those explained in the exhibits. This must be done to ensure that the non-CSP year(s) are not included in the CSP agreement. Examiners can contact the Employment Tax Policy Analyst responsible for CSP at Employment Tax Policy Contacts if assistance is needed to determine the correct dates.

IRM 4.23.6.7(1) - Inserted a note with a link to IRM 4.23.6.5(4).

(1) If the taxpayer has filed all required Forms 1099, it is **mandatory** that the examiner present a CSP offer, including the following situations:

- **Form 940/941 Non-filers:** Taxpayers who have not filed a Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return* or a Form 941, **Employer's Quarterly Federal Tax Return**, because of their treatment of the workers as non-employees are eligible for a CSP offer. Often, the non-filing of the forms is consistent with the taxpayer's reasonable basis argument.
- **Statutory Employees:** If a taxpayer treated workers as independent contractors and the examiner determines the workers are statutory employees, as defined in IRC 3121(d)(3), the taxpayer is eligible for a CSP offer.
- **Household Employees:** Household employers are often eligible for a CSP offer even if they have not filed Forms 1099, since a Form 1099 may not have been required (due to the payment being under \$600).
- **Certain Government Employers:** The CSP program is available to federal, state, and local government employers, including state and local government employers whose employees are covered under a section 218 agreement. See IRM 4.70.14.2.1.4.4, *TE/GE - Classification Settlement Program*, for specific instructions on section 218 taxpayers and CSP offers.
- **Corporate Officers:** If a taxpayer treated a corporate officer as an independent contractor and filed all required Forms 1099, the taxpayer is eligible for a CSP offer. For additional guidance on addressing corporate officer compensation issues for CSP purposes see paragraph (8) "Corporate Officer Wage Issues:" in IRM 4.23.6.8, *Cases Excluded from CSP* and IRM 4.23.6.9, *CSP & Officer Compensation Procedures*.

- **Railroad Employees:** If a railroad taxpayer treated workers as independent contractors and the examiner determines the workers are railroad employees, as defined in IRC 3231(b), the taxpayer is eligible for a CSP offer.

Note: For the definition of "timely filed" see IRM 4.23.6.5 (4).

IRM 4.23.6.8(7) - Inserted a note with a link to IRM 4.23.6.5(4).

(7) **Information Returns Other Than Forms 1099:** Worker classification cases in which only information returns other than Forms 1099 were timely filed will not be included in CSP. Thus, for example, if only Schedules K-1 (Form 1120-S) were filed treating the workers as non-employees, CSP does not apply.

Note: For the definition of "timely filed" see IRM 4.23.6.5 (4).

IRM 4.23.6.9(1) - Inserted a link to IRM 4.23.6.5(4).

(1) Cases which involve only recharacterizing officer/shareholder distributions, constructive dividends, loans or other payments not reported on Forms 1099 will not be included in CSP. See IRM 4.23.6.8 (8). However, reclassification cases, in which the officer was treated as an independent contractor **and** a Form 1099 was timely filed, **are** included in CSP. See IRM 4.23.6.7, *Cases Included in the CSP*, paragraph (1) and IRM 4.23.6.5 (4) for the definition of timely filed.

IRM 4.23.6.9(2) - Inserted a link to IRM 4.23.6.5(4).

(2) Examiners may encounter cases in which Forms 1099 were timely filed, but the officer also received additional payments such as distributions, loans, or personal expenses that the examiner determines to be additional compensation. CSP eligibility is determined based on the requirements of section 530. Therefore, even though the amount reported on Form 1099 was understated, these cases **are** eligible for CSP since a Form 1099 was timely filed. See IRM 4.23.6.5 (4) for the definition of timely filed.

IRM 4.23.6.14.1 - The example in paragraph (1) is contradictory to the guidance and instruction provided in IRM 4.23.6.14.4 and its subsections. The examples that are within paragraph (1) are removed. Content of paragraph (1) item d is moved to a new paragraph (2). All subsequent paragraphs are be renumbered. Combined the content of IRM 4.23.6.14.4 into this subsection and removed IRM 4.23.6.14.4 and all subsequent subsections were renumbered accordingly.

(1) Under CSP, a series of graduated settlement offers are available:

1. No CSP Offer (section 530 applied),
2. 100% CSP Offer, or
3. 25% CSP Offer.

(2) In each instance, the taxpayer will agree to classify its workers as employees prospectively, thus ensuring future compliance. The taxpayer should begin treating the worker as an employee effective the first day of the quarter following the agreement date. If a taxpayer is willing to agree but cannot comply until the second or third quarter, examiners should discuss this situation with their group managers.

Example: The CSP agreement is signed by the taxpayer and approved by the IRS on March 14, 2024. The quarter ends March 31, 2024. Therefore, the taxpayer should begin treating the workers as employees on April 1, 2024.

(3) An employment tax adjustment will be made for the latest year open for audit, computed using IRC 3509(a) or IRC 3509(b), as applicable. Full rates can be used if the examiner determines that there is intentional disregard under IRC 3509(c). All usual case processing procedures apply.

Note: The basis for determining intentional disregard must be developed and documented in the workpapers.

(4) A taxpayer may qualify for more than one CSP offer if several classes of workers are at issue.

Example: A taxpayer may receive a 25% CSP Offer for one class of workers and a 100% CSP Offer for another class. The same taxpayer may not have timely filed Forms 1099 for another class of workers, and therefore, may not qualify for any CSP offer for this class of workers. On yet another class, the taxpayer may satisfy all the requirements of section 530 and would therefore be permitted to continue to treat those workers as independent contractors.

(5) The following subsections provides an overview and examples of the types of CSP offers available.

IRM 4.23.6.14.1.1 - Created a new subsection by moving the contents of IRM 4.23.6.14.4.1 to this subsection. Removed IRM 4.23.6.14.4.1.

(1) If an examiner concludes that the workers are independent contractors, no worker classification issue exists. A CSP offer is not appropriate and should not be made. Examiners should remember that engaging the services of an independent contractor is a legitimate business practice. Examiners should not recommend changing a worker's status or present a CSP offer simply because it might result in a

clearer paper trail for follow-up or increase tax collected through withholding. See Item 2 in Exhibit 4.23.6-1, *CSP Analysis Chart*.

(2) If the workers are determined to be employees and required Forms 1099 were not timely filed, the taxpayer has not met the requirements for section 530 relief and is also not eligible for a CSP offer. All years where the statute of limitations has not expired may be examined in accordance with the examination cycle. See Item 3 in Exhibit 4.23.6-1, *CSP Analysis Chart* and see IRM 4.23.6.5 (4) for the definition of "timely filed."

IRM 4.23.6.14.1.1.1 - Created a new subsection by moving the contents of IRM 4.23.6.14.4.2 to this subsection. Removed IRM 4.23.6.14.4.2.

(1) Some taxpayers who are entitled to section 530 relief may prefer to treat workers who are employees under a common-law analysis as employees. If the taxpayer wishes to reclassify the workers, the examiner will make a CSP offer for prospective treatment. Since this reclassification of the workers is purely at the option of the taxpayer, the taxpayer may begin treating the workers as employees currently or at the beginning of the next year.

Example: A taxpayer's employment tax returns for 2023 are under examination for worker classification. The taxpayer filed all required Forms 1099-NEC for the workers. The taxpayer did not treat any workers holding substantially similar positions as employees. The taxpayer was examined in 2007 in which the classification of workers holding the same positions was considered and no employment tax adjustments were proposed. The taxpayer meets the reporting consistency and substantive consistency tests of section 530. The taxpayer meets the prior audit safe haven reasonable basis test. No adjustment should be proposed since the taxpayer is entitled to section 530 relief. However, a CSP offer as described in Item 1 of Exhibit 4.23.6-1, *CSP Analysis Chart*, would be appropriate if the taxpayer prefers to treat the workers as employees.

IRM 4.23.6.14.1.2 - Created a new subsection by moving the contents of IRM 4.23.6.14.4.3 to this subsection. Removed IRM 4.23.6.14.4.3.

(1) If the taxpayer timely filed required Forms 1099 but clearly fails either the substantive consistency or reasonable basis test of section 530, a 100% CSP offer is appropriate. See Items 4, 5, 6, 7, and 9 in Exhibit 4.23.6-1, *CSP Analysis Chart* and see IRM 4.23.6.5 (4) for the definition of "timely filed."

(2) **Example 1:** You are examining a masonry construction company. Your examination reveals the company makes payments to two brick layers. You find that the two workers perform identical duties. The company timely filed a Form 1099 for one worker and a Form W-2 for the other. Because the company has treated the

similarly situated workers inconsistently, the company is not entitled to section 530 relief. However, a 100% CSP offer would be made regarding the worker who was not treated as an employee.

(3) **Example 2:** You examine a painting company that engages the services of college students during the summer months to paint offices. The company timely filed all required Forms 1099. You ask the owner the reasoning for treating the painters as independent contractors. The owner replies that the students are given the option of being treated as either employees or independent contractors. As you discuss this further, you determine the taxpayer has not established a reasonable basis for treating the workers as independent contractors, therefore, the taxpayer has not met the requirements for section 530 relief. A 100% CSP offer would be appropriate because the taxpayer's reasonable basis argument is not even colorable. A 25% CSP Offer is **not** appropriate.

(4) **Example 3:** You conclude the examination of a computer services firm. Forms 1099 were timely filed. You have determined that the workers are providing computer services under an arrangement as described in section 530(d). If appropriate, a 100% CSP offer would be made because the taxpayer is **not** entitled to relief under section 530.

IRM 4.23.6.14.1.3 - Created a new subsection by moving the contents of IRM 4.23.6.14.4.4 to this subsection. Removed IRM 4.23.6.14.4.4.

(1) A 25% CSP Offer will be made if Forms 1099 were timely filed and one of the following apply:

- The taxpayer meets the reasonable basis test and has a colorable argument for the substantive consistency test,
- The taxpayer meets the substantive consistency test and has a colorable argument for the reasonable basis test, or
- The taxpayer has a colorable argument for both the substantive consistency test and the reasonable basis test.

Note: For the definition of "timely filed" see IRM 4.23.6.5 (4).

(2) If the taxpayer clearly fails either the substantive consistency test or the reasonable basis test, a 25% CSP Offer is **not** appropriate; a 100% CSP Offer should be made to the taxpayer.

IRM 4.23.6.14.4 - Inserted a link to IRM 4.23.6.5(4).

(1) If the taxpayer timely filed required Forms 1099 and has a colorable argument for the substantive consistency test and reasonable basis test, it may be determined

that the taxpayer is eligible for section 530 if litigated. In other words, the cases falling into the 25% CSP category are cases where there may be some flaws with the taxpayer's substantive consistency or reasonable basis argument, or with both arguments. The 25% CSP Offer in these circumstances includes prospective compliance and agreement to an employment tax adjustment equal to 25% of the latest audit year. See Items 8, 10, and 11 on the "CSP Analysis Chart" in Exhibit 4.23.6-1. As described in IRM 4.23.6.14.1 (2), the taxpayer should begin treating the worker as an employee effective the first day of the quarter following the agreement date.

Note: For the definition of "timely filed" see IRM 4.23.6.5 (4).

Note: If the taxpayer clearly fails either test, the 100% CSP offer would be appropriate.

(2) Cases in which no valid reasonable basis argument or substantive consistency argument is offered can be settled under Items 4, 5, 6, 7, or 9 in Exhibit 4.23.6-1.

(3) Section 530(a)(2) provides three safe havens establishing a "reasonable basis" for not treating a worker as an employee. See IRM 4.23.5.3, *Section 530 of the Revenue Act of 1978*. "Reasonable basis" exists if the taxpayer reasonably relies on:

- a. **Judicial Precedent:** Judicial precedent, published ruling, technical advice memorandum or private letter ruling with respect to the individual or specific taxpayer under examination. (See IRM 4.23.5.3.3.4, *Safe Haven - Judicial Precedent or Published Ruling*) or
- b. **Prior Audit:** Prior IRS audit of the taxpayer in which employment taxes were not assessed for amounts paid workers holding positions substantially similar to that held by the worker in question. Any IRS audit started before January 1, 1997 qualifies for the prior audit safe haven. For tax years examined beginning after December 31, 1996, the audit had to be an examination of employment tax returns where worker classification was an issue. (See IRM 4.23.5.3.3.5, *Safe Haven—Prior Audit*) or
- c. **Industry Practice:** Long-standing recognized practice of a significant segment of the industry in which the worker is engaged. (See IRM 4.23.5.3.3.6, *Safe Haven - Industry Practice*)

(4) In addition, section 530 provides that a taxpayer who fails to meet any of the above safe havens may demonstrate some other reasonable basis for not treating the worker as an employee.

(5) The courts have addressed reasonable basis in several cases. The legislative history of section 530 also indicates that reasonable basis should be construed liberally in favor of the taxpayer. See H.R. Rep. No. 95-1748, 95th Cong., 2d Sess., 5 (1978), 1978-3 C.B. 633.

(6) When reviewing the reasonable basis argument presented by a taxpayer, examiners should first determine if it is one of the safe havens described in section

530(a)(2). If it is, the taxpayer is entitled to section 530 relief (if the other section 530 requirements are met). No adjustment should be made, but an offer under Item 1 of Exhibit 4.23.6-1 may be considered.

(7) If the taxpayer's position does not clearly fall within one of the safe harbors of section 530(a)(2), examiners should consider whether the taxpayer has demonstrated some other reasonable basis. In cases where the taxpayer's position is without a reasonable basis, an offer under Items 4, 7, or 9 of the "CSP Analysis Chart," in Exhibit 4.23.6-1, should be made. A taxpayer is not eligible for section 530 relief if the taxpayer fails to satisfy the reasonable basis requirement of section 530. Examples of reasons that are not considered reasonable are:

- a. Classifying workers as independent contractors based on desire to pay workers less,
- b. A worker's request, or
- c. The lack of a valid Social Security Number.

(8) Examples of applying reasonable basis requirement of section 530.

- **Example 1:** If a taxpayer does not meet any of the safe havens in section 530(a)(2) and claims that treating workers as independent contractors lowers labor costs as a reasonable basis, the taxpayer has not demonstrated a colorable reasonable basis argument and a 100% CSP Offer would be made.
- **Example 2:** The owner of a lumber company explains that all businesses in the area treat **skidders** as independent contractors. In fact, the owner worked for two of the other local companies as an independent contractor in the prior year. The owner explained further that duties for work at the other two companies were identical to that of the workers in question. While the taxpayer's statements do not clearly meet the industry practice safe haven, there may be merit to the taxpayer's argument. You should explore the taxpayer's basis for an industry practice safe haven argument. If the taxpayer could substantiate the statements in a way that you find credible, the taxpayer would be entitled to section 530 relief. Alternatively, a 25% CSP Offer could be applicable based on consideration of all the facts.
- **Example 3:** The taxpayer states that the advice of an accountant was followed when the business began treating workers as independent contractors. You determine that the accountant gave oral advice and can no longer remember what facts were provided. A 25% CSP Offer could be applicable based on consideration of all the facts.
- **Example 4:** You examine a painting company that engages the services of college students during the summer months to paint offices. The company timely filed all required Forms 1099. You ask the owner the reasoning for treating the painters as independent contractors. The owner replies that previously as a working student, the owner was given an option of being treated as either an employee or an independent contractor. Moreover the owner's discussions with other business owners at the local building trade meetings and shows indicate some other businesses handle treatment the same way. The taxpayer could not provide specifics, but indicated there were

numerous business owners at the meeting and the owner only spoke to a few of them. You determine the taxpayer's argument may have merit, however, your research indicates that the local painting industry almost always treats painters as employees. A 25% CSP Offer could be applicable based on consideration of all the facts.

Note: For the definition of "timely filed" see IRM 4.23.6.5 (4).

(9) If the taxpayer presents a reasonable basis argument that has some merit, the examiner should verify any facts upon which it is based. In determining if a position has merit, examiners should consider any rationale that is genuine. The objective of the CSP is to recognize a taxpayer's potential reasonable basis argument and efficiently resolve the contention with a settlement. Common arguments which may fall in this category include prior state determinations. Industry practice arguments will also be presented frequently. This applies to cases where the taxpayer does not clearly meet the industry practice safe haven. For additional information on the industry safe haven, see IRM 4.23.5.3.3.6, *Safe Haven - Industry Practice*.

(10) The settlement offer for taxpayers who have a colorable reasonable basis argument requires prospective treatment of the workers as employees and an employment tax adjustment of 25% of the employment taxes for the latest audit year. The 25% will be determined by computing the proposed adjustment for Federal Insurance Contributions Act (FICA) and federal income tax withholding (FITW) with respect to the workers at issue for the entire year, using IRC 3509(a) or IRC 3509(b), as applicable, and multiplying it by .25. Note that the tax for the Federal Unemployment Tax Act (FUTA) is still computed at 100%. The adjustment will be made for the quarter ending December 31.

IRM 4.23.6.14.6(1) - Inserted a note with a link to IRM 4.23.6.5(4).

(1) It is possible that the taxpayer will qualify for several CSP offers because several classes of workers may be at issue. In other words, the taxpayer may qualify for one offer on a particular class of workers and for a different offer relative to another class of workers. The same taxpayer would not qualify for any CSP offer on an additional class of workers if required Forms 1099 were not timely filed for such class.

Note: For the definition of "timely filed" see IRM 4.23.6.5 (4).

IRM 4.23.6.15.3(3) - Moved the TE/GE note to paragraph (4).

(3) Prepare each standard closing agreement in triplicate and secure the taxpayer's signature on all three copies of the agreement. (See paragraph (6) for information on fax submissions.) After the agreements are signed by the approving official, examiners will provide one copy to the taxpayer using Letter 5155, *CSP Agreement*

Transmittal. The second copy will be forwarded to the ET-WSD Unit with the required attachments. See IRM 4.23.6.17, *Monitoring CSP Agreements*. The final copy will be retained in the case file.

IRM 4.23.6.15.3(4) - TE/GE exception content was moved to this paragraph and split into two items listed. All subsequent existing paragraph were renumbered accordingly.

(4) TE/GE employees are to:

- a. Prepare just one standard closing agreement rather than three.
- b. Use the following letters during the CSP process:

Letter	Use as a cover letter when you
Letter 1595, <i>Closing Agreement Request for Taxpayer Signature Transmittal Letter</i>	Send a draft or final closing agreement to a taxpayer.
Letter 1595-B, <i>Closing Agreement Return for Correction Transmittal Letter</i>	Return a closing agreement to the taxpayer because of errors.
Letter 1595-D, <i>Final Signed and Approved Closing Agreement Transmittal Letter</i>	Send an executed closing agreement. Choose the proper selectable paragraphs for your function.

Note: For additional TE/GE procedures, refer to IRM 4.70.14.2.1.4.4 , *TE/GE - Classification Settlement Program*, IRM 4.70.6, *Classification and Case Assignment Procedures*, and IGM TEGE-04-0523-0010, *Change in Closing Agreement Requirements*, dated May 8. 2023.

IRM 4.23.6.15.3(6) - Updated the content and provided a reference to IPU 25U3292 for IRM 4.23.10.14.1, Documents, Forms, and Letter Received by Fax, that provides current policy regarding the use of receiving information via fax.

(6) Examiners may accept consents to assess additional tax (various Forms 2504, Form 870, and others) and taxpayer closing agreements (for example, Form 906 or CSP agreements) received by fax. See IPU 25U3292 for IRM 4.23.10.14.1, **Documents, Forms, and Letter Received by Fax**.

Exhibit 4.23.6-1 - Insert a new footnote 1 for a link to IRM 4.23.6.5(4) . All subsequent footnotes are renumbered.

Item	Were Required Forms 1099 Timely Filed? ¹	Does TP Meet the Substantive consistency Test?	Does TP Meet the Reasonable Basis Test?	Is TP Entitled to Section 530 Relief?	Are Workers Employees?	Type of CSP Offer
1.	Yes	Yes	Yes	Yes	Yes ²	Taxpayer Option
2.	Yes or No	Yes or No	Yes or No	No ³	No	None
3.	No	Yes or No	Yes or No	No	Yes	None
4.	Yes	No	No	No	Yes	100% CSP Offer
5.	Yes	No	Yes	No	Yes	100% CSP Offer
6.	Yes	No	Colorable ⁴	No	Yes	100% CSP Offer
7.	Yes	Yes	No	No	Yes	100% CSP Offer
8.	Yes	Yes	Colorable ⁴	No	Yes	25% CSP Offer
9.	Yes	Colorable ⁴	No	No	Yes	100% CSP Offer
10.	Yes	Colorable ⁴	Yes	No	Yes	25% CSP Offer
11.	Yes	Colorable ⁴	Colorable ⁴	No	Yes	25% CSP Offer

1. For the definition of **timely filed** see IRM 4.23.6.5 (4).
2. Generally, the examiner would not make a determination on worker status if the Taxpayer is entitled to section 530 relief. However, the taxpayer may state that the belief that the workers are employees and request a CSP agreement.
3. At least one of the tests in the previous three columns is "No".
4. "Colorable" means the taxpayer's argument has some merit but not sufficient enough to fully meet the test.

Changed all occurrences of "IRC 3509(a)" to "IRC 3509(a) or IRC 3509(b), as applicable."