



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.17.3

JULY 25, 2025

EFFECTIVE DATE

(07-25-2025)

PURPOSE

- (1) This transmits revised IRM 4.17.3, Compliance Initiative Projects, Requirements.

MATERIAL CHANGES

- (1) Material changes to the IRM are listed in the table below:

IRM Reference	Description of Change
4.17.3.1	Subsection title changed from Overview. Subsections added to address program background, authority, responsibilities, program management and review, program controls, acronyms, terms, and related resources.
4.17.3.2	Content previously contained in IRM 4.17.3.1 and moved to IRM 4.17.3.2.
4.17.3.3	Content previously contained in IRM 4.17.3.2 and moved to IRM 4.17.3.3.
4.17.3.4	Content previously contained in IRM 4.17.3.3 and moved to IRM 4.17.3.4.
4.17.3.5	Content previously contained in IRM 4.17.3.4 and moved to IRM 4.17.3.5.
4.17.3.6	Content previously contained in IRM 4.17.3.5 and moved to IRM 4.17.3.6.
4.17.3.7	Content previously contained in IRM 4.17.3.6 and moved to IRM 4.17.3.7.
4.17.3.8	Content previously contained in IRM 4.17.3.7 and moved to IRM 4.17.3.8.
Throughout IRM	IRS Style changes.

EFFECT ON OTHER DOCUMENTS

IRM 4.17.3 dated March 15, 2017 is superseded.

AUDIENCE

Compliance employees within all Operating Divisions.

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Small Business/Self-Employed Division

4.17.3
Requirements

Table of Contents

- 4.17.3.1 Program Scope and Objectives
 - 4.17.3.1.1 Background
 - 4.17.3.1.2 Authority
 - 4.17.3.1.3 Roles and Responsibilities
 - 4.17.3.1.4 Program Management and Review
 - 4.17.3.1.5 Program Controls
 - 4.17.3.1.6 Terms and Acronyms
 - 4.17.3.1.7 Related Resources
- 4.17.3.2 Approval
- 4.17.3.3 Research of Existing Data, Similar Projects
- 4.17.3.4 Control, Use, and Disposition of External Data
- 4.17.3.5 Annual Reviews
- 4.17.3.6 Quality Review by Disclosure Manager
- 4.17.3.7 Privacy and Disclosure
- 4.17.3.8 Security

4.17.3.1
(02-25-2010)
Program Scope and Objectives

- (1) Purpose: This IRM section serves as a guide for the approvals, research, control, review and disclosure of Compliance Initiative Projects (CIP).
- (2) Audience: Compliance employees within all Operating Divisions.
- (3) Policy Owner: Director, Examination Case Selection.
- (4) Program Owner: Field Case Selection, under the Director, Examination Case Selection.
- (5) Primary Stakeholders: SB/SE Examination.
- (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.

4.17.3.1.1
(07-25-2025)
Background

- (1) CIPs are authorized activities outside of the planned strategies involving taxpayer contact for the purpose of correcting non-compliance that meet the mission, standards, and resources of the IRS.

4.17.3.1.2
(07-25-2025)
Authority

- (1) By Law, the IRS has the authority to conduct examinations under Title 26, Internal Revenue Service, Subtitle F - Procedure and Administration, Chapter 78, Discovery of Liability and Enforcement of Title, Subchapter A, Examination and Inspection, which includes, but not limited to, the following IRC sections:
 - IRC 7602, Examination of Books and Witnesses.

4.17.3.1.3
(07-25-2025)
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 policies, procedures, and tax law to effect tax administration while protecting taxpayer rights. See IRM 1.1.16.5.5, Examination Headquarters, for additional information.
- (2) The Director, Examination Case Selection, reports to the Director, Examination Headquarters, and is responsible for providing guidance on selection of cases and delivery of inventory, input of the work plan, and setting direct assignment criteria for routing of examination work. See IRM 1.1.16.5.5.3, Examination Case Selection, for additional information.
- (3) Field Case Selection (FCS), under the Director, Examination Case Selection, is the group responsible for providing policy guidance on selection of cases and delivery of the inventory to field examination. See IRM 1.1.16.5.5.3.1, Field Case Selection, for additional information.

4.17.3.1.4
(07-25-2025)
Program Management and Review

- (1) The following are systems or reports that may be used to monitor the classification and delivery of inventory:
 - AIMS Centralized Information System (A-CIS)
 - Examination Returns Control Systems (ERCS) Tableau
- (2) The National CIP Database will be utilized to track open and terminated CIP's.

4.17.3.1.5
(07-25-2025)

Program Controls

- (1) At the conclusion of the CIP, the Program Analyst reviews audit results to make decisions to improve program quality and selection methods.

4.17.3.1.6
(07-25-2025)

Terms and Acronyms

- (1) The following table list commonly used terms and associated definitions referenced through the IRM:

Term	Definition
External Data	Taxpayer specific data collected from public and private sources outside of IRS. External data does not include non-sensitive data such as electronic asset locator and people locator services, newspaper articles, periodicals, taxpayer websites, and so on.
Internal Data	Information that is required to be filed with the IRS or is produced within the IRS or is furnished to the IRS and incorporated into its data systems. An example is information received from other government agencies as part of an agreement.
National CIP Database	An Access database which contains information on past and present CIPs. This database contains a brief description of the activities and/or issues that each CIP addresses. The database has historical and current CIP information that is available for research by IRS personnel. TE/GE will maintain its own record keeping system of CIPs.
Taxpayer	Relates to the primary return identified under an approved CIP. This does not include related returns or prior and/or subsequent year returns.

Term	Definition
Taxpayer Specific Data	Any information that contains taxpayer identifiers or can be traced back to a specific taxpayer. Examples are name, address, taxpayer identification number, driver's license number, telephone number, or coding used in place of another identifier that can ultimately be traced to a specific taxpayer.

- (2) The following table list acronyms commonly used throughout this IRM and their definitions:

Acronym	Definition
CIP	Compliance Initiative Project
FCS	Field Case Selection
TE/GE	Tax Exempt & Government Entities
SB/SE	Small Business & Self Employed
TS	Taxpayer Services

4.17.3.1.7
(07-25-2025)
Related Resources

- (1) The following table lists related resource:

Resource	Title
IRM 4.17.1	Compliance Initiative Projects, Overview of Compliance Initiative Projects
IRM 4.17.2	Compliance Initiative Projects, Responsibilities
IRM 4.17.4	Compliance Initiative Projects, Procedures
IRM 4.31.1	SB/SE Emerging Issues

4.17.3.2
(07-25-2025)
Approval

- (1) CIPs must be approved before compliance contacts are made. Compliance contacts include, but are not limited to:
- Taxpayer Education
 - Research
 - Examination Activity
 - Collection Activity

- (2) The appropriate Manager/Director must approve all CIPs and extensions. See IRM 4.17.4, Procedures, for complete approval process procedures.

4.17.3.3
(07-25-2025)

**Research of Existing
Data, Similar Projects**

- (1) Valuable information may be obtained from existing data or similar projects. Research should be conducted to determine whether such data or projects exist. If a similar project is identified, the Headquarter CIP Senior Program Analyst should consider its methodology and results, if available, to determine how, or if appropriate, to proceed with the proposed project and document these in the Background and Objectives section of the authorization request. Some sources of information on other projects include:
- IRS websites
 - Counterparts in other areas, functions, or units
 - Fed/State partners
 - National Headquarters Office of Research, Electronic Library
 - The National CIP Database or other internal resources
- (2) Preliminary research, that is non-taxpayer specific research, to determine whether there is potential compliance risk does not require an authorized CIP.

4.17.3.4
(07-25-2025)

**Control, Use, and
Disposition of External
Data**

- (1) The Headquarter CIP Senior Program Analyst will control all external taxpayer specific data exclusively related to cases that are part of a CIP being worked by an examination or collection function. For further information on retention of taxpayer data or information, refer to Document 12990, Records and Information Management Records Control Schedule - Item 72, Compliance Initiative Project Files, or Schedule 24.
- (2) Data can only be used for approved purposes. If new uses are developed for data already acquired, a separate authorization must be obtained prior to beginning the new use. Approval, if appropriate, must also be obtained from the source who provided the data.

4.17.3.5
(07-25-2025)

Annual Reviews

- (1) The Field Case Selection (FCS) Program Manager; ; TS Director Refundable Credits Policy & Program Management; respective TE/GE Compliance Program Manager; or equivalent, will conduct an annual CIP operational review. Other compliance employees may be asked to assist. The objectives of the reviews are to evaluate:
- Proper authorization and adherence to CIP procedures.
 - Compliance with IRS policy and guidelines.
 - Accomplishment of results appropriate to the resources expended.
 - Adherence to privacy, security, and disclosure requirements.
 - Merits of continuing ongoing CIPs.
- Note:** Items to consider include availability of resources, performance measurements and impact on compliance.
- Timely submission of termination reports.
 - Proper authorization for modifications to a project's scope or estimated completion date.
 - Use of alternative treatments, and their results.

Reminder: The FCS Program Manager's review must ensure the National CIP Database is current, accurate, and the content is appropriate for effective monitoring of expiration and termination dates of CIPs.

- (2) Any issues identified or actions taken as a result of the review should be documented by the Program Manager (or equivalent) and a copy of the results of the review should be shared with the appropriate Headquarter Director responsible for workload selection and delivery.

4.17.3.6
(07-25-2025)
**Quality Review by
Disclosure Manager**

- (1) The disclosure manager may, as part of the normal quality review of functions, evaluate the controls on third party return information used for CIPs and provide a written report to the Program Manager, FCS, respective TE/GE Compliance Program Manager, or equivalent.
- (2) Disclosure managers will, at a minimum, address the following questions during quality reviews:
 - a. Was third party return information obtained which required the disclosure of internal data to obtain?
 - b. Was required headquarters approval obtained through the submission of a CIP authorization request as contained in this document?
 - c. Is the information being appropriately safeguarded?
 - d. Has the function complied with the terms of the approved CIP request concerning the intended use of the information and its timely final disposition?

4.17.3.7
(07-25-2025)
Privacy and Disclosure

- (1) The Privacy Act of 1974 provides the legal basis for limiting the actions of federal agencies in order to protect the privacy of individuals. IRC 6103, Confidentiality and Disclosure of Return Information, provides for the protection as well as release of returns or return information.
- (2) Only the minimum data required to accomplish a task should be gathered. The data must be appropriate, relevant, and necessary for the project. It must be protected against unauthorized disclosure and disposed of appropriately after it is has been used for its intended purpose. IRM 11.3, Disclosure of Official Information contains additional information.

4.17.3.8
(07-25-2025)
Security

- (1) Physical controls required by IRM 10.2, Physical Security Program must be used to protect taxpayer information. Additional information may be found in IRM 1.15, Records and Information Management.
- (2) All computer systems containing taxpayer information must adhere to the Computer Security Act of 1987 and to the requirements of IRM 10.8, Information Technology (IT) Security.

