DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

INDEPENDENT OFFICE OF APPEALS

October 1, 2025

Control No. AP-08-1025-0018
Expiration Date: 10/01/2027
Affected IRM: **8.22.8, 8.20.5, 8.20.7**

MEMORANDUM FOR IRS INDEPENDENT OFFICE OF APPEALS EMPLOYEES

FROM: Karen N. Davis /s/ *Karen N. Davis*
Acting Director, Operations Support

SUBJECT: Temporary Closing Procedures for Collection Due Process (CDP) Cases with Liability Referrals

This guidance provides procedures temporarily closing CDP cases with liability referrals (work unit numbers (WUNOs) and technical support requests) for Appeals Officers (AOs) in Collection Appeals, Examination Appeals, and Specialized Examination Programs and Referrals (SEPR) as well as Case Support employees. Please distribute this information to all affected employees within your organization.

Purpose: Temporary procedures are needed for CDP cases where a separate WUNO is referred to Examination Appeals or SEPR that will remain open on ACDS while the CDP case migrates to the new Appeals Case Management System (ACMS). The cases covered under these temporary procedures include liability referrals, innocent spouse, and Offer in Compromise Doubt as to Liability (OIC-DATL) referrals.

Background/Source(s) of Authority: Appeals Centralized Database System (ACDS) is being replaced by ACMS to modernize the aging legacy system. ACMS provides Appeals with a new level of automation and analytics, which allows for increased collaboration within Appeals and other IRS business units. In November 2025, certain Collection Appeals cases will be migrated to ACMS, including open non-docketed Collection Appeals cases and non-docketed Collection Appeals cases that closed on or after October 1, 2025. Other cases are not migrating, including docketed Collection Appeals cases and Collection Appeals cases that have been remanded. Also not migrating are the open referred WUNOs related to the CDP case that are currently assigned to Examination Appeals and SEPR AOs. Temporary procedures must be established to close these referral cases both from ACDS and ACMS.

Procedural Change: Procedural changes are highlighted in the attachment.

Effect on Other Documents: This guidance will not be incorporated into affected IRMs 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

cc: www.irs.gov

Attachment AP-08-1025-0018, Temporary closing procedures for CDP cases with liability referrals

Guidance for the temporary procedures is broken down by role in the below attachment:

<u>Collection Appeals:</u>

<u>Underlying Liability Case Referrals</u>:

Through 9/30/2025 – Collection AOs may use existing procedures to create a new WUNO and send new Examination Appeals/SEPR liability referrals.

Starting 10/1/2025 thru 11/10/2025 – Do not create a new WUNO to refer the cases to Examination Appeals/SEPR. Instead, hold the request until 11/10/2025.

After 11/10/2025 – Refer the underlying liability issue to the appropriate function using a support request in ACMS.

<u>Case Closing Actions</u>

Now until 10/24/2025 – Continue to follow existing case closing guidance for case closings returned from Examination Appeals/SEPR following current procedures in IRM 8.22.8.5.1, Referring a Liability Issue.

After 10/24/2025 – Related liability (e.g., “I”, “INNSP”) WUNO will remain in ACDS while the remaining CDP case is migrated to ACMS.

Collection Appeals Technical Advisors will manage the closure of any related liability WUNOs in Collection Appeals’ jurisdiction that remain in ACDS after migration to ACMS.
If closing ONLY the related liability WUNO:

- Prepare 5402
  - Use APS procedures for routing table choice
  - Enter “Note” on Form 5402: “ACDS closure due to ACMS migration of collection case”.
- Closing Code
  - 14 – Fully Sustained
  - 15 – Partially or Not Sustained
  - 05 – Innocent Spouse Defaults.
    - If using closing code 05 for innocent spouse, include an instruction in the Form 5402 “Note: Do not issue a notice of determination”.

<u>Related Liability WUNO “File” Actions</u>

<u>Through 9/30/2025</u> – Examination Appeals/SEPR closes the WUNO back to Collection Appeals using IRM 8.22.8.5.1 procedures and working with STARS.

<u>10/1/2025 through 10/24/2025</u> **Collection AO will prioritize** closing CDP WUNOs with related liability referral WUNOs in ACDS following EXISTING procedures in ACDS prior to 10/24/2025

Attachment AP-08-1025-0018, Temporary closing procedures for CDP cases with liability referrals

Beginning 10/1/2025 – Related liability WUNO referrals closed by Examination Appeals/SEPR will not be transferred to Collection Appeals.

- The Collection AO will, however, receive an e-mail verifying a determination was made and approved by the Examination Appeals/SEPR ATM.

After the migration:

The Collection AO will access ACDS (access will be available) and upload the following forms to ACMS only. Other documents can remain in ACDS:

- Form 5402, Appeals Transmittal and Case Memo (signed by ATM)
- Form 3210, Document Transmittal (for paper cases only)
- Form 3870, Request for Adjustment, if the AO determines that an adjustment to the liability is warranted
- Schedule of Adjustment and Appeals Case Memorandum

Review forms and determine steps to work on case (e.g., unsuspend and consider any Form 3870 adjustment recommendations)

Case Support - APS:

Through 9/30/2025:

- Examination Appeals/SEPR will close the liability referral WUNO back to Collection Appeals using IRM 8.22.8.5.1 procedures and working with STARS.

Beginning 10/1/2025:

- For CDP WUNOs in ACDS, APS will continue using IRM 8.20.7.20.1 closing procedures
- After 10/24/2025, APS will stop issuing CDP NODs on ACDS
  - APS will prioritize closing collection WUNOs on ACDS through 10/31/2025 by:
    - Processing CDPTD, CAP, RRAP, OIC/TIPRA, TFRP and WOW inventory
    - Working PEAS suspense and overage inventory
- Examination Appeals and SEPR liability referral WUNOs will remain in ACDS
  - Upon receiving notice from the Examination Appeals/SEPR ATM that the liability referral WUNO is ready for closure, APS will proceed with closing
  - ACDS entries required for input are:
    - Appropriate closing code
      - 14 – Fully Sustained
      - 15 – Partially or Not Sustained
      - 05 – Innocent Spouse Defaults
    - Date Closed = Current Date
    - ACTION = ACKCLS (systemically updates)
    - TODATE = Date case closed
    - LACTION = Leave blank

        - LTODATE = Leave blank
        - FRM DATE = Enter the same date as the To Date if feature code PL is present and the case is paperless.
    - APS will not input TC 52X or TC 97X for posting as this will be completed once the CDP WUNO is closed

Exam Appeals and SEPR:

Through 9/30/2025:

- Examination Appeals/SEPR will finalize and return a liability referral WUNO back to Collection Appeals using current IRM 8.22.8.5.1 procedures, including working with STARS.

Beginning 10/1/2025:

- Examination Appeals/SEPR will deviate from IRM 8.22.8.5.1 as follows:
    - CARATS codes for input
        - DM if one is needed.
        - AC/FR
    - Exam Appeals/SEPR ATM will:
        - ACAP the WUNO, and input:
            - APS reason code: Closing
            - Closing code
                - 14 (fully sustained)
                - 15 (partially or not sustained),
                - 05 for innocent spouse including a note on the Form 5402 of “Do not issue a Notice of Determination”
    - Examination Appeals/SEPR AO will upload all files required in ACDS, as follows:
        - Form 5402, Appeals Transmittal and Case Memo, signed by ATM
        - Schedule of Adjustment and Appeals Case Memorandum
        - Form 3870, Request for Adjustment, if the AO determines that an adjustment to the liability is warranted
        - Form 3210, Document Transmittal (for paper cases only)
        - Form 5278, Statement - Income Tax Changes, and other tax computation documents if warranted
        - Create a digital copy (PDF) of the case activity record (CAR) and upload to ACDS

    - Examination Appeals/SEPR AO will send an email message to the Collection AO assigned to the WUNO to notify of ACAP input, and:
        - Send a carbon copy (cc) to the Collection and Examination Appeals/SEPR ATM’s and APS technical

advisors including the WUNO, TIN and TP name in the body of the email
- Upload a copy of the email to ACDS

Case Support - STARS:

- *After 9/30/2025,* no Examination Appeals/SEPR requests will be submitted to transfer cases to Collection Appeals.
- Any requests received after 9/30/25 will be returned.