



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.10.15

JULY 28, 2025

EFFECTIVE DATE

(07-28-2025)

PURPOSE

- (1) This transmits revised IRM 4.10.15, Examination of Returns, Report Generation Software (RGS).

MATERIAL CHANGES

- (1) Changed the title of IRM 4.10.15.1.3 from “Responsibilities” to “Roles and Responsibilities.”
- (2) Changed the title of IRM 4.10.15.1.4 from “Program Reports” to “Program Management and Review.”
- (3) Deleted obsolete internal controls information in IRM 4.10.15.1.5 about FEGP’s certification of employees with the CEAS Universal Access entitlement.
- (4) Made editorial changes throughout to correct website addresses, IRM references, and IRM titles.

EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 4.10.15, dated April 22, 2024.

AUDIENCE

Small Business and Self-Employed (SB/SE) Field Examination employees and Large Business and International (LB&I) Withholding Exchange & International Individual Compliance (WEIIC) employees.

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4.10.15

Report Generation Software

Table of Contents

4.10.15.1 Program Scope and Objectives

4.10.15.1.1 Background

4.10.15.1.2 Authority

4.10.15.1.3 Roles and Responsibilities

4.10.15.1.4 Program Management and Review

4.10.15.1.5 Program Controls

4.10.15.1.6 Acronyms

4.10.15.1.7 Terms

4.10.15.1.8 Related Resources

4.10.15.2 Report Generation Software (RGS) and Correspondence Examination Automation Support (CEAS)

4.10.15.2.1 User Support for RGS and CEAS

4.10.15.3 Requirements to Use RGS and CEAS

4.10.15.3.1 CEAS Inventory Management

4.10.15.3.2 Work Stoppage in RGS

4.10.15.4 Requesting Access to RGS and CEAS

4.10.15.5 Data Security

4.10.15.6 Creating Cases

4.10.15.6.1 Retrieving Closed Cases

4.10.15.6.2 Deleting Cases

4.10.15.7 Assigning and Reassigning Cases

4.10.15.7.1 Transfers

4.10.15.8 Entries in RGS

4.10.15.8.1 Case Information

4.10.15.8.2 Contacts

4.10.15.8.3 Case History

4.10.15.8.4 Return Setup

4.10.15.8.5 Shareholder and Partner Setup

4.10.15.8.6 Variance

4.10.15.8.7 Information Document Request (IDR)

4.10.15.8.8 Workpapers/Adjustments - Administrative

4.10.15.8.9 Workpapers/Adjustments - Issues

4.10.15.8.9.1 Issue Types

4.10.15.8.9.2 Issue Codes

4.10.15.8.9.3 Lead Sheets

4.10.15.8.9.4 Form 5701, Notice of Proposed Adjustments

-
- 4.10.15.8.9.5 Categorization
 - 4.10.15.8.9.6 Adjustment Screen Amounts
 - 4.10.15.8.9.7 Reason Codes
 - 4.10.15.8.9.8 Rental Type Codes
 - 4.10.15.8.9.9 Universal Issue List (UIL) Code
 - 4.10.15.8.9.10 Form or Schedule and Line Number
 - 4.10.15.8.9.11 North American Industry Classification System (NAICS) Codes
 - 4.10.15.8.10 Workpapers/Adjustments - Penalties
 - 4.10.15.8.11 Tax Computation
 - 4.10.15.8.12 Reports
 - 4.10.15.8.13 Form 5344, Examination Closing Record
 - 4.10.15.8.14 Other Closing Documents
 - 4.10.15.8.15 Waivers
 - 4.10.15.8.16 Compliance Evaluation
 - 4.10.15.8.17 Correspondence
 - 4.10.15.8.18 Installment Agreement
 - 4.10.15.8.19 General Income
 - 4.10.15.9 Generic Workcenter
 - 4.10.15.10 Office Documents (OD) and Case File Documents (CFD)
 - 4.10.15.10.1 File Naming Conventions
 - 4.10.15.11 CEAS Tools
 - 4.10.15.12 Closing RGS Cases
 - 4.10.15.12.1 Examined Closures - Examiner Responsibilities
 - 4.10.15.12.2 Examined Closures - Manager Responsibilities
 - 4.10.15.12.2.1 Acting Manager
 - 4.10.15.12.3 Non-Examined Closures
 - 4.10.15.13 Users of RGS Data

4.10.15.1
(04-22-2024)
Program Scope and Objectives

- (1) **Purpose:** This IRM section describes basic responsibilities related to Report Generation Software (RGS), which is used during the examination process to create, maintain, and store electronic case files as well as for numerous other actions and tasks.
- (2) **Audience:** These procedures apply to Small Business and Self-Employed (SB/SE) Field Examination employees and Large Business and International (LB&I) Withholding Exchange & International Individual Compliance (WEIIC) employees using RGS and Correspondence Examination Automation Support (CEAS).
- (3) **Policy Owner:** The Director, Examination Field and Campus Policy (EFCP), who reports to the Director, Examination Headquarters, owns the policy in this IRM.
- (4) **Program Owner:** The RGS program is owned by SB/SE Technology Solutions.
- (5) **Primary Stakeholder:** Employees who use RGS are the primary stakeholders of this IRM.
- (6) **Contact Information:** To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.5, *Providing Feedback About an IRM Section - Outside of Clearance*.

4.10.15.1.1
(04-22-2024)
Background

- (1) This IRM provides requirements and instructions for using RGS and CEAS.

4.10.15.1.2
(04-22-2024)
Authority

- (1) In keeping with the Federal Records Act of 1950, as amended, and pursuant to Title 44, USC 3102, the IRS established the Records and Information Management (RIM) program to ensure the economical and efficient management of its records. RIM provides IRS business units with records and information guidance that can be used to efficiently run their organizations as required by National Archives and Records Administration (NARA) laws and regulations, including guidance for storing and managing records through the use of electronic storage such as approved record keeping systems. CEAS is an approved electronic record keeping system that meets the record keeping and records retention requirements established by the NARA.
- (2) 36 CFR Chapter XII, Subchapter B - 1222.34 - How must agencies maintain records?
- (3) 36 CFR Chapter XII, Subchapter B - 1236.20 - What are appropriate record keeping systems for electronic records?
- (4) 44 USC Chapter 31

4.10.15.1.3
(09-21-2018)
Roles and Responsibilities

- (1) The Director, Examination Headquarters, is the executive responsible for providing policy and guidance for field employees and ensuring consistent application of policy, procedures and tax law to effect tax administration while protecting taxpayers' rights. See IRM 1.1.16.5.5, *Examination Headquarters*, for additional information.
- (2) The Director, Examination Field and Campus Policy (EFCP), reports to the Director, Examination Headquarters, and is responsible for the delivery of

policy and guidance that impacts the field examination process. See IRM 1.1.16.5.5.1, *Examination Field and Campus Policy*, for additional information.

- (3) Field Examination General Processes (FEGP), which is under the Director, Examination Field and Campus Policy, is the group responsible for providing policy and procedural guidance on standard examination processes to field employees. See IRM 1.1.16.5.5.1.1, *Field Examination General Processes*, for additional information.
- (4) All examiners must perform their professional responsibilities in a way that supports the IRS Mission. This requires examiners to provide top quality service and to apply the law with integrity and fairness to all.
- (5) Examiners, their managers, and clerical support staff should thoroughly acquaint themselves with the procedures and information contained in this IRM.

4.10.15.1.4
(09-21-2018)

Program Management and Review

- (1) Area Functional Automation Support (FAS) staff can create various reports by area, if needed. Reports address:
 - Cases that have been closed on Examination Returns Control System (ERCS) to Centralized Case Processing (CCP), but have not been closed to CCP on RGS.
 - Cases that have been closed on ERCS to Technical Services, but have not been closed to Technical Services on RGS.
 - Cases that have been closed on AIMS, but remain open on RGS.
 - Cases open on RGS, but there is no record on ERCS in status 12-18.
 - Cases open on ERCS in status 12-18, but not open on RGS or in the wrong group on RGS.
 - Cases that have not been backed up to the file server for an extended period of time by the examiner.
 - Cases open on RGS that are large (usually over 50 MB).

4.10.15.1.5
(07-28-2025)

Program Controls

- (1) Employees in SB/SE Field Examination and LB&I WEIIC are required to use RGS and CEAS to create, maintain, and store electronic examination case files. Access to RGS and CEAS is restricted to employees who have a documented, valid business reason to access examination case files and requires an approved Business Entitlement Access Request System (BEARS) entitlement. Managers complete access reviews annually in BEARS to recertify their employees' continued business need for the RGS/CEAS entitlement.
- (2) CEAS users are assigned permission levels to ensure users can only access and/or make changes to examination case files to accomplish their normal and recurring work assignments.

4.10.15.1.6
(04-22-2024)

Acronyms

- (1) The table lists commonly used acronyms and their definitions:

Acronym	Definition
AIMS	Audit Information Management System
BEARS	Business Entitlement Access Request System

Acronym	Definition
BMF	Business Master File
CCP	Centralized Case Processing
CDE	Compliance Data Environment
CEAS	Correspondence Examination Automation Support
CFD	Case File Documents
CFOL	Corporate Files On Line
EIN	Employer Identification Number
EOAD	Examination Operational Automation Database
ERCS	Examination Returns Control System
FAC	Functional Automation Coordinator
FAS	Functional Automation Support
FEGP	Field Examination General Processes
IDR	Information Document Request
IMF	Individual Master File
IRMF	Information Returns Master File
IRP	Information Returns Processing
KB	Knowledge Base
LSIRG	Lead Sheet Issue Reference Guide
MFJ	Married Filing Joint
NAICS	North American Industry Classification System
NRP	National Research Program
OD	Office Documents
PSD	Portable Storage Device
PSP	Planning and Special Programs
PTIN	Preparer Taxpayer Identification Number
RGS	Report Generation Software
RTF	Return Transaction File
SAIN	Standard Audit Index Number
SBU	Sensitive But Unclassified
TBC	To Be Completed
TSC	Technical Services Code
UIL	Universal Issue List
UNAX	Unauthorized Access

Acronym	Definition
WU	Work Unit

4.10.15.1.7
(04-22-2024)

- (1) The following table lists commonly used terms and their definitions used throughout this IRM.

Terms

Term	Definition
Archives	CEAS storage of closed RGS cases.
BEARS	Application used to request access to information systems and applications.
BEARS Entitlement	A type of access or permission a user has when logging into an application. Previously referred to as Applications and Sub-applications in the prior OL5081 system.
Correspondence Examination Automation Support (CEAS)	Web-based application to support Campus, Field Examination, and LB&I WEIC case work.
CEAS View Case	Function for viewing certain case information stored on CEAS. However, no changes can be made to the case information or the files.
CEAS Notes	Function that allows for making notations on a case on CEAS. There are two types of notes in CEAS: action notes and non-action notes.
Examination Operational Automation Database (EOAD)	Data that tracks examination results by issue.
National Research Program (NRP)	Program that provides a statistically valid representation of the filing and payment compliance of taxpayers.
Paperless Electronic Closure	A process in which a case is closed with no corresponding physical (i.e., paper) administrative case file created or shipped to Files. Generally, the related electronic case file is stored on CEAS.
Report Generation Software (RGS)	Audit software used by Examination.

4.10.15.1.8
(04-22-2024)

Related Resources

- (1) The *Report Generation Software (RGS) & CEAS* book on the *Exam Systems Knowledge Base (KB)* is the main online resource for all employees who use RGS and CEAS. The book contains a variety of information to assist users such as news articles, frequently asked questions, contacts, training material, and quick reference guides. Chapters and pages (articles) from the RGS and CEAS book are linked to throughout this IRM.
- (2) The *Electronic Case Procedures* book on the *Exam Procedures KB* contains supplemental information, resources, and tools for maintaining and closing RGS electronic case files. Pages (articles) from the *Electronic Case Procedures* book are linked to throughout this IRM.

- (3) Additional IRM sections examiners may reference for procedures related to RGS include:
- IRM 4.10.2, *Pre-Contact Responsibilities*
 - IRM 4.10.8, *Report Writing*
 - IRM 4.10.9, *Workpaper System and Case File Assembly*
 - IRM 4.10.10, *Standard Paragraphs and Explanation of Adjustments*
 - IRM 4.10.11, *Claims for Refund, Requests for Abatement, and Audit Reconsiderations*
 - IRM 4.10.16, *Examination Operational Automation Database (EOAD)*
 - IRM 4.10.27, *Identity Theft Case Processing for Field Examiners*
 - IRM 4.22.6, *Examination of Individual Income Tax Returns*
 - IRM 4.63.4, *International Individual Compliance Examination Procedures*

4.10.15.2
(04-22-2024)
**Report Generation
Software (RGS) and
Correspondence
Examination Automation
Support (CEAS)**

- (1) RGS is an audit software program that is installed on a user's hard drive. It supports an electronic case file and is used from pre-audit through case closure.
- (2) CEAS is a web-based application that stores electronic RGS cases and supports case retrieval, assignment, transfers and closures from the group, and includes functionality for online manager case reviews. A completed RGS electronic case file is closed to the CEAS file server.

Note: CEAS is an approved electronic record keeping system that meets the record keeping and records retention requirements established by NARA. See IRM 1.15.6, *Managing Electronic Records*. The storing of electronic RGS cases in CEAS is equivalent to paper case files stored at the Campus Files functions. If a case is closed using paperless electronic closure (see IRM 4.10.15.1.7), no paper file is required to be shipped to Files.

- (3) Users with access to CEAS are able to use RGS either connected to CEAS ("Map to Network" checked) or not connected to CEAS ("Map to Network" not checked).
- (4) Users without access to CEAS can only use RGS as a stand-alone program on their computer.
- (5) RGS is comprised of four workcenters: Form 1040 workcenter, Form 1120 workcenter, Form 1120S/1065 workcenter, and generic workcenter. The following table shows the types of cases that can be created and worked in the different workcenters as well as the key capabilities of each.

Workcenter	Type of Case	Key Capabilities
Form 1040 Workcenter	<ul style="list-style-type: none"> Form 1040, <i>U.S. Individual Income Tax Return</i> Form 1040-A, <i>U.S. Individual Income Tax Return</i> (tax year 2017 and prior) Form 1040-EZ, <i>Income Tax Return for Single and Joint Filers With No Dependents</i> (tax year 2017 and prior) Form 1040-NR, <i>U.S. Nonresident Alien Income Tax Return</i> Exception: Cases for foreign estates and trusts that file Form 1040-NR cannot be created in the Form 1040 workcenter. Form 1040-PR, <i>U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico) (Puerto Rico Version)</i> Form 1040-SR, <i>U.S. Income Tax Return for Seniors</i> Form 1040-SS, <i>U.S. Self-Employment Tax Return (Including the Refundable Child Tax Credit for Bona Fide Residents of Puerto Rico) (Puerto Rico Version)</i> 	<ul style="list-style-type: none"> Allows cases to be created manually or with the Compliance Data Environment (CDE) file. Auto populates case information, contacts, and return setup using Corporate Files On Line (CFOL) data. Provides lead sheets. Computes corrected tax, penalties, and interest. Generates examination reports and supporting schedules, information document requests (IDR), and closing documents. Generates various published forms and letters. Stores case documents, including reports, lead sheets, workpapers, letters, and other electronic documents critical to the case. Enables users to back up inventory to the CEAS file server. Automates the collection of compliance data via the Examination Operational Automation Database (EOAD) program. Automates case closing on Audit Issue Management System (AIMS) and the posting of examination results. Supports electronic case closure and case archiving.

Workcenter	Type of Case	Key Capabilities
Form 1120 Workcenter	Form 1120, <i>U.S. Corporation Income Tax Return</i>	<ul style="list-style-type: none"> • Allows cases to be created manually or with the CDE file. • Provides lead sheets. • Computes corrected tax, penalties, and interest. • Generates examination reports and supporting schedules, IDRs, and closing documents. • Generates various published forms and letters. • Stores case documents, including reports, lead sheets, workpapers, letters, and other electronic documents critical to the case. • Enables users to back up inventory to the CEAS file server. • Automates the collection of compliance data via the EOAD program. • Automates case closing on AIMS and the posting of examination results. • Supports electronic case closure and case archiving.
Form 1120S/ 1065 Workcenter	<ul style="list-style-type: none"> • Form 1120-S, <i>U.S. Income Tax Return for an S Corporation</i> • Form 1065, <i>U.S. Return of Partnership Income</i> 	<ul style="list-style-type: none"> • Allows cases to be created manually or with the CDE file. • Provides lead sheets. • Computes corrected tax, penalties, and interest. • Generates examination reports and supporting schedules, IDRs, and closing documents. • Generates various published forms and letters. • Stores case documents, including reports, lead sheets, workpapers, letters, and other electronic documents critical to the case. • Enables users to back up inventory to the CEAS file server. • Automates the collection of compliance data via the EOAD program. • Automates case closing on AIMS and the posting of examination results. • Supports electronic case closure and case archiving.

Workcenter	Type of Case	Key Capabilities
Generic Workcenter	<p>Other returns and form types not worked in the Form 1040, Form 1120, or Form 1120S/ Form 1065 workcenters, including but not limited to:</p> <ul style="list-style-type: none"> Form 940, <i>Employer's Annual Federal Unemployment (FUTA) Tax Return</i> Form 941, <i>Employer's Quarterly Federal Tax Return</i> Form 943, <i>Employer's Annual Tax Return for Agricultural Employees</i> Form 944, <i>Employer's ANNUAL Federal Tax Return</i> Form 945, <i>Annual Return of Withheld Federal Income Tax</i> Form 1041, <i>U.S. Income Tax Return for Estates and Trusts</i> Form 8278, <i>Assessment and Abatement of Miscellaneous Civil Penalties</i> <p>See IRM 4.10.15.9 for more information about creating cases in the generic workcenter.</p>	<ul style="list-style-type: none"> Allows cases to be created manually. Stores case documents, including reports, lead sheets, workpapers, letters, and other electronic documents critical to the case. Enables users to back up inventory to the CEAS file server. Supports electronic case closure and case archiving.

4.10.15.2.1
(04-22-2024)

User Support for RGS and CEAS

- (1) RGS support consists of *FAS staff*, *CCP Functional Automation Coordinators*, and the *Customer Service Liaison team*.
- (2) Each SB/SE area *FAS staff* consists of RGS coordinators, RGS specialists, and a Functional Automation Coordinator (FAC) who support users located within their specific geographical area. The LB&I WEIC *FAS staff* supports users throughout the country. The FAC's primary role is to maintain user access to CEAS through the *Business Entitlement Access Request System (BEARS)* application. *FAS staff* duties include:
 - Troubleshooting RGS and CEAS issues (NOT technical tax issues)
 - Providing education on the use of RGS/CEAS processes and procedures in the classroom or other settings
 - Interacting with other functions including CCP, Technical Services, Appeals, and IT Desktop Support; and preparing monitoring reports for the area
- (3) CCP Functional Automation Coordinators support the users in CCP.
- (4) The Customer Service Liaison team (Technology Solutions, RGS Support) supports *FAS* through a variety of programs and ensures all users have the RGS tools and training necessary to perform their duties. The group's responsibilities include the following:
 - Developing and delivering RGS/CEAS training for users
 - Coordinating independent testing of RGS versions and identifying programming changes to improve the functionality of the program

- Coordinating with other teams to support RGS such as Examination Policy, NRP, EOAD, CCP, and IT

4.10.15.3
(04-22-2024)
**Requirements to Use
RGS and CEAS**

- (1) SB/SE Field Examination employees (including office audit) and LB&I WEIIC employees must use RGS and CEAS for all examined cases. Cases must be created and maintained in one of the four RGS workcenters depending on the type of case. See IRM 4.10.15.2 (5) and IRM 4.10.15.9 for additional information on the RGS workcenters.

Exception: See *Cases Not Required to be in RGS* for a list of cases excluded from the requirement to be in RGS.

- (2) For SB/SE Filed Examination, the *FEGP Program Manager* must approve any exceptions to the above requirement other than grand jury cases.

Note: For grand jury cases, any work completed prior to convening the grand jury and information that is a matter of public record must remain on CEAS and be kept separate from work completed during the grand jury investigation. See IRM 25.1.5.4, *Cooperating Grand Jury Examiner/Revenue Officer Procedures*, for additional information. Once the grand jury is convened, any work completed during the grand jury phase of the investigation must be in a separate offline RGS account and not on CEAS. Examiners must backup the offline RGS account to a portable storage device (PSD) and maintain the PSD in a secured workspace per the requirements of IRM 10.2.14.3.1, *Protected Items / Information*. Refer to *How to Request Removable Media Read and Write Access in BEARS* for requesting approval to use a PSD.

- (3) Examiners working National Research Program (NRP) cases are required to use RGS and CEAS for the NRP primary and related cases. See IRM 4.22.6, *Examination of Individual Income Tax Returns*.

Note: NRP cases are worked in a separate RGS/CEAS schema than other cases.

- (4) Other business units (e.g., LB&I (other than LB&I WEIIC, which is required to use RGS/CEAS), Tax Exempt and Government Entities (TE/GE), etc.) may have specific requirements regarding the use of RGS. Examiners should refer to their applicable business unit's IRM about requirements for using RGS.

4.10.15.3.1
(04-22-2024)
**CEAS Inventory
Management**

- (1) The examiner's CEAS inventory must match their ERCS inventory. The examiner must create cases on RGS upon updating the case to status code 12 on AIMS/ERCS.

Note: Examiners should not create NRP key cases in RGS. NRP key cases are created in RGS by the NRP office. See IRM 4.22.6.6, *Individual Income Tax Examination Guidelines*.

- (2) CEAS users must back up their RGS inventory to the CEAS file server on the same workday any work is performed, or documents are saved in RGS. This ensures the most recent case information is available on the CEAS file server. Inventory backup is important to safeguard the contents of each case and ensure the current case is available for electronic review.
- (3) When a case is backed up, all files (Word®, Excel®, Access®, Adobe®, etc.) stored within Office Documents (OD) and Case File Documents (CFD) are

included in the backup. When a user initiates a backup, the system will backup cases that have been accessed since the last backup; however, the examiner may select additional cases for backup. See *Backup RGS Inventory* for more information about backing up inventory to the CEAS file server, including helpful tips to avoid problems with backing up. Additionally, see IRM 4.10.15.10 (5) for information on how case file size can affect inventory backups.

Note: CEAS users can back up their RGS inventory to their hard drive in addition to the required backup to the CEAS file server.

Note: A record of backups within the last six months is available in CEAS. See IRM 4.10.15.11.

- (4) Case inventory must be moved when an examiner leaves their assigned group. If an examiner:
- Moves to another field examination group within the same area and the case inventory is transferring to the new group, refer to *Moving to a New RGS Group* for instructions.
 - Leaves their revenue agent (RA) or tax compliance officer (TCO) position, moves to another area, or moves to another business function, the examiner must move their entire RGS inventory to the CEAS file server and verify all cases were properly moved and no “M” hold codes exist.
 - Is unable to move the inventory, managers should refer to *Retrieving RGS Cases from Separated Employee’s Computer* for instructions on retrieving the data.

4.10.15.3.2 (04-22-2024)

Work Stoppage in RGS

- (1) The *FAS staff* should be contacted for assistance when an RGS or CEAS issue cannot be resolved. The employee should document the problem in the case activity record including the contact with FAS staff.
- (2) Generally, RGS issues do not cause a work stoppage for all cases being worked in RGS. Examiners may still access other taxpayers’ data and complete workpapers for other taxpayers while an issue is being reviewed by FAS.

Note: If a user’s CEAS account is locked, disabled, or deleted, the user can continue to work in RGS. Access RGS offline by clearing the “Map to Network” box while the account is being reactivated. These situations do not constitute a work stoppage. See *Locked, Disabled or Deleted Accounts*.

- (3) The *FAS staff* should be contacted immediately if the RGS program stops functioning on the hard drive.

4.10.15.4 (04-22-2024)

Requesting Access to RGS and CEAS

- (1) Users must request access to RGS and/or CEAS by submitting an entitlement request through *BEARS*. Generally, users only request one type of access:
- CEAS-[“Area Name”] (CEAS)
 - CEAS-[International] (CEAS)
 - CEAS-NRP-1040 (CEAS)
 - RGS_AD_Group (RGS)
 - CEAS-View Case Read-Only Field NRP (CEAS)

- (2) A “CEAS-[Area Name] (CEAS)” or “CEAS-[International] (CEAS)” BEARS entitlement is required to use RGS with CEAS to back up, assign, close, archive, and retrieve RGS cases. An RGS group number is assigned to any group moving cases on CEAS. The *Employee Group Code Listing* provides RGS group numbers within SB/SE and LB&I. A separate BEARS entitlement (CEAS-NRP-1040 (CEAS)) is required for an NRP RGS/CEAS account. Users must take NRP training before access is granted.

Note: A user must login to CEAS (including NRP CEAS) through RGS at least every 120 days or the account will be disabled. After 240 days of inactivity, the CEAS account is deleted. Once the account is disabled or deleted, a “modify” or “reset password” BEARS request is required to regain access. See *Locked, Disabled or Deleted Account*

- (3) The permission level requested for CEAS access must ensure users are provided only the privileges necessary to accomplish their normal and recurring work assignments. For exceptions to these permission levels, contact the *FEGP Program Manager*. CEAS has three permission levels: Manager, Examiner, and Clerk. These terms will be used throughout this IRM. An individual cannot have more than one permission level in each RGS group. The following table identifies the CEAS permission level allowed based on the user’s primary duties.

CEAS Permission Levels	Description
Manager	Managers, acting managers, and territory managers in Field Examination and lead tax examiners in some CCP groups.
Clerk	Secretaries, clerks, exam technicians/audit accounting aides (in some groups), tax examiners (in some groups), Planning and Special Programs (PSP) coordinators, and reviewers in Technical Services who broker work between areas using RGS.
Examiner	Revenue agents, tax compliance officers, tax auditors, exam technicians/audit accounting aides (in some groups), tax examiners (in some groups), and Technical Services reviewers.

- (4) An “RGS_AD_Group” BEARS entitlement is required to access RGS in a non-CEAS environment (i.e. stand-alone or offline). This application grants access to RGS on the user’s hard drive, it does not grant access to CEAS. The BEARS entitlement should be approved before installing the program.
- (5) A “CEAS-View Case Read-Only Field NRP (CEAS)” BEARS entitlement is required to access “CEAS Universal Access” for specific user groups that do not have CEAS access through RGS. Special instructions are required in the BEARS entitlement request. See *BEARS Instructions CEAS Universal Access to View RGS Cases*. Users must login to CEAS at least every 120 days or the account will be disabled. To determine if a user group is approved or if access can be granted, contact the *FEGP Program Manager*.

Note: CEAS Universal Access will not be approved for users who already have access to CEAS through RGS.

- (6) See *Account Access* for additional information on accessing RGS and/or CEAS.

4.10.15.5
(09-21-2018)
Data Security

- (1) Taxpayer data should only be accessed when the information is needed to carry out assigned IRS tax administration duties. See IRM 10.5.5, *IRS Unauthorized Access, Attempted Access or Inspection of Taxpayer Records (UNAX) Program Policy, Guidance, and Requirements*. Unauthorized Access (UNAX) rules apply to any access of the CEAS file server.

Note: For requests from a taxpayer or representative for case documents, see IRM 4.2.5.6, *Requests for Open Examination File and Workpapers*.

- (2) RGS electronic case files (including lead sheets and workpapers) are stored on the user's hard drive (C:\Users\[SEID]\Documents\RGS\Data). RGS users should ensure the Data folder is encrypted. If a user's computer is reimaged or refreshed, the user must ensure the RGS\Data folder is encrypted after that process. Contact the *FAS staff* for assistance with encrypting the RGS\Data folder.
- (3) RGS data is also automatically saved to the user's hard drive (Sensitive But Unclassified (SBU) Data folder) and must be timely deleted (See *Deleting RGS Case Records from SBU Data* for additional information):
 - a. When a document or file is deleted from OD or CFD, it is copied to a folder in the SBU Data folder. Users must delete these files when the case is closed from the group.
 - b. When a case is closed to the file server, a copy of the case is saved in a folder in the SBU Data folder. Users must delete these files 12 months after the case is closed from the group.

Caution: If a manager or secretary uploads a case that was previously downloaded from CEAS, a copy of the case is saved in a folder in the SBU Data folder and must be deleted.

- (4) If a case is moved to a location other than the CEAS file server (e.g., hard drive), it must be deleted from that location when no longer needed.
- (5) If the electronic RGS data is lost or becomes corrupt, immediately contact the *FAS staff* for assistance. If the data cannot be recovered, the examiner must recreate specific items so the case can be closed and EOAD captured. See IRM 4.10.16.2.1, *Capture of EOAD Data Using RGS*, for the required fields that are captured. See IRM 4.10.15.8.13 for the required entries on Form 5344.
- (6) Users should close the RGS program at the end of every workday to prevent data loss due to software updates distributed through the night.

4.10.15.6
(04-22-2024)
Creating Cases

- (1) Examiners should create RGS cases while mapped to the network to establish the case on CEAS. For cases delivered electronically through CDE, the examiner can create the RGS case using the CDE case file (see *Getting Cases Through CDE*).

- (2) CFOL data populates Return Setup, Case Information, and Contacts for Form 1040 series cases. See *RGS, CFOL and IDRS*. Business Master File (BMF) cases cannot be created using CFOL data.

Note: Form 1040-PR cases must be created in RGS with form type 1040 for CFOL data to populate return setup. The form type can be changed after the case is created. See *Create a Form 1040PR in RGS* for additional information.

- (3) Examiners may create cases offline (not mapped to the network) when necessary. Cases created offline must be backed up to the CEAS file server so that the case is established on CEAS.

Example: If CEAS is down, the case can be created offline.

Example: If controls on a related individual return have been requested but not yet processed, the case can be created offline if needed immediately. Note: CFOL data will not populate Return Setup.

- (4) Examiners must retrieve cases from Query or Messages when the case already exists on CEAS (e.g., NRP cases, transfers, archived cases). See IRM 4.10.15.7.

Note: Cases returned to the examiner from the manager/clerk are merged through either Messages or Query. Do not restore the case by any other method unless directed by the FAS staff.

- (5) Examiners must generally link multiple year cases together so all years are contained within the same folder. Multiple year reports can then be created and one lead sheet can be used for multiple years. See *Prior/Subsequent Years - Not in the Same Folder in RGS* for additional information.
- (6) Examiners are required to make specific entries on the Create Case screen in special situations (e.g., Work Unit (WU) codes, Substitute for Return (SFR) indicator).

4.10.15.6.1 (04-22-2024)

Retrieving Closed Cases

- (1) Managers/clerks can retrieve closed cases from CEAS archives when necessary (e.g., for claims, audit reconsiderations, and appeals requests). The case must be returned to archives the same day it is retrieved if it is not controlled by the group. **Original audit data must NOT be altered.**
- If information from a prior audit is needed, the case may not need to be retrieved from archives. CEAS users can view certain case information stored on the CEAS server using View Case. See *CEAS View Case*.
 - If the case is not controlled on ERCS, see *Working Cases Not Controlled by Your Group on ERCS*.
 - If the case is an audit reconsideration, see *Audit Reconsideration Cases and RGS*.
 - If Appeals requests assistance on a case which is NOT controlled by the group, see *Working Cases Not Controlled by Your Group on ERCS*.
 - If Appeals returns a case and releases control to the group, the manager/clerk must retrieve the case from archives and assign it to the examiner to continue the examination.
- (2) Users who have access to CEAS View Case can review case documents

online. See IRM 4.10.15.11 for how to use CEAS to view case documents.

Note: SB/SE Field Examination cases started on or after July 27, 2022 are required to be fully electronic (with limited exceptions) with all case file documents saved in RGS. For cases started prior to July 27, 2022, the physical case file may contain more information than the electronic case file.

- (3) Users who do not have access to CEAS View Case must have appropriate authority to request case information.
 - a. If requesting a single RGS case, follow *Procedures to Request RGS Cases/Files*.
 - b. If requesting multiple cases (e.g., for a project), contact the *FEGP Program Manager* to establish a procedure.
 - c. If requesting EOAD data, contact the *EOAD analyst*.

4.10.15.6.2 (04-22-2024) Deleting Cases

- (1) Cases created in error on RGS and CEAS must be deleted. To delete a case created on RGS and CEAS in error, the group must email the FAS staff requesting the case be deleted from the CEAS file server.
 - a. Managerial approval is required for all deletion requests. The group manager can email the FAS staff directly to request the case deletion or the examiner/administrative support staff can obtain managerial approval by email and then forward the request to FAS.
 - b. The email to the FAS staff must include a narrative explaining why the case needs to be deleted (e.g., wrong taxpayer identification number (TIN) used, wrong tax period established).
 - c. The FAS staff will not delete a case from the CEAS file server unless it is clear the manager approved the deletion request and a valid reason for deleting the case is provided.

Note: RGS/CEAS cases for surveyed returns must not be deleted.

- (2) See *Deleting Taxpayers from RGS* for additional information.

4.10.15.7 (09-21-2018) Assigning and Reassigning Cases

- (1) Normally examiners create their own cases in RGS. However, if the case was previously created, managers/clerks must assign or reassign the case to the examiner.
 - a. NRP key cases are created for the examiner and must be assigned in RGS by the manager/clerk.
 - b. Cases previously created in the group must be assigned to an examiner. The examiner merges the case through either Messages or Query. Examiners must not restore the case from any other location unless directed by FAS.
 - c. Cases created in another group must be requested by the manager/clerk from the group where it is currently assigned on CEAS. See IRM 4.10.15.7.1.
 - d. Archived cases must be retrieved by a manager/clerk and assigned to an examiner. For instructions on retrieving archived cases, see *Manager/Clerk RGS Reference Guide*.

- (2) To reassign a case, the current examiner must move the case to “Fileserver (Suspend)” BEFORE the case is reassigned, to ensure the new examiner receives the most current copy of the case.

4.10.15.7.1
(03-12-2015)
Transfers

- (1) Transfers within the SB/SE area: Once the current examiner moves the case to CEAS file server, the manager/clerk reassigns the case to another group within the area. See IRM 4.11.29.10, *Transfer of Return Within Area*, for additional information.
- (2) Transfers out of the SB/SE area: Once the current examiner moves the case to CEAS file server, the manager/clerk archives the case. The receiving area will retrieve the case from archives and assign it when appropriate. See IRM 4.11.29.11, *Transfer of Return Outside Area*, and *Transfers to Another Area on CEAS* for additional information.

Exception: NRP cases must be transferred to the *NRP Coordinator RGS group* and not archived. The receiving area NRP coordinator will secure the case. See IRM 4.22.4.3.5, *Transfers*, for additional information.

- (3) Transfers from campus: Contact the *FAS staff* to obtain a case from a campus.

4.10.15.8
(04-22-2024)
Entries in RGS

- (1) RGS is divided into multiple sections which require entries. This subsection expands on the requirements outlined in IRM 4.10.16, *Examination Operational Automation Database (EOAD)*, for the collection of EOAD data. Unless otherwise indicated, the following subsections about entries in RGS apply only to cases in the Form 1040, Form 1120, and Form 1120S/1065 workcenters.

4.10.15.8.1
(04-22-2024)
Case Information

- (1) Examiners must add or modify the data in Case Information as necessary or as indicated below:

Reminder: CFOL data populates Case Information for Form 1040 series cases.

- a. Taxpayer name: Update for separated taxpayers or taxpayers with multiple names. For examples, see the *FAQ for different last names*.
- b. Taxpayer telephone number: Enter the most current telephone number. Multiple telephone numbers may be entered.
- c. Taxpayer address: Enter all known addresses. The “This is a current address” box must be checked for the appropriate address. If joint taxpayers are separated or divorced, enter addresses for each person using the primary or secondary address options.
- d. Potentially dangerous taxpayer: Check the box when appropriate.
- e. Extended due date and received date: Enter appropriate dates.
- f. Statute Date: If Form 872, *Consent to Extend the Time to Assess Tax*, is received extending the statute, enter the extended statute date. Otherwise, the statute date is automatically calculated from the extended due date field or return received date field, whichever is later.
- g. Filing state and filing zip code: Enter appropriate information.
- h. North American Industry Classification Code System (NAICS) code: Enter the code found on BMF returns (Form 1065, Form 1120, and Form 1120-S).
- i. Form type: Change to another form in the same series as necessary.

Example: A Form 1040-PR case is created as a Form 1040 in RGS so that CFOL data will populate Return Setup, Case Information, and Contacts (see *Create a Form 1040PR in RGS*). After the case is created and CFOL data populated, the form type is changed to Form 1040-PR from the Case Information screen.

- (2) All case Information as shown above must be manually entered for generic workcenter cases.
- (3) See *Case Information in RGS* and *How to Update RGS Case Input Fields* for additional information.

4.10.15.8.2 (04-22-2024) Contacts

- (1) Examiners must enter return preparer information if disclosed on the return.
 - a. A “to be completed” (TBC) contact, populated by CFOL during case creation (see IRM 4.10.15.6) must be updated with the preparer’s name and address.

Note: The TBC contact may be deleted if the preparer is also the representative and the “Representative is also the preparer” check box is selected.
 - b. “Illegible” is an acceptable entry if the name cannot be determined.
 - c. If only an employer identification number (EIN) is provided, enter 000-00-0000 as the preparer taxpayer identification number (PTIN).
- (2) Examiners must enter representative information from Form 2848, *Power of Attorney and Declaration of Representative*, Form 8821, *Tax Information Authorization*, or other document.
 - a. Enter the name, address, phone number, and tax periods covered for each representative.
 - b. When a taxpayer notifies the examiner that representation has been revoked, select the “Revoke Index” check box for the applicable tax period on the Contacts screen. To preserve the audit trail, do not delete the entry.
 - c. Update the representative information as additional years are picked up for audit.

Note: Two contacts are not required on married filing joint returns when the information is the same on both Forms 2848.
- (3) Examiners should enter case contact and examination team member information, if applicable.
- (4) All contact information must be manually entered for generic workcenter cases.
- (5) See *Contacts* for additional information.

4.10.15.8.3 (04-22-2024) Case History

- (1) Examiners use Form 9984, *Examining Officer’s Activity Record*, to document case activity. See IRM 4.10.9.5, *Activity Record*. However, examiners may use Case History in RGS in lieu of Form 9984. Users (examiners, managers, reviewers, etc.) must use caution when using Case History because the entries can be lost.

- (2) If Case History is used, examiners must create and save a new Case History Report (PDF file) each time an entry is made. The Case History Report is available from the Reports menu. CEAS users must back up to the CEAS file server each time a new RGS Case History Report is saved per IRM 4.10.15.3.1 (2).

Caution: All action dates must be included in any saved report as the file overwrites the previously saved document.

Note: Any comments added through “CEAS Notes” automatically insert into Case History. See IRM 4.10.15.11 and *CEAS Notes*.

- (3) Case History may also be used to enter information about third party contacts during the examination. Once data is entered, the Form 12175, *Third Party Contact Report Form*, can be created from the Reports menu.

Caution: RGS saves each third party contact form generated from the Reports menu with the same file name. Prior to saving subsequent third party contact forms, they must be renamed to prevent overwriting of previously saved forms.

- (4) Case History is available in the generic workcenter.

4.10.15.8.4
(04-22-2024)
Return Setup

- (1) Information from Form 1040 series returns is entered manually or populated by CFOL. For Form 1065, Form 1120, and Form 1120-S, information is entered manually since CFOL is not available for these returns. Examiners must:
- Enter the data as required or verify the fields to ensure all are complete and correct even if there is no variance with CFOL data. Incomplete Return Setup, including the detail screens, may result in an incorrect examination report. For example, the student loan interest deduction requires that the total interest paid be entered in a detail screen for that return item. The total interest paid is not entered on the tax return and therefore not populated by CFOL.
 - Include changes posted to the taxpayer’s Master File account (e.g., by a subsequent return, amended return, claim, prior adjustments, or examinations) in the respective fields.
 - Ensure adjusted gross income, taxable income, credits, and total tax match the taxpayer’s account on Master File (use TXMODA).

Note: See *How to Use RGS for Form 1040NR* for modifications that must be made in Return Setup and Issues for Form 1040-NR cases.

4.10.15.8.5
(03-10-2015)
Shareholder and Partner Setup

- (1) Shareholder and partner information is entered in Shareholder Setup and Partner Setup respectively, in the Form 1120S/1065 workcenter. Examiners must enter Schedule K-1 information for each year for:
- TIN
 - Name
 - Address
 - Ownership percentages

Note: The information above is required even if the audit results in a no change.

4.10.15.8.6
(04-22-2024)
Variance

- (1) Before issues are entered, examiners must run a variance analysis for Form 1040 and Form 1120 to verify the accuracy of the Return Setup data. Any differences to the computed amounts are shown in the variance column. All variances must be resolved or identified as a “true variance” (rare).
- (2) Most variances result from input errors or incomplete data in Return Setup. If variances exist, take the following actions:
 - a. Go back to Return Setup and correct any errors or supply missing data. Additional information may be required from the taxpayer to complete certain fields.
 - b. Run the variance analysis again to see if all variances have been resolved.

Note: A variance analysis must be run every time the Return Setup is modified.

 - c. If a variance still exists, click on “Issues” (under the Workpaper/ Adjustments in the workcenter menu) to generate the administrative issues (if not already created) and then run a tax computation to generate an examination report. Use the report and the supporting schedules to determine the origin of the variance.

Note: It is important that the administrative issues are generated prior to running a tax computation. Otherwise, the administrative issues will not automatically create and must be manually added.

 - d. Run the variance analysis again to see if all variances have been resolved.
 - e. If the variance(s) still exists, contact the *FAS staff* for assistance in resolving the variance(s).
- (3) A “true variance” may exist when there is a mathematical error or omission that was not corrected by the Campus when the return was processed. Document the reason for the “true variance” in the workpapers or activity record.
- (4) Since a variance analysis is not available for Form 1120-S and Form 1065, examiners must run the shareholder or partner distributive share computation and create an “All Items” report prior to entering any adjustments. Use this report to verify the accuracy of Return Setup and Partner/Shareholder Setup. Rename (see IRM 4.10.15.10.1) and save this shareholder or partner report to CFD as the variance report.
- (5) The *Return Setup and Variance* chapter in the RGS and CEAS book has multiple articles about variances that examiners may refer to when trying to resolve a variance.
- (6) Examiners must save the final variance report to CFD. If a physical (i.e., paper) administrative case file is required, the final variance must also be printed and included in the paper case file.

4.10.15.8.7
(04-22-2024)
Information Document Request (IDR)

- (1) All workcenters in RGS include an IDR application, which can be used to prepare a properly formatted Form 4564, *Information Document Request*. RGS populates the header with the taxpayer’s information and footer with the examiner’s information. The IDR application in the Form 1040 workcenter includes a focused IDR option, which is used to populate issue-specific text in the IDR.

- (2) Examiners must save all IDRs (RGS generated and manually prepared) issued to the taxpayer to CFD. If a physical (i.e., paper) administrative case file is required, all IDRs must also be printed and included in the paper case file.
- (3) Examiners may create an IDR log report from the “Reports” menu.

4.10.15.8.8
(09-21-2018)
**Workpapers/
Adjustments -
Administrative**

- (1) Examiners must open and save the Administrative screen to populate the header information of the Form 4318, *Examination Workpapers Index*.

Note: If a representative’s information is updated in RGS “Contacts” (see IRM 4.10.15.8.2), also update the representative’s information in the Administrative screen and save.

4.10.15.8.9
(09-21-2018)
**Workpapers/
Adjustments - Issues**

- (1) Examiners must create issues and properly complete required fields for a correct examination report and to capture EOAD data. See IRM 4.10.16, *Examination Operational Automation Database (EOAD)*.

Note: The optional “Issue is completed” check box allows examiners to identify issues that are completed. This indicator also assists others performing in-process case reviews.

- (2) To ensure accurate data capture, examiners must create separate issues for different line items on the tax return. See IRM 4.10.16.1.3, *Responsibilities*. This includes issues like not-for-profit activities (hobby losses), fictitious Schedule C or F, rental expenses, etc. For example, examiners cannot use “net profit or loss” to combine all the issues and make only one entry/adjustment.

Exception: Items not detailed on the return can be one line item (issue) such as cost of goods sold and other expenses on Schedule C, F or E. On BMF returns, if there is a specific Standard Audit Index Number (SAIN) code for an item, it should be used. See IRM 4.10.15.8.9.2.

- (3) Instructions for unique situations requiring special procedures (e.g., delinquent or substitute returns, audit reconsiderations, not for profit activities, passive activities, alternative minimum tax, etc.) are posted in the *Issue-Specific* and *Special Procedures* chapters in the RGS and CEAS book.

4.10.15.8.9.1
(04-22-2024)
Issue Types

- (1) Examiners must select the correct issue type when creating an issue.

- **Administrative Issues** are automatically created by RGS (can also be added manually if necessary). Administrative lead sheets automatically insert into administrative issues. See IRM 4.10.9.7.1, *Administrative Lead Sheets*, for further details.

Exception: If a tax computation is run before the examiner clicks on “Issues” (under the Workpaper/Adjustments in the workcenter menu), RGS won’t automatically create the administrative issues and the examiner will have to manually add the administrative issues.

- **Classified Issue** must be selected for any issue identified during classification and marked on the classification check sheet. All issues (and only issues) on the classification check sheet must be created as classi-

fied issues in RGS. RGS assigns these issues a “Reference” code in the 4XX series beginning with issue 401 (issue 400 is the minimum income probe).

Note: Examiner-identified issues during preplan or from the minimum income probes are not classified issues.

Note: Classified issues cannot be deleted. If a classified issue will not be examined, complete the EOAD compliance information (Per Return/Per Exam, Reason Code, Categorization, etc.) and declassify it. NRP classified issues cannot be declassified.

- **Issue Resulting From Classified Issue** must be selected for any examiner identified issue which directly results from a classified issue. RGS assigns these issues a “Reference” code in the 5XX series.
- **New Issue** must be selected for any examiner identified issue which does not result from a classified issue. RGS assigns these issues a “Reference” code in the 5XX series.
- **Statutory Issue** is created by RGS when a tax computation is run. These issues cannot be deleted and are assigned a “Reference” code of 599.
- **General Income Issue** is created by RGS from examiner entries in “General Income” on the 1040 workcenter. These issues are assigned a “Reference” code in the 5XX series. See IRM 4.10.15.8.19.
- **Declassified Issue** is created by the examiner declassifying a classified issue.
- **Miscellaneous Issue** is created for an issue that doesn’t result in an adjustment to the tax return but needs to be indexed on Form 4318, *Examination Workpapers Index* (e.g., identity theft, innocent spouse, compliance relief determination (disasters), etc.). RGS assigns these issues a “Reference” code in the 6XX series (615 through 645 in increments of 5). See *Creating Form 4318-600 Items* for instructions on creating miscellaneous issues.

4.10.15.8.9.2 (04-22-2024) Issue Codes

- (1) Individual Master File (IMF) issue or SAIN codes identify the issue examined and provide the issue name, form or schedule, and line number. The examiner must ensure the selected IMF/SAIN accurately reflects the issue being examined. For assistance, refer to the *RGS Issue Reference Guides (1040 and 1120)*. For NRP cases, refer to the NRP Issue Reference Guide on the *NRP website* under training.
 - IMF codes for Schedules C or F are based on the order the schedule is attached to the return or as shown on a RTVUE (e.g., C1, C2, or F1).
 - IMF codes for Schedules E represent the property NOT the schedule number (e.g., the first property is E1, the second property is E2, etc.).

Note: NRP uses Schedule E1 for all rental properties.

- (2) For a complete list of issue codes, see the following:

- IMF - IRM 4.10.16-1, *IMF Issue Codes*
- BMF (1120) - IRM 4.46.6-1, *LB&I Corporate SAIN Codes*
- BMF (1120-S) - IRM 4.10.16-2, *Sub Chapter S SAIN Codes*
- BMF (1065) - IRM 4.10.16-3, *Partnership SAIN Codes*

4.10.15.8.9.3
(04-22-2024)
Lead Sheets

- (3) IMF/SAIN 76XXX (“Miscellaneous Issues” (Form 1040 workcenter), “Minutes and Other Miscellaneous Items” (Form 1120 workcenter), and “Miscellaneous Items” (Form 1120S/1065 workcenter)) is used for miscellaneous issues. See IRM 4.10.15.8.9.1.

- (1) SB/SE Field Examination administrative lead sheets and generic issue lead sheets are stored in the “C:\Program Files\RGS\lead sheets” folder and must not be modified or converted to a different format within this folder.
- (2) Lead sheets are automatically inserted into an issue by RGS for cases created in the Form 1040, Form 1120, and Form 1120S/1065 workcenters.

Note: Lead sheets are not automatically inserted into statutory issues. Lead sheets and other documents manually inserted into a statutory issue are deleted each time a tax computation is run. Therefore, lead sheets and other documents for statutory issues should be inserted directly into OD so they are not accidentally deleted.

- (3) Examiners are required to use the electronic administrative lead sheets and the RA or TCO generic lead sheet (tailored to specific audit issues) provided in RGS. NRP has specific requirements for electronic lead sheets and workpapers. See IRM 4.22.4.3.1(5) and IRM 4.22.4.3.1(6), *Scope and Depth of Examinations*.
- (4) Issue lead sheets must follow the format in IRM 4.10.9.7.2(3), *Issue Lead Sheets*. RGS will populate certain fields when the lead sheet is saved within the issue. See *How does a lead sheet auto-populate in RGS?*
- (5) Lead sheets must be saved in OD. See IRM 4.10.15.10 (2).
- (6) For additional information on lead sheets, refer to the following:
- IRM 4.10.9.7, *Lead Sheets*
 - *Lead Sheets and Workpapers* book on the Exam Procedures KB.
 - *Lead Sheet Issue Reference Guide (LSIRG)*

4.10.15.8.9.4
(04-29-2011)
Form 5701, Notice of Proposed Adjustments

- (1) Examiners may use Form 5701 to present an issue to a taxpayer. It is mainly used by LB&I examiners. Complete the following fields within the issue to generate the form:
- 5701 No.
 - Date issued
 - Date due
 - Date received
 - Issued to
 - Proposed by

4.10.15.8.9.5
(04-22-2024)
Categorization

- (1) Examiners must categorize adjustments for all issue types, including declassified issues. The categorization must closely reflect the IMF/SAIN code. For example, management fees on a Schedule E must be categorized as rental expenses and not as other expenses. Refer to the *RGS Issue Reference Guides (1040 and 1120)* for help with categorization. For NRP cases, refer to the NRP Issue Reference Guide on the *NRP website* under training.

Exception: Miscellaneous issues are not categorized since no information is entered in the “Adjustments” section of the Issues screen.

- a. A Memo categorization is available for BMF returns only. Use a memo categorization for adjustments without a line item on the return, de minimis amounts and balance sheet account items. Memo adjustments may be used on no-change cases.
- b. A de minimis categorization is available for individual returns. See *Statutory and De Minimis Adjustments*. The de minimis categorization may not be used for an adjustment to a line item on an NRP return except in specific situations. Refer to the NRP Issue Reference Guide on the *NRP website* under training.
- c. Net adjustment categorizations are available for some issues but should rarely be used. RGS does not provide a supporting schedule when this categorization is used and EOAD data is not properly reflected. See *Net Tax Adjustments/Net Credit Adjustments*.

Note: The net adjustment categorization should be used only on specific NRP issues. Refer to the NRP training for additional information.

4.10.15.8.9.6
(03-10-2015)
**Adjustment Screen
Amounts**

- (1) The “Per return” amount must match the actual amount reflected on the return or as previously adjusted on Master File for the line number on the form or schedule. When warranted, adjust the original return amount by a processed amended return, claim, or prior assessment.
- (2) The “Per exam” amount is the amount determined in the examination for the specific line number on the form or schedule.
- (3) The “Agreed” amount is the amount of the adjustment the taxpayer agrees with. If the taxpayer does not agree to all or part of the adjustment, modify or remove the agreed amount. See *Partial Agreements and RGS*.

4.10.15.8.9.7
(04-22-2024)
Reason Codes

- (1) Examiners must enter reason codes for all issues (excluding miscellaneous issues) by selecting the best reason code from the drop-down menu. See IRM 4.10.16-4, *Reason Codes*.

Note: Statutory issues created by RGS are automatically populated with the reason code.

4.10.15.8.9.8
(03-10-2015)
Rental Type Codes

- (1) Rental type codes are only required for Schedule E property income and expense issues. See IRM 4.10.16-5, *Rental Type Codes*.

4.10.15.8.9.9
(03-10-2015)
**Universal Issue List
(UIL) Code**

- (1) Universal Issue List (UIL) codes are not required for SB/SE Examination and should not be completed. UIL codes are required for WEIIC. See IRM 4.63.4.12.2, *Universal Issue List (UIL) Codes*, for additional information.

4.10.15.8.9.10
(03-10-2015)
**Form or Schedule and
Line Number**

- (1) Examiners must enter the Form/Schedule to reflect the form or schedule for the amount reported on the return.

- a. Edit the information if the form/schedule is incorrect. For example, a fourth Schedule C would require editing the entry to "SCH C4."
 - b. Use an "X" when there is not a form, schedule or line item on the return and the issue is categorized as memo or de minimis.
 - c. Use an "X" for all penalty issues.
- (2) Examiners must enter the line number to match the line number on the form or schedule.
- a. Use "99" for all penalty issues when there is not a line item on the return and when the issue is categorized as memo or de minimis.
 - b. Use "98" for specific NRP adjustments. Refer to the NRP Issue Reference Guide on the *NRP website* under training.

4.10.15.8.9.11
(09-21-2018)

**North American Industry
Classification System
(NAICS) Codes**

- (1) Examiners must enter a NAICS code for all issues categorized as Schedule C or F. This code is also required on Form 1120, Form 1120-S, and Form 1065 issues.
- (2) Per Return
- a. Enter the NAICS code from the Form 1040 Schedule C or F. The NAICS code populates from Case Information on Form 1120, Form 1120-S and Form 1065 returns.
 - b. If the taxpayer did not enter a code, leave blank.
- (3) Per Exam
- a. If the per return code is correct, enter the same code in the per exam field.
 - b. If the per return code does not accurately reflect the type of taxpayer's business, select a more descriptive code.
 - c. Use "D" to remove a NAICS code when the ENTIRE Schedule C or F is being disallowed, including hobby loss cases. All line items on the Schedule C or F must then be set up as issues.

4.10.15.8.10
(09-21-2018)

**Workpapers/
Adjustments - Penalties**

- (1) Examiners assess penalties either on specific issues or the entire return. Refer to IRM 4.10.6, *Penalty Considerations*, and the IRM penalty handbook sections (IRM 20.1.2, *Failure to File/Failure to Pay Penalties*, IRM 20.1.3, *Estimated Tax Penalties*, and IRM 20.1.5, *Return Related Penalties*), for when to assert the appropriate penalties.
- a. Assert issue-related penalties (e.g., accuracy-related and fraud) within the issue in RGS. These penalties apply only on the tax related to that particular issue.
 - b. Assert return-related penalties (e.g., failure to file, estimated tax, and accuracy-related) through the workcenter menu. These penalties apply to the total corrected tax.
- Note:** Manually computed penalties should only be used in rare circumstances. See *Manually Computed Penalties* or contact the *FAS staff* for assistance.
- (2) When penalties are asserted, examiners must create a separate issue in RGS to document the assertion of the penalty. Penalty issues are created using specific IMF/SAIN codes. See *Documenting Penalties - Creating A Penalty Is-*

sue for instructions on how to create and categorize a penalty issue. Also see IRM 4.10.9.8.6, *Workpapers: Documenting Penalties*, for additional information.

4.10.15.8.11

(04-22-2024)

Tax Computation

- (1) Examiners must run a tax computation and/or share computation before generating an examination report.
 - a. For Form 1040 and Form 1120 returns, run the “Tax Computation.”
 - b. For Form 1120-S returns, run the “Pro Rata Share/Tax Computation.”
 - c. For Form 1065 returns, run the “Distributive Share Computation.”

- (2) When “Other Information” is required on the Form 1040 examination report, the information is entered in the “Tax Computation” screen. See IRM 4.10.8, *Report Writing*, for specific situations.

Note: Other information for Form 1120, Form 1120-S, and Form 1065 is entered on the “Create Report” screen.

- (3) Examiners must ensure the interest rate table in RGS is up-to-date before running a tax computation. Generally, interest should be computed and shown on a proposed deficiency report. When IRC 6404(g) applies, the examiner must check the 6404(g) box in tax computation (Form 1040 workcenter) and a statement will print on the examination report. See IRM 20.2.7.8, *IRC 6404(g) Interest Suspension*, for when 6404(g) applies. If examiners are unable to compute interest, such as in the case of restricted interest, they must provide an explanation in the “Other Information” section of the Form 4549. See IRM 4.10.8.14.3.4, *Restricted Interest*, for required comments on cases with restricted interest.
- (4) A new tax computation is required if there are changes to Return Setup, the return received date, adjustments, or penalties. A new tax computation is also required when a new version of RGS is released after tax computation was run in a prior RGS version, but before the final Form 5344 is validated. This is because certain required transaction codes or reference numbers (e.g., credit reference numbers (CRN) for adjustments made to tax credits) may not populate on Form 5344 when the form is created in the new RGS version but the tax computation was run in an older RGS version. See *Closing Cases After an RGS Version Release*.
 - a. If a new tax computation is completed after the Form 5344 was validated, the Form 5344 must be revalidated. See IRM 4.10.15.8.13.
 - b. If a new tax computation is completed after the Form 3198 was created, the Form 3198 must be recreated.

4.10.15.8.12

(04-22-2024)

Reports

- (1) Examination reports are available from the Reports menu. The most commonly used reports are listed in the table below:

Form	Form Name
Form 4549	<i>Report of Income Tax Examination Changes</i>
Form 4549-A	<i>Report of Income Tax Examination Changes (Without Taxpayer Signature)</i>

Form	Form Name
Form 4605	<i>Examination Changes-Partnerships, Fiduciaries, S Corporations, and Interest Charge Domestic International Sales Corporations</i>
Form 4605-A	<i>Examination Changes-Partnerships, Fiduciaries, S Corporations, and Interest Charge Domestic International Sales Corporations</i>
Form 2504 Note: Form 2504 reports the tax and penalties from Form 1040 Schedule H, Household Employment Taxes, Form 4137, <i>Social Security and Medicare Tax on Unreported Tip Income</i> , Form 8919, <i>Uncollected Social Security and Medicare Tax on Wages</i> , and Form 8959, <i>Additional Medicare Tax</i> .	<i>Agreement to Assessment and Collection of Additional Tax and Acceptance of Overassessment (Employment Tax Adjustments Not Subject to IRC 7436)</i>

- a. The reports are populated based on information entered in RGS. Examiners must ensure the report is accurate before issuing it to the taxpayer. Incorrect categorization or inaccurate per return and per exam amounts can result in an inaccurate report.
- b. Taxable income per return or as previously adjusted and tax shown on the return or as previously adjusted must match Master File. Examiners must verify these amounts using a current TXMODA, IMFOLT, or BMFOLT.
- c. Examiners must save all reports issued to the taxpayer or representative to CFD. See IRM 4.10.15.10 (2). Also see IRM 4.10.8.2.2, *Preparation of Audit Reports*, for information required for a complete report.

Note: Signed reports received by e-fax as Adobe documents must also be saved to CFD.

Note: If the signed agreement forms are scanned, the complete signed report should be scanned and saved to CFD.

- d. Examiners should select the no-change report for Form 1040 and Form 1120 returns when applicable. For Form 1065 and Form 1120-S cases, required no-change language (see IRM 4.10.8.3.1, *No-Change (No Adjustments)*), must be manually input in the "Remarks" section on the "Create Report" screen. Refer to the FAQ for *No-Change Report for 1065 and 1120S Instructions*.
 - e. Partially agreed cases require two reports. See IRM 4.10.8.6, *Partially Agreed Cases*, and *Partial Agreements and RGS*.
- (2) Form 4318 is available under "Workpaper/ Adjustment" on the Reports menu and is populated based on information entered in RGS. Examiners must review the form and if any item needs to be modified, return to the appropriate screen within RGS. Examiners must only save the final version to CFD and name the file following the appropriate naming conventions as described in IRM 4.10.15.10.1.
- a. A validated Form 5344 populates the total time shown on Form 4318.
 - b. Representative contact information populates from the Administrative

screen. See IRM 4.10.15.8.8.

- c. A list of issues created from the “Issues” application on the workcenter menu will display on Form 4318.

Note: Issues (including penalty and miscellaneous issues) must be created from the “Issues” application. Do not add issues directly to the Form 4318.

- d. The examination issues (affecting the tax or share computation) and adjustments shown on Form 4318 should reconcile to the examination report.

4.10.15.8.13
(04-22-2024)

Form 5344, Examination Closing Record

- (1) Examiners must ensure Form 5344, *Examination Closing Record*, is accurate and validated for all examined cases as an inaccurate Form 5344 can result in an incorrect assessment posting to a taxpayer’s account. Tax computation or share computation must be run before accessing the Form 5344 application in RGS.
 - a. When completing Form 5344 in RGS for paperless electronic closures, select the “Paperless” option in the “Closed on (choose one)” field of the “TC12/Interest Dates” tab. This will generate the correct blocking series 10X (protested cases) or 40X (all other closure types, e.g., agreed, unagreed, no-change) in the TC 300 DLN that identifies the case as electronic only with no physical administrative (i.e., paper) case file.
 - b. Review Items 12 and 15 for taxable returns and Item 34 for nontaxable returns to ensure the correct tax, penalties, and credits are assessed or abated. Refer to Document 6209, *IRS Processing Codes and Information*, for identification of appropriate transaction, reference, penalty reference, and credit reference codes.
 - c. Refer to IRM 4.4.12.3, *Examined Closings*; IRM 4.38.1.7.3.1.2, *Form 5344 Entries*; and the *RGS Form 5344 - Help Sheet for SBSE* for assistance with individual Form 5344 entries.

Reminder: If the tax computation was run in a prior RGS version, a new tax computation in the current (new) RGS version is required prior to completing and validating Form 5344.

- (2) Partially agreed cases require one Form 5344 for the agreed portion and one Form 5344 for the unagreed portion. RGS only prepares a Form 5344 for the agreed portion of a partial agreement. The following contain procedures for preparing both required forms:
 - *Partial Agreements and RGS*
 - IRM 4.4.12.3, *Examined Closings*
 - IRM 4.38.1.7.3.1.2, *Form 5344 Entries*
 - IRM 4.38.1.7.3.3, *Partial Assessments*
- (3) Examiners must preview and save Form 5344 to CFD after validation. The Form 5344 saved to CFD and the printed Form 5344 (when required) must reconcile with the entries in the RGS “Form 5344 Examination Closing Record” screen. The amounts on the electronic and printed Form 5344 must agree with the examination report. Generally, no manual changes are permitted to any item (e.g., Item 12 (transaction codes), Item 15 (reference numbers), etc.) on the final Form 5344.

Exception: Manual changes are permitted if specifically outlined in another IRM such as IRM 4.8.5.2.2.1.1, *Pre-Assessment Agreed Cases*.

Note: If a tax computation is run after the Form 5344 is validated, it removes the validation. Therefore, the form must be revalidated.

- (4) Technical Services and other groups, which access the RGS data, must review and revalidate the Form 5344 to ensure accuracy before closing. See IRM 4.10.15.12.1 (6) for additional requirements for Technical Services employees.
- (5) For information about Form 5344 for generic workcenter cases, refer to IRM 4.10.15.9.

4.10.15.8.14
(04-22-2024)
**Other Closing
Documents**

- (1) Form 3198, *Special Handling Notice for Examination Case Processing*, partially populates based on information in RGS. Not all required information will populate, therefore examiners must complete or modify any fillable field in the Adobe file as necessary. Examiners must save the completed form to CFD.

Note: Complete the Form 3198 as one of the last steps before closing the case. This ensures the most current and complete information will populate the form.

- (2) Form 3244-A, *Payment Posting Voucher*, is available for payments received from the taxpayer. If used, examiners must save a copy to CFD.
- (3) Form 3198 and Form 3244-A can be completed in RGS for generic workcenter cases.

4.10.15.8.15
(04-22-2024)
Waivers

- (1) Examiners may access "Waivers" for miscellaneous forms not found elsewhere in RGS. If used, examiners must save a copy of the forms to CFD. Some of the forms included are:
 - Form 870, *Waiver of Restrictions on Assessment & Collection of Deficiency in Tax & Acceptance of Overassessment*
 - Form 2797, *Referral Report of Potential Criminal Fraud Cases*
 - Form 13496, *IRC Section 6020(b) Certification*

4.10.15.8.16
(03-10-2015)
Compliance Evaluation

- (1) A compliance evaluation is required on all examined returns, including no-change cases. Examiners must ensure the final compliance evaluation is validated, printed (if required for a paper case file), and saved to CFD. See IRM 4.10.16, *Examination Operational Automation Database (EOAD)*.

Reminder: Issues with incomplete compliance information can be identified with the "By Adjustment" view. This view displays a red exclamation mark by the issue if it is incomplete.

4.10.15.8.17
(04-22-2024)
Correspondence

- (1) Examiners may access Correspondence to prepare letters that are populated based on information entered in the case in RGS.

Note: The most current version of the letter must generally be issued to the taxpayer. When using a letter within RGS, examiners should confirm it is the most current version from the *Electronic Publishing website*.

- (2) Examiners must save communications with the taxpayer, representative, or a third party to CFD, whether or not the documents were created in RGS. Emails should be saved using Adobe.

Caution: See IRM 4.10.1.2.1.8, *Right to Confidentiality*, and IRM 4.10.1.3.2.1, *Ministerial Messages*, for rules regarding email exchanges with taxpayers and representatives.

- (3) Examiners must save any taxpayer letter to be issued by CCP to CFD.

4.10.15.8.18
(09-21-2018)
Installment Agreement

- (1) Examiners may create Form 433-D, *Installment Agreement*, in the Form 1040 workcenter in RGS. The form is populated based on information initially entered in RGS as well as financial and employment information that is added on the installment agreement screen. Examiners must verify the populated information and add additional information to the form as required. See IRM 4.20.1.4.5, *Complete Form 433-D, Installment Agreement*, for additional information.

4.10.15.8.19
(04-22-2024)
General Income

- (1) Examiners may use the "General Income" option on the workcenter menu under "Special Applications" to reconcile Information Returns Processing (IRP) and Information Returns Master File (IRMF) income items (e.g., interest income, wages, etc.) to the tax return. RGS automatically creates a new issue for any adjustments identified in General Income. Changes to these adjustments must also be made using the General Income option. The adjustments cannot be changed in the Issues screen.

4.10.15.9
(04-22-2024)
Generic Workcenter

- (1) Examiners must use the generic workcenter for all cases other than those worked in the Form 1040, Form 1120, and Form 1120-S/1065 workcenters. The primary function of the generic workcenter is to maintain and store electronic case files, as well as allow for cases to be backed up to the CEAS file server and closed electronically. RGS does not compute tax, penalties, or interest for cases in the generic workcenter.

Reminder: Certain types of cases are not required to be in RGS. See *Cases Not Required to be in RGS* for a list of excepted cases.

Note: If a case is created using a form type other than the Form 1040 returns listed in IRM 4.10.15.2 (5); Form 1120; Form 1120-S; or Form 1065, RGS creates the case using the generic workcenter.

- (2) Examples of returns that must be created in the generic workcenter include:

- Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*
- Form 941, *Employer's Quarterly Federal Tax Return*
- Form 945, *Annual Return of Withheld Federal Income Tax*
- Form 1040, *U.S. Individual Income Tax Return (fiscal year only)*

Note: Examiners can create the tax return as a calendar year Form 1040 to calculate the tax for a fiscal year return. Contact the FAS staff for assistance.

- Form 1041, *U.S. Income Tax Return for Estates and Trusts*

- Form 1040-NR, *U.S. Nonresident Alien Income Tax Return*, for foreign estates and trusts
- Form 8278, *Assessment and Abatement of Miscellaneous Civil Penalties* (e.g., preparer penalty cases, IRC 6707A penalty cases, IRC 6695A penalty cases, etc.)

Note: Form 8278 can be used when the penalty cannot be part of the income tax case.

Note: If the form type is not listed in the generic workcenter, select “NONRETURN” for the form type when creating the case. For example, an IRC 6676 erroneous claim for refund or credit penalty case based on a married filing joint (MFJ) return would be created in the generic workcenter using “NONRETURN” as the form type since the 6676 penalty for MFJ returns is assessed using Form 3870, *Request for Adjustment*. Form 1040-NR for foreign estates and trusts would also be created as a “NONRETURN” case in the generic workcenter.

- (3) When creating civil penalty cases in the RGS generic workcenter, examiners must enter a WU code for every civil penalty case. Since it's possible to have more than one civil penalty case with the same TIN, a WU code allows duplicate copies of a case (same TIN and tax year) to be on RGS/CEAS at the same time. WU codes also help CCP, PSP, Technical Services, and Appeals quickly identify the applicable case file in RGS and CEAS View Case. For instructions on creating civil penalty cases in RGS (including entering WU codes), examiners should refer to the *Civil Penalty Cases and RGS* guide.
- (4) For generic workcenter cases requiring Form 5344, *Examination Closing Record*, (e.g., Form 940, Form 941, and Form 945 employment tax cases, etc.), Form 5344 can be completed and validated in RGS. If RGS is used to complete Form 5344 for generic workcenter cases, the examiner must manually input entries for all required item numbers since the generic workcenter does not compute tax, penalties, or interest. See IRM 4.4.12.3, *Examined Closings*, and IRM 4.38.1.7.3.1.2, *Form 5344 Entries*, for guidance on Form 5344 item numbers that must be completed. Examiners must ensure Form 5344 is accurate for all cases. The Form 5344 saved to CFD and printed Form 5344 (when required) must reconcile.

Note: For paperless electronic closures, the blocking series number in the “P38-40” field of Form 5344 must show 40X (or 10X for protested cases). If completing Form 5344 in RGS, selecting the “Paperless” option in the “Closed on (choose one)” field of the “TC12/ Interest Dates” tab will generate the correct blocking series number. See IRM 4.10.15.8.13 for additional information.

- (5) Cases in the generic workcenter are backed up to the CEAS file server and closed from the group in the same manner as RGS inventory in the Form 1040, Form 1120, and Form 1120S/1065 workcenters. See IRM 4.10.15.3.1 (2) and IRM 4.10.15.12.

4.10.15.10
(04-22-2024)
**Office Documents (OD)
and Case File
Documents (CFD)**

- (1) Unless otherwise indicated, the procedures in this subsection and the subsections that follow apply to all cases in RGS, including cases in the generic workcenter.

- (2) All case documents (lead sheets, workpapers, summoned information, reports, administrative forms, letters, closing documents, and other information critical to the case) must be saved in OD or CFD. Documents and sub folders saved in OD or CFD must be named using required naming conventions. See IRM 4.10.15.10.1.

Note: Sub folders should only be saved in RGS when required (e.g., for accounting software backup files, preserved files of a prior examiner, zip files, and other file types that are incompatible with RGS, etc.). Sub folders created in RGS are not viewable in CEAS. All files display in CEAS without sub folder distinction.

- a. Lead sheets, workpapers, and other issue-specific documents (e.g., taxpayer or third party records (including summons information) that support adjustments or determinations; issue-specific correspondence; etc.) must be saved in OD. See also IRM 4.10.9.8.5, *Workpapers: Documenting Issues*. Refer to paragraph 3 below regarding the type of files that are compatible with RGS and how to save incompatible files in the OD folder.

Reminder: Examiners must use electronic administrative lead sheets and the RA or TCO generic lead sheet (tailored to specific audit issues) provided in RGS for cases in the Form 1040, Form 1120, and Form 1120S/1065 workcenters. NRP has specific requirements for electronic lead sheets and workpapers. See IRM 4.22.4.3.1(5) and IRM 4.22.4.3.1(6), *Scope and Depth of Examinations*.

- b. Documents relevant to the case that are not issue-specific (e.g., tax returns, classification sheet, examination reports, forms, final variance, correspondence, summons information that doesn't support an adjustment or determination, etc.) must be saved to CFD. Refer to paragraph 3 below regarding the type of files that are compatible with RGS and how to save incompatible files in the CFD folder.
- c. PDF forms generated by RGS may have fillable fields that should be completed or updated before saving. Non-fillable information on PDF documents generated by RGS must not be changed.

Note: Once a PDF is completed, it should be optimized and flattened (see *Instructions for Optimize and Flatten*) to remove the fillable fields. This will prevent the final PDF from being further modified. The Optimize and Flatten tool should be used **prior** to placing a digital signature on a PDF because the tool will skip any PDF files with an embedded digital signature to preserve the digital signature.

- d. Notices and publications available on *IRS.gov* should not be saved to CFD.
- e. See *Lead Sheets and Workpapers in RGS* and *Frequently Asked Questions - Office and Case File Documents* for instructions for inserting and renaming files in RGS. Also see IRM 4.10.15.10.1 for required file naming conventions.
- (3) Microsoft Office (Word, Excel, Access) and Adobe files are compatible with RGS and will display in OD and CFD. Files that are not compatible with RGS (e.g., email, website, picture, etc.) cannot be viewed within RGS or CEAS. Whenever possible, examiners should convert incompatible file types to an Adobe PDF file. If an incompatible file cannot be converted to a compatible format, the examiner must create a sub folder in OD or CFD and save the file

in the sub folder to minimize compatibility issues. Files saved in sub folders can be accessed through Windows® Explorer. See *What files are not compatible with RGS?* and *Subfolders in RGS* for additional information.

- (4) Cases downloaded from CDE and uploaded to RGS will contain a sub folder in CFD named “CDE2RGS_XXXXXXX_XXXX.rgs” (where the first group of numbers indicates the file ID number, and the second set of numbers indicates the last four digits of the taxpayer’s TIN). The relevant files in the sub folder must be renamed and saved to the correct location (OD or CFD) using required file naming conventions. Once the files are renamed and moved, delete the CDE subfolder.

Caution: For NRP cases, the “Tax Return Information” sub folder (and files within the folder) and the NRP classified issues list (Excel document) provided by the NRP office **must not** be deleted, renamed, or altered. Doing so may result in NRP validation errors. Additionally NRP lead sheets must not be renamed other than to add a reference code to the file name. See *NRP 1040 Frequently Asked Questions* under the topics *Backup/Validation Program* and *Lead Sheets*. Refer to IRM 4.22.4.3.1, *Scope and Depth of Examinations*, and the *NRP website* for additional guidance regarding NRP lead sheets, workpapers, and other case file documents.

- (5) Examiners should be aware of the size of a case in RGS. Cases larger than 17 MB take longer to merge, back up, and move to CEAS, which impacts all functions that handle the case. If a case is larger than 700 MB, files in OD and CFD won’t be viewable in CEAS. Cases larger than 2 GB won’t move to the file server. In addition, case data can be lost or corrupted if a transmission is interrupted. Examiners must take appropriate steps to reduce the size of individual files saved in RGS, which will reduce the risk of data loss.

- a. Delete unnecessary files from OD and CFD including multiple copies of variances, unissued reports, unused lead sheets, etc.
- b. Run the Optimize and Flatten tool to reduce the size of PDFs.

Reminder: The Optimize and Flatten tool should be used on PDF documents prior to placing a digital signature on a PDF. Otherwise, the tool will skip any PDF files with an embedded digital signature and the file size will not be reduced.

- c. See *Reducing PDF Size* for additional tools available to reduce the size of RGS case files.
- (6) Examiners must preserve original lead sheets, workpapers, and other related documents for purposes of an audit trail. Do not modify or delete an originating examiner’s files. To safeguard the original documents, move them to a subfolder under OD or CFD. For additional guidance, see *Audit Reconsideration Cases and RGS*.
 - (7) Technical Services and PSP staff should include their workpapers and documents associated with the case in OD or CFD and use applicable file naming conventions per IRM 4.10.15.10.1.

Note: See IRM 4.10.15.10.1 (6) for additional naming convention requirements for Technical Services and PSP employees.

4.10.15.10.1
(04-22-2024)
**File Naming
Conventions**

- (1) This subsection provides instructions for specific naming conventions that must be used for all documents and subfolders saved to OD and CFD in the RGS electronic case file. Naming conventions contribute to an organized case file and assists users in easily locating specific documents. Examiners should refer to the *RGS File Naming Conventions job aid* for supplemental guidance and additional examples for the instructions provided in this subsection.

Reminder: For NRP cases, the “Tax Return Information” sub folder (and files within the folder) and the NRP classified issues list (Excel document) provided by the NRP Office **must not** be renamed or altered. Doing so may result in NRP validation errors. NRP lead sheets should only be renamed to add a reference code.

- (2) All documents in OD (including zipped files) must use the following file naming convention: [Reference code] - [Document number] - [Descriptive Name].
- The reference code (also commonly referred to as an issue number) is the three-digit code RGS assigns to the issue (e.g., 100 through 400 for administrative issues, 4XX for classified issues, 5XX for new issues, 6XX for miscellaneous issues). See IRM 4.10.15.8.9.1.
 - The document number is the sequential two-digit numbering (e.g., 01, 02, 03, etc.) of all related documents associated with a particular reference (issue) code. Document number “01” is generally reserved for the issue lead sheet.
 - The descriptive name of lead sheets and issue workpapers must include the issue name (e.g., Car and Truck Expense, Bad Debt Expense, etc.). See *Lead Sheets and Workpapers in RGS* for instructions on renaming lead sheets. The new name populates the footer of the lead sheet after the issue is saved.

Example: The Multi Year and Related Returns lead sheet for required filing checks is named “200-01_Multi_Year_and_Related_Returns.docx.” A supporting workpaper for required filing checks verification is named “200-02-Required Filing Checks.docx.”

Note: The file name of administrative lead sheets automatically inserted by RGS (Form 1040, Form 1120, and Form 1120S/1065 workcenters) already includes the reference code, two-digit document number, and name of the lead sheet.

- (3) If workpapers supporting multiple issues are in one Excel workbook, the workbook must be saved to OD using the following naming convention: “WORKBOOK - [Descriptive name]”. The descriptive name should include the tax year and reference codes for workpapers included in the workbook. The worksheets (tabs) in the workbook should be named to include the reference code, document number (in sequential order), and a brief descriptive name for each workpaper.

Caution: Although it is an Excel workbook, the minimum income probe (MIP) workbook (TCO or RA), which is automatically inserted by RGS, is considered an administrative lead sheet (see IRM 4.10.9.7.1, *Administrative Lead Sheets*) and should be named similarly to other administrative lead sheets. Examiners should not rename the MIP workbook in RGS.

- (4) All documents in CFD (including zipped files) must use the following file naming convention: [Category Name] - [Descriptive Name]. The *RGS File Naming Conventions job aid* includes a list of required category names and the documents to save under each category name.

Exception: For NRP cases, the “Tax Return Information” subfolder (and files within the folder) and the NRP classified issues list (Excel document) in CFD must not be renamed or altered. Refer to NRP training and FAQ on the *NRP website* for specific guidance.

Example: Forms 5344 for 2021 and 2022 are named “CLOSING-Form 5344 2021” and “CLOSING-Form 5344 2022”, respectively.

- (5) In addition to the category and descriptive names, files saved to CFD may also require a reference code in the file name. The file name of items required to be indexed using a “6XX” reference code must begin with the applicable “6XX” reference code assigned to the issue. Examples of items requiring a “6XX” reference code include (not all-inclusive):

- Bipartisan Budget Act of 2015 (BBA) check sheets and forms. See IRM 4.31.9.2(9), *General Guidelines*.
- Tax Equity and Fiscal Responsibility Act (TEFRA) check sheets and forms. See IRM 4.31.2.3.5(5), *Mandatory Completion of Check Sheets*.
- Investor Level Statute Control (ILSC) check sheets and forms. See IRM 4.31.5.2(2), *ILSC Pass-through Entity Defined*.
- Disaster compliance relief determinations. See IRM 4.2.2.6(2), *Compliance Relief Determination*.

Example: The examiner adds a miscellaneous issue in RGS (see IRM 4.10.15.8.9.1) for “BBA” per the requirement in IRM 4.31.9.2(9), *General Guidelines*, and RGS assigns reference code 615 for the issue. Form 15262, *Bipartisan Budget Act (BBA) Partnership Procedures Check Sheet*, saved to CFD is named “615-BBA-Form 15262.”

- (6) Additionally, Technical Services employees must include “TS” and PSP employees must include “PSP” at the end of the file name of all documents saved in OD or CFD. This will ensure documents created and/or saved in the case file by Technical Services and PSP staff are easily identifiable and will prevent a possible overwrite of similarly named documents saved by the Field group.

Example: An activity record saved in the case file by a Technical Services reviewer is named “100-01_Form_9984_Activity_Record - TS.” Similarly, an activity record saved in the case file by a PSP coordinator who reviews a closed case is named “100-01_Form_9984_Activity_Record - PSP.”

- (7) Case file indexes for electronic case files (see IRM 4.10.9.11, *Case File Indexing*) must be named as specified below. Refer to *Create Case File Indexes job aid* and *RGS File Naming Conventions job aid* for additional information and examples.

- a. The file name must always begin with a prefix that includes reference code “000,” the two-digit document number (the document number for the

original index should always be “01”), and “OD” or “CFD” (depending on the folder for which the index is being created) (e.g., “000-01-OD”, “000-01-CFD”).

- b. The file name must include the date the index was created.
 - c. Additional indexes created by Technical Services or PSP must have “TS” or “PSP” added to the end of the file name.
- (8) Form 4318, *Examination Workpapers Index*, saved to CFD (see IRM 4.10.9.11, *Case File Indexing*) must begin with the prefix “001-01.”
 - (9) Generally, examiners must not use special characters (e.g., code section symbol, pound sign, question mark, comma, apostrophe, ampersand, Spanish characters with accents or tildes, etc.) in the file name of documents or subfolders saved in OD and CFD. See *Special Characters in File Names* for additional information, including the limited special characters allowed in file names.
 - (10) Examiners must be mindful of the length of the file name. Windows® limits the length of file names to 255 characters. The name of a file saved in RGS also includes the characters in the name of the folder (OD or CFD) and subfolder where the file is stored. Excessive characters in a file name may cause problems with moving the case to the CEAS file server and viewing case documents in CEAS View Case. See *Subfolders in RGS*.

4.10.15.11
(09-21-2018)
CEAS Tools

- (1) CEAS users can view summary information for any case on CEAS. In addition, the files saved in OD and CFD can be opened but not modified. Under “View Case Detail History”, users can view the date and time history of RGS case backups/moves, archives and retrievals from archives for the last six months.
- (2) CEAS users may access cases through “View Case” in RGS or the “CEAS Universal Access” web application using a TIN. See *CEAS View Case* for further details.
 - a. Area CEAS users may view open and closed cases in the SB/SE Field Examination areas and LB&I WEIC.
 - b. NRP CEAS users may view open and closed NRP cases.
 - c. CEAS Universal users may view open and closed SB/SE Field Examination, WEIC, and NRP cases.
- (3) CEAS users may view or add action or non-action notes on the case through CEAS “View Action Notes.” See also *CEAS Notes*.
 - a. Action notes must not be input on a case that is no longer open in the group. Non-action notes can be used instead but should not be used if the case is archived.
 - b. Action notes must be closed by the manager or the examiner assigned to the case before the case is moved to another group.
- (4) CEAS users may use **Tools** → **Query** in RGS to view, update, and merge cases. Case data (e.g., status code, statute date, etc.) on CEAS may be updated on the **Query Group Inventory** or **Case Summary Record** screens.
- (5) CEAS users may use **Tools** → **View RTF** (Return Transaction File) in RGS to view CFOL data that has not been downloaded to the hard drive.

- (6) Specific inventory reports for a group are available through the CEAS “Reports” based on user permissions.

4.10.15.12
(04-22-2024)
Closing RGS Cases

- (1) It is the responsibility of all examiners, Technical Services reviewers, PSP coordinators, managers, and clerks to ensure RGS cases are closed properly. If cases are not closed properly at each of these levels, incorrect assessments or delays in processing may occur.

4.10.15.12.1
(04-22-2024)
**Examined Closures -
Examiner
Responsibilities**

- (1) All information needed to support audit findings and process a closed case must be saved in the RGS case file. Examiners must perform the following steps before forwarding the electronic case file to the manager for closure:
- Ensure the statute date shown in the RGS case information screen is correct.
 - Confirm all necessary lead sheets, workpapers, forms, reports, letters, taxpayer correspondence and any relevant documents are correctly named, signed (if applicable), and saved in OD and CFD. See IRM 4.10.15.10 and IRM 4.10.15.10.1.
 - Follow guidance in IRM 4.10.15.10 (5) for reducing the size of the case file.
 - If the RGS case file is larger than 400 MB, notate the Special Features section of Form 3198, *Special Handling Notice for Examination Case Processing*, by checking the box for “Other Instructions” and including the following statement: “Large case file. CCP should not merge the RGS file into inventory. Manual closure is required.” See *Closing Large Cases (Larger than 400 MB)* for more information on closing large cases.
 - Back up the case to the CEAS file server before moving the case to the CEAS file server.

Caution: Before backing up the case to the CEAS file server in preparation of forwarding the case to the group manager for closure, the examiner must determine if the case needs to be split and take necessary actions to split the case. See paragraph 2 below.

- Immediately address RGS error messages received during the backup process. Examiners should contact the *FAS staff* if needed.
- (2) The case must generally be split if one or more years are closed separately (e.g., one no-change (no adjustments) year and one unagreed deficiency year). See IRM 4.10.8.7, *Splitting Multi-Year Examination Cases*, for additional information and exceptions. Also see *CEAS and Splitting Case Files* for how to split a case in RGS.

Caution: Once a multi-year case is split, the split years can no longer be treated as one case within RGS. At the time of the split, documents are automatically copied and included in each case file; those documents should NOT be deleted.

Note: If the electronic case is split, the physical case (if a physical administrative case file is required) must also be split.

- (3) The examiner must complete the “Case forwarded to the file server/date” field on Form 3198 and move the case to the CEAS file server. RGS error messages received when moving the case should be immediately addressed.

Once the case is moved to the CEAS file server, the examiner should notify the group manager that the case has been moved to the CEAS file server and is ready for closure.

Note: Certain cases are excluded from paperless electronic case closure (see *Cases Excluded From Paperless Electronic Closure*). In addition to the RGS electronic case file, a physical (i.e., paper) administrative case file must also be prepared for the excepted cases. For cases with paper case files, examiners must check the “paper case file” box at the top of Form 3198.

Note: Examiners in other business units using RGS in stand-alone mode (offline) should move the case to the SBU Data folder on their computer’s hard drive.

- (4) When closing cases, examiners must ensure the most recent data is moved to the CEAS file server successfully. If the case does not leave the Case Management screen, the electronic data did not move to the CEAS file server and a hold code “M” will be placed on the case. See *RGS Inventory Clean Up and Hold Codes* for actions to take.

Caution: Do not move cases without a stable network connection as data loss can occur. A wired connection generally provides a better connection to the IRS network. See *Improving Your Home Internet Connection* for additional information.

Note: An incorrect assessment may post to a taxpayer’s account if the most current electronic data is not on the CEAS file server.

- (5) See IRM 4.10.15.12.2 (5) for required steps to take if the examiner receives documentation relevant to the case after the case is closed out of the group.
- (6) When closing a case, Technical Services employees must update the disposal code for the final closure on Form 5344, validate, print (if required), and save the form to CFD.

Reminder: “TS” must be included at the end of the file name for all documents saved in the RGS case file by Technical Services employees.

4.10.15.12.2
(04-22-2024)
**Examined Closures -
Manager
Responsibilities**

- (1) The manager is responsible for ensuring the examiner completed the appropriate case closing procedures and successfully moved the case to the CEAS file server. The examiner certifies, and the manager initials, that the case has moved successfully by indicating on Form 3198 the “Case forwarded to the file server/date.”
- (2) Prior to closing the case out of the group, the manager must review the case for accuracy and completeness. Closed cases display on the manager’s Close/Review screen. Managers may review the entire electronic case by merging the case from the Close/Review screen. Managers may also use CEAS View Case to review documents saved in OD and CFD without merging the case. See IRM 4.10.15.11 and *CEAS View Case*. At minimum, managers must take the following actions for all cases before the case is closed out of the group:
 - a. Verify the appropriate disposal code is present on the Close/Review screen. If no disposal code is present, Form 5344 was not validated and the case should be returned to the examiner. This generally applies to

cases worked in the Form 1040, Form 1120, and Form 1120S/1065 workcenters, but may apply to generic workcenter cases if the Form 5344 was prepared in RGS. See IRM 4.10.15.9 (4).

- b. Verify the AMCLS indicator is “Y” on the Close/Review screen, for Form 1040, Form 1120, Form 1120-S, and Form 1065 cases where tax and share computations are run. Cases with an “N” indicator must be returned to the examiner since the tax or share computation was re-run but Form 5344 was not re-validated.

Exception: An “N” indicator is acceptable if the message is received that a manual closure is required.

- c. Verify the final electronic Form 5344 saved to CFD agrees with the examination report to ensure the correct examination results post to the taxpayer’s account.
- d. Verify blocking series number 40X (or 10X for protested cases with disposal code 07) is shown in the “P38-40” field on Form 5344 for paperless electronic case closures, when appropriate.
- e. Verify documents saved in OD and CFD are properly named using required naming conventions. See IRM 4.10.15.10.1.
- f. Confirm PDFs have been optimized and flattened. A quick way to confirm whether PDFs have been optimized and flattened is to open a form or letter (e.g., Form 3198, Letter 987, etc.) saved to CFD and verify there are no fillable fields.

Reminder: The Optimize and Flatten Tool will skip any PDF files with an embedded digital signature in order to preserve the digital signature. If a PDF was not optimized and flattened prior to a digital signature being placed in the document, it may still have fillable fields.

- g. Verify applicable case closing documents (e.g., Form 5344, Form 8278, Form 3198, compliance evaluation, etc.) were completed and saved to CFD.
 - h. Confirm the statute date is correct in the RGS case information screen.
- (3) The manager/clerk must forward the case to CCP, PSP, or Technical Services on CEAS and close the case on ERCS the same day. If the case is excluded from paperless electronic closure (see *Cases Currently Excluded From Paperless Electronic Closure*), the physical (i.e., paper) administrative file should also be shipped on the same day.

Note: When approving ERCS for paperless electronic closures, the manager must verify the electronic case indicator “E” is on the ERCS record, when warranted, so other functions (CCP, PSP, Technical Services, Field and Specialty Exam Quality (FSEQ), etc.) will identify the case as a paperless case. See *Field Group Case Closing Desk Guide* for additional information on electronic case indicator “E.”

- a. When closing an RGS case file larger than 400 MB to CCP, the manager/clerk must *eFax* the Form 3198 to CCP the same day the case is updated to ERCS Status Code 51 since CCP must manually close these large cases. Form 3198 should be notated that large case manual closure is required by CCP. See IRM 4.10.15.12.1 (1) for the required language on Form 3198. Also see *Closing Large Cases (Larger than 400 MB)*.

Note: When closing large cases (larger than 400 MB) on ERCS, do not include the “E” indicator for paperless electronic closures on the ERCS record.

- b. CCP, PSP, or Technical Services may return cases to the group if the RGS data is incomplete, inaccurate, or corrupt. This includes not receiving the RGS data with a physical administrative case file when the case is excluded from paperless electronic closure.
- (4) To identify the correct closing RGS group in CEAS, use the following links:
 - *CCP Groups*
 - *PSP Groups*
 - *Technical Services Code (TSC) Lists*
 - *NRP Coordinator Help Sheet*
 - (5) If documentation relevant to the case is received after the case is closed from the group, the following actions should be taken (after the RGS case is archived by CCP or Technical Services):
 1. The manager must retrieve the RGS case from archives and assign to the examiner. See *Manager/Clerk RGS Reference Guide* for instructions on retrieving a case from archives.
 2. The examiner must merge the case (see IRM 4.10.15.7) and save the document(s) in OD or CFD using the proper naming convention(s).
 3. The examiners must notate the activity record with actions taken.
 4. The examiner must back up the case to the CEAS file server and confirm the documents are available for review in CEAS.
 5. The examiner must move the case to the CEAS file server and notify the manager the case is ready to be re-archived.
 6. The manager must confirm the case was successfully moved to the CEAS file server and return the case to the archives. See *Archiving Cases in RGS*.
 - (6) Technical Services managers/clerks must archive protested cases when closed to Appeals.
 - (7) For additional information and resources, refer to IRM 1.4.40.4.11, *Closing Returns - General*, and *Manager/Clerk/Secretary Training*.

4.10.15.12.2.1
(04-22-2024)

Acting Manager

- (1) An acting manager should be familiar with the manager’s responsibilities for reviewing and closing cases on CEAS. See IRM 4.10.15.12.2.
- (2) Acting managers cannot close a case on CEAS unless they have CEAS manager permissions for the group. An individual is not allowed to have both examiner and manager permissions in the same group.
- (3) For short-term acting assignments (two weeks or less), the acting manager should contact the *FAS staff* for assistance with CEAS case movement. The FAS staff can forward the case to the clerk’s Close/Review screen on behalf of the manager or close the case, if necessary.
- (4) For long-term acting assignments (more than two weeks), the acting manager may obtain CEAS manager permissions to the RGS group in order to review and move the electronic case. See IRM 4.10.15.4 (2).

- (5) For instructions to request or modify RGS access, see *Access to RGS/CEAS*.

4.10.15.12.3
(04-22-2024)

Non-Examined Closures

- (1) Survey after assignment (SAA) cases must be created in RGS and include all required documentation. See IRM 4.10.2.5.2, *Procedures for Surveying Returns After Assignment*, for SAA requirements. Also see *Survey Stamp*. These cases must be closed to CCP.

Exception: Surveyed NRP cases must be closed to the NRP Coordinator in PSP. See IRM 4.22.4.3.6, *Exclusions*, for additional information on surveying NRP cases.

- (2) Surveyed claims (disposal code 34) must be created in RGS and all documents required to process the claim must be saved in OD or CFD using required file naming conventions. Surveyed claims are closed to CCP.
- a. **Survey after assignment** - Refer to IRM 4.10.2.5.3, *Surveying Claims*, and IRM 4.10.2.5.2, *Procedures for Surveying Returns After Assignment*, for guidance on the required documents to process the claim.
- b. **Survey before assignment (SBA)** – Managers should refer to IRM 1.4.40.4.6.3.2.3, *Survey Before Assignment - Claims for Refund and Requests for Abatement*, for guidance on the required documents to process the claim.
- (3) Managers must review SAA cases for accuracy and completeness following applicable procedures outlined in IRM 4.10.15.12.2. Managers/clerks must ensure the ERCS record reflects the “E” indicator for paperless electronic closures and is closed on the same day as the RGS case.
- (4) If a case exists on RGS and is surveyed before assignment, the manager/clerk must archive the RGS case. See *Archiving Cases in RGS*.

Exception: Surveyed claims must be closed to CCP.

4.10.15.13
(01-20-2012)

Users of RGS Data

- (1) Electronic RGS case data is used by various stakeholders in the administration of the tax laws and for various studies and reference. These stakeholders include but are not limited to the following:
- Government Accountability Office (GAO)
 - Treasury Inspector General for Tax Administration (TIGTA)
 - Taxpayer Advocate Service (TAS)
 - Department of Justice (DOJ)
 - Appeals
- (2) EOAD data is shared with various state and local taxing authorities. For additional information, see IRM 4.10.16, *Examination Operational Automation Database (EOAD)*.

