



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.24.18

OCTOBER 17, 2023

EFFECTIVE DATE

(10-17-2023)

PURPOSE

- (1) This transmits revised IRM 4.24.18, Excise Case Selection.

MATERIAL CHANGES

- (1) This IRM has been updated to include required information about the program's system of internal controls.
- (2) The table below identifies significant changes in content.

IRM Subsection Number	Nature of Change
4.24.18.3, Excise Tax Returns and Claims Forms	Added new language for Form 720-TO and Form 720-CS.
4.24.18.5, JOC Network	Added clarification and removed obsolete information.
4.24.18.5.1, Primary Data Source Tables (PDST)	Changed title to Primary Data Source Tables (PDST), added new content and deleted obsolete content.
4.24.18.5.2, Network Data Refresh	Changed title to Network Data Refresh and updated content to reflect current procedures. Deleted obsolete content.
4.24.18.5.3, Data Acquisition	Updated content to reflect current procedures.
4.24.18.5.4, Data Transfers	Updated content to reflect current procedures.
4.24.18.5.4.1, Requests for Information (RFI)	Changed title to Requests for Information (RFI), added new guidance and removed obsolete content.
4.24.18.5.4.2, JOC Task Tracker	Changed title to JOC Task Tracker, added new guidance and removed obsolete content.
4.24.18.5.4.3 (NEW), RFI Coordinator Duties	Added new section with current procedures.
4.24.18.5.4.4 (NEW), JOC Data Analyst Duties	Added new section with current procedures.
4.24.18.5.5, JOC Data Coordination	Changed title to JOC Data Coordination and updated content to reflect current procedures.
4.24.18.5.6, JOC Data Quality Mitigation	Changed title to JOC Data Quality Mitigation and updated content to reflect current procedures.
4.24.18.6, ExSTARS Administrative Support	No change because IRM 4.24.26 is not published yet.

IRM Subsection Number	Nature of Change
4.24.18.3, Excise Tax Returns and Claims Forms	Added new language for Form 720-TO and Form 720-CS.
4.24.18.7.1, Charter Development, Revision, Approval and Discontinuation	Changed title to Charter Development, Revision, Approval and Discontinuation. Added new guidance and editorial changes.
4.24.18.7.2, Case Assignment Sheets	Added new guidance.
4.24.18.7.3, Initiative Reviews	Changed title to Initiative Reviews and updated for clarity.
4.24.18.7.3.1 (NEW), Initiative Review Procedures	Added new section with guidance for current procedures. Editorial changes for clarity.
4.24.18.8, Initiative Data Analysis and Lead Input	Added new guidance for data analysis files.
4.24.18.8.1, Review of Data Analyses for Initiatives	Changed title to Review of Data Analyses for Initiatives, added new guidance and removed obsolete content.
4.24.18.8.2, FIDGAP	Updated for clarity and removed outdated content.
4.24.18.9, WSD Inventory System	Changed title to WSD Inventory System and updated content to reflect current procedures. Editorial change for clarity.
4.24.18.9.1, Monitoring WSD Inventory	Updated content to reflect current procedures and for clarity.
4.24.18.9.1, Monitoring ECS Inventory	Updated content to reflect current procedures.
4.24.18.9.4, Surveys	Removed obsolete content and replaced with guidance from Surveys section below. Changed title to Surveys. Editorial change for clarity.
4.24.18.9.5.1, Surveys	Moved content to 4.24.18.9.4.
4.24.18.10, Source of Anomalies and Leads	Updated for clarity and to reflect current procedures. Editorial change for clarity about Fed/State Program.
4.24.18.10.1, Compliance Initiative Project	Added reference to section within IRM for routine procedures performed within ECS. Editorial change for clarity about Fed/State Program.
4.24.18.10.2, Fed/State Program and State Audit Report Program Leads	No change in guidance, to date. Recommend review for update/deletion.
4.24.18.10.3, Specialist Referral System Leads	Incorporated guidance from IGM 02-1221-0064.
4.24.18.12, JOC Data Assistance Requests	Content moved to 4.24.18.5.4.2 JOC Task Tracker.
4.24.18.12.1, Case-Related Data Assistance	Content moved to 4.24.18.5.4.3 RFI Coordinator Duties.

IRM Subsection Number	Nature of Change
4.24.18.3, Excise Tax Returns and Claims Forms	Added new language for Form 720-TO and Form 720-CS.
4.24.18.13.3, Classification Research	Separated Accurint/YK1 for clarity. No change in guidance.
4.24.18.13.3.3, IDRS Research	Updated acronym from CIC to LCC – no change in guidance.
4.24.18.13.3.5, Accurint	Changed title to Accurint and moved YK1 content to 4.24.18.13.3.5.6. Updated reference to online access request system from OL5081 to BEARS.
4.24.18.13.3.6 (NEW), YK1	Moved YK1 content from 4.24.18.13.3.5 and updated reference to online access request system from OL5081 to BEARS.
4.24.18.13.3.7, WebCBRS	Renumbered due to new YK1 section above, and updated reference to online access request system from OL5081 to BEARS.
4.24.18.15.1.1, Program Action Case	Updated IRM reference. No change in guidance.
4.24.18.15.1.2 (NEW), Program Action Case (PAC) Process for Excise	Added guidance for Program Action Case Process for Excise.
4.24.18.15.2, Indian Tribal Governments	Service Level Agreement (SLA) between SBSE Excise and TEGE ITG has been moved to 4.24.18.14.3 (04-27-2018), Indian Tribal Governments
4.24.18.15.3, Multiple Employee Case Files	Updated acronym from CIC to LCC – no change in guidance.
4.24.18.15.5, Doubt As To Liability (DATL)	Updated project code and IRM reference. No change in guidance.
Exhibit 4.24.18-1, Terms/Definitions and Acronyms	Revised exhibit on terms/definitions and acronyms.

- (3) Editorial changes have been made throughout this IRM such as updating electronic hyperlinks and IRM references.

EFFECT ON OTHER DOCUMENTS

This supersedes IRM 4.24.18 dated November 23, 2020. Interim Guidance Memorandum SBSE-02-1221-0064, Revised Classification and Examination Procedures for Referrals of Excise Tax Leads on Large Corporate Compliance (LCC) Cases from Large Business and International (LB&I) Examination, dated December 02, 2021, is incorporated in this IRM.

In addition, Interim Guidance Memorandum SBSE-04-0721-0036, Documentation of the Examining Officer's Activity Record (EOAR) for Gaps in Audit Activity, dated July 01, 2021, was considered but the IGM did not cover any IRM sections in IRM 4.24.18.

AUDIENCE

This section is for SB/SE Exam Case Selection - Specialty Excise Case Selection employees.

Michael S. Simmons
Acting Director, Exam Case Selection
Small Business/Self Employed

4.24.18

Excise Case Selection

Table of Contents

4.24.18.1 Program Scope and Objectives

4.24.18.1.1 Background

4.24.18.1.2 Authority

4.24.18.1.3 Responsibilities

4.24.18.1.4 Program Management and Review

4.24.18.1.5 Program Controls

4.24.18.1.6 Terms/Definitions and Acronyms

4.24.18.2 Fairness in Case Selection

4.24.18.2.1 Taxpayer Rights

4.24.18.2.1.1 Confidentiality of Taxpayer Information - Taxpayer Privacy

4.24.18.3 Excise Tax Returns and Claims Forms

4.24.18.4 Workplan Development

4.24.18.4.1 Workplan Monitoring

4.24.18.4.1.1 Prioritizing Workload

4.24.18.4.2 Excise Tax Exam Inventory Monitoring

4.24.18.5 JOC Network

4.24.18.5.1 Primary Data Source Tables

4.24.18.5.2 Network Data Refresh

4.24.18.5.3 Data Acquisition

4.24.18.5.4 Data Transfers

4.24.18.5.4.1 Requests for Information (RFI)

4.24.18.5.4.2 JOC Task Tracker

4.24.18.5.4.3 RFI Coordinator Duties

4.24.18.5.4.4 JOC Analyst Duties

4.24.18.5.5 JOC Data Coordination

4.24.18.5.6 JOC Data Quality Mitigation

4.24.18.6 ExSTARS Administrative Support

4.24.18.7 Charters

4.24.18.7.1 Charter Development, Revision, Approval and Discontinuation

4.24.18.7.2 Case Assignment Sheets

4.24.18.7.3 Charter Assessments

4.24.18.7.3.1 Initiative Review Procedures

4.24.18.8 Initiative Data Analysis and Lead Output

4.24.18.8.1 Review of Data Analyses for Initiatives

4.24.18.8.2 FIDGAP

-
- 4.24.18.9 WSD Inventory Systems
 - 4.24.18.9.1 Monitoring WSD Inventory
 - 4.24.18.9.2 Identifying Leads for Classification
 - 4.24.18.9.3 Determining Case Compliance Approach
 - 4.24.18.9.4 Surveys
 - 4.24.18.10 Source of Anomalies and Leads
 - 4.24.18.10.1 Compliance Initiative Project
 - 4.24.18.10.2 Fed/State Program and State Audit Report Program Leads
 - 4.24.18.10.3 Specialist Referral System Leads
 - 4.24.18.10.4 Information Report Leads
 - 4.24.18.10.5 Whistleblower Leads
 - 4.24.18.10.6 637 Registration Leads
 - 4.24.18.11 Work Order Request Tracking System
 - 4.24.18.12 Classification
 - 4.24.18.12.1 Case Selection Factors
 - 4.24.18.12.2 Classification Documentation
 - 4.24.18.12.2.1 State-Only Audits
 - 4.24.18.12.3 Classification Research
 - 4.24.18.12.3.1 ERCS
 - 4.24.18.12.3.2 637 Registrations
 - 4.24.18.12.3.3 IDRS Research
 - 4.24.18.12.3.4 AIMS Audit History/Prior Classification Dispositions
 - 4.24.18.12.3.5 Accurint
 - 4.24.18.12.3.6 YK1
 - 4.24.18.12.3.7 WebCBRS
 - 4.24.18.12.4 Disasters and Other Significant Emergencies
 - 4.24.18.13 Processing Leads Selected for Compliance Action
 - 4.24.18.13.1 Requests to CSTO, ERCS/AIMS for ERCS and IMS Creation
 - 4.24.18.13.2 Proper Case Coding
 - 4.24.18.13.3 Creating Case Files
 - 4.24.18.13.4 Related IRMs
 - 4.24.18.14 Case Coordination
 - 4.24.18.14.1 Return Preparer Coordinator
 - 4.24.18.14.1.1 Program Action Case (PAC)
 - 4.24.18.14.2 Program Action Case (PAC) Process for Excise
 - 4.24.18.14.3 Indian Tribal Governments
 - 4.24.18.14.4 Multiple Employee Case Controls
 - 4.24.18.14.5 Inadequate Records Notice
 - 4.24.18.14.6 Doubt As To Liability

-
- 4.24.18.14.7 Erroneous Refunds
 - 4.24.18.14.8 WSD State Penalty Determinations Process
 - 4.24.18.15 JOC State Partner Processes
 - 4.24.18.15.1 New Partner Requirements
 - 4.24.18.15.2 Partnership Coordination with Privacy, Governmental Liaison, and Disclosure Office (PGLD)
 - 4.24.18.15.3 State Partner Disclosure Requirements
 - 4.24.18.15.4 State Partner Safeguards Requirements
 - 4.24.18.16 Quality Review

Exhibits

- 4.24.18-1 Definitions and Acronyms

4.24.18.1
(10-17-2023)
**Program Scope and
Objectives**

- (1) General Overview - Excise Case Selection (ECS) includes the operations of the Joint Operations Center (JOC) and Workload Selection and Delivery (WSD).
- (2) Purpose - This IRM provides guidance for the ECS function in identifying, classifying and delivering inventory for compliance action. In addition this IRM:
 - a. Describes the steps in developing and monitoring workplan assumptions that balance workload priorities.
 - b. Establishes the standards and procedures to identify and select examination cases.
- (3) Audience - These procedures apply to IRS employees responsible for identifying, classifying, and processing excise tax compliance leads and cases.
- (4) Program Owner - The Director, Exam Case Selection - Specialty, is the program owner and responsible for Excise Case Selection policies and procedures.
- (5) Primary Stakeholders - Employees in ECS, Excise Tax Exam, Excise Tax Policy (EXTP), and Centralized Specialty Tax Operations (CSTO).
- (6) Program Goals - The program goals are consistent with the objectives or goals addressed in IRM 1.1.16.5.5.3.6.1, Excise Workload Selection and Delivery and IRM 1.1.16.3.3.3.3, Joint Operations Center.
- (7) An additional program goal is to ensure excise tax examinations are initiated based on indicators of non-compliance or other criteria (such as selection for the National Research Program), identified in the IRM. See IRM 4.24.18.12.1, Case Selection Factors, for additional information on selection factors. Ensure reviews of the decisions to survey cases, i.e., not initiate an examination, are based upon factors outlined in the IRM and approved by an appropriate level of management. See IRM 4.24.18.9.4, Surveys, for additional information.
- (8) Contact Information - To recommend changes or make other suggestions related to this IRM section, see IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside of Clearance.

4.24.18.1.1
(11-23-2020)
Background

- (1) Excise taxes are imposed on the sale or use of various products and services (IRC sections 4041 through IRC 5881). See IRM 4.24.1, Introduction to Excise Taxes, for information on the excise taxes administered by the IRS. Excise taxes imposed on alcohol, tobacco, and firearms are not administered by the IRS.
- (2) It is important to consider the applicable excise tax requirements for different market segments. Pub 510, Excise Taxes, provides useful information on excise taxes.
- (3) Certain excise tax activities require registration with the IRS. Information on registration may be found in IRM 4.24.2, Form 637 Excise Tax Registrations.

4.24.18.1.2
(04-27-2018)

Authority

- (1) Policy Statement 4-21, Selection of Returns for Examination, states the primary objective in selecting returns for examination is to promote the highest degree of voluntary compliance on the part of taxpayers. This requires the exercise of professional judgment in selecting sufficient returns of all classes of returns, in utilizing available experience and statistics indicating the probability of substantial error, and in making the most efficient use of examination staffing and other resources.
- (2) IRM 1.11.2.2.1, Supplemental Guidance, provides that organizations may issue supplemental guidance and local procedures to employees when the primary guidance is in the IRM. Supplemental guidance contains information that details how to perform or review a task. Supplemental sources must comply with published guidance and not supersede the IRM.
- (3) Consider these factors when determining whether to incorporate information into the IRM or publish it in another source:
 - If a category of employees (even if just one) are required to perform certain actions, the information belongs in the IRM.
 - If employees are evaluated on how they follow the instructions, the information belongs in the IRM.
 - If the information itself is retained for future use (workpapers, worksheets) and is part of a case file, then the worksheets can either be published, appended to the IRM (job aid) or be accessed via an online tool. However, the rules for preparing the worksheets belong in the IRM.
 - If specific instructions are provided on how to complete a form, they may be associated with the official form or placed in the IRM.

4.24.18.1.3
(11-23-2020)

Responsibilities

- (1) The Director, Exam Case Selection - Specialty, is responsible for oversight of Excise Case Selection.
- (2) The Program Manager, Excise Case Selection, is responsible for oversight of the JOC and WSD operations.
- (3) The JOC and WSD group managers, are responsible for oversight of the JOC and WSD, respectively.
- (4) The mission of the JOC is to provide a technical foundation for a common data repository that supports the innovative use of technology to collect, analyze, and share information to provide qualified tax compliance leads. To accomplish its mission, the JOC:
 - Collaborates with WSD to develop and maintain workload initiatives which attempt to identify areas of noncompliance and to provide the best possible work for further classification and enforcement efforts.
 - Identifies questionable activities and tax evasion schemes using data-mining technologies, predictive analytics technology, link-analysis tools, and other forensic-type tools and techniques.
 - Fosters state, federal and multi-national cooperation in the strategic analyses of tax compliance trends and patterns.
 - Identifies, acquires, and integrates federal, state, and other third-party data supporting tax compliance analysis.
 - Develops baselines for measuring improvement in tax compliance activities.
 - Collects, analyzes, and shares information to facilitate tax compliance activities.

- (5) The mission of WSD is to manage the classification and delivery of excise tax-related inventory. To accomplish its mission, WSD:
- Coordinates creation of the Excise Tax Examination (ETE) annual workplan assumptions.
 - Monitors progress in delivering inventory for the workplan.
 - Identifies, develops, and classifies ETE leads.
 - Collaborates with WSD to develop and maintain workload projects that address excise tax compliance to provide the best possible work for enforcement efforts.

4.24.18.1.4
(04-27-2018)
**Program Management
and Review**

- (1) **Program Reports:** Information regarding the reporting of program objectives are included on, but not limited to the following reports:
- Headquarters Examination Monthly Briefing
 - Program Manager Monthly Briefing
 - Examination Operational Review
 - Business Performance Review
- (2) **Program Effectiveness:** Program goals are measured by analysis of excise tax compliance to:
- Establish baselines to assess program performance.
 - Identify opportunities to improve work processes.
 - Analyze causes for failure.
 - Assess the feasibility of possible solutions.
 - Measure the success of quality improvement efforts.
- (3) Data sources used to identify compliance leads include excise tax return filings and third-party data primarily from other federal agencies used to corroborate taxable events. See IRM 4.24.18.5, JOC Network, for additional information.
- (4) Quality review is conducted on program processes to ensure requirements are met for fairness in case selection. See IRM 4.24.18.16, Quality Review, for additional information.

4.24.18.1.5
(04-27-2018)
Program Controls

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

4.24.18.1.6
(04-27-2018)
**Terms/Definitions and
Acronyms**

- (1) See Exhibit 4.24.18-1, Terms/Definitions, and Acronyms, for a list of acronyms and definitions used in this IRM.

4.24.18.2
(10-17-2023)
**Fairness in Case
Selection**

- (1) Policy Statement 1-236, Fairness and Integrity in Enforcement Selection, emphasizes the IRS mission statement that includes enforcing the tax law with integrity and fairness to all. The Taxpayer Bill of Rights (TBOR) includes taxpayers' right to a fair and just tax system. As IRS employees, we are expected to carry out our duties with integrity and fairness. Fairness and integrity therefore apply to how IRS administers tax laws to all taxpayers as well as how IRS employees interact with each taxpayer and each tax professional.

- (2) SB/SE supports administration of tax laws by selecting returns to audit. The primary objective in selecting returns for examination is to promote the highest degree of voluntary compliance on the part of taxpayers while making selection decisions. Employees must exercise their professional judgment, not personal opinions, in conducting their enforcement responsibilities. There are three parts to enforcing the tax law with integrity and fairness:
- a. To **ensure fairness to the taxpaying public**, employees must take into account the responsibilities and obligations that all taxpayers share and pursue those individuals and businesses who don't comply with their tax obligations. In this way, employees are being fair to those who are compliant and that, in turn, helps promote public confidence in our tax system for all taxpayers.
 - b. To **ensure an equitable process for all taxpayers**, fairness and integrity are built into the foundation of our enforcement selection processes. These processes operate under a comprehensive set of checks and balances and safeguards to identify the highest potential noncompliance using scoring mechanisms, data driven algorithms, third-party information, whistleblower and information provided by the taxpayer. No one individual can control the enforcement selection decision-making processes, and we limit involvement to only those employees whose duties require involvement. This produces processes that are impartial and applied consistently to each taxpayer return.
 - c. To **ensure fairness to each taxpayer**, whose return is selected, individual return selection decisions are based on the information contained on the taxpayer's return and/or the underlying relevant tax law. Managerial as well as quality reviews of selection decisions occur during each phase of the selection and assignment process.
- (3) Selecting returns for audit also involves making the most efficient use of finite examination staffing. SB/SE Examination has added additional program-level objectives which addresses fairness in returns selection. The objective is as follows:
- Ensure examinations are initiated based on indicators of non-compliance or on other criteria identified in the IRM.
 - A review of the decisions to survey a return, i.e., not initiate an examination, are based upon factors outlined in the IRM and efficient use of examination resources.
 - The decision is reviewed and approved by management.

4.24.18.2.1
(10-17-2023)
Taxpayer Rights

- (1) Excise Case Selection employees have the ongoing responsibility to ensure that all taxpayer rights are protected and observed, whether these rights are mandated by statute or provided as a matter of policy. For more information, refer to IRM 4.10.1.2, Taxpayer Rights.
- (2) The Taxpayer Bill of Rights (TBOR) lists rights that already existed in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accordance with taxpayer rights. See IRC 7803 (a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see *Taxpayer Bill of Rights*.

4.24.18.2.1.1

(04-27-2018)

**Confidentiality of
Taxpayer Information -
Taxpayer Privacy**

- (1) The obligation to protect taxpayer privacy and to safeguard the information taxpayers entrust to us is a fundamental part of mission of the IRS mission which requires we apply the tax law with integrity and fairness to all. Taxpayers have the right to expect that the information they provide will be safeguarded and used only in accordance with the law.
- (2) For guidance concerning IRS privacy policy on the protection of tax information that includes Personally Identifiable Information (PII), Sensitive But Unclassified (SBU) data and tax information, refer to IRM 10.5.1, Privacy Policy.
- (3) For unauthorized access requirements, refer to IRM 10.5.5, IRS Unauthorized Access, Attempted Access or Inspection of Taxpayer Records (UNAX) Program Policy, Guidance and Requirements, and IRM 4.10.1.2.1.12, Unauthorized Access (UNAX).

4.24.18.3

(10-17-2023)

**Excise Tax Returns and
Claims Forms**

- (1) IRM 4.24 provides Service-wide guidance and procedures for excise tax issues and is the primary source of authority for the administration of excise tax examinations by the IRS and is used in coordination with other examination IRMs. IRM 4.24 provides Service-wide instructions for all operating divisions with employees involved with the correct filing, reporting and payment of excise taxes. By providing one source of authority for all operating divisions, the Service greatly reduces procedural inconsistencies.
- (2) Excise taxes and claims are reported on the forms listed below:
 - Form 11-C, Occupational Tax and Registration Return for Wagering
 - Form 720, Quarterly Federal Excise Tax Return
 - Form 720-X, Amended Quarterly Federal Excise Tax Return
 - Form 730, Monthly Tax Return for Wagers
 - Form 2290, Heavy Highway Vehicle Use Tax Return
 - Form 6197, Gas Guzzler Tax
 - Form 6627, Environmental Taxes
 - Form 8876, Excise Tax on Structured Settlement Factoring Transactions
 - Form 8849, Claim for Refund of Excise Taxes
 - Form 843, Claim for Refund and Request for Abatement, for dyed diesel fuel penalty claims
- (3) Form 720-TO, Terminal Operator Report, is an information return used by terminal operators to report their monthly receipts and disbursements of all liquid products to and from all approved terminals. Form 720-CS, Carrier Summary, is an information return used by bulk transport carriers (barges, ships, and pipelines) who receive or deliver liquid product to or from an approved terminal or any other location designated by a Facility Control Number (FCN).

Note: For detailed information on Form 720-TO and Form 720-CS, see IRM 4.24.17 Excise Tax, Excise Summary Terminal Activity Reporting System (ExSTARS) Compliance Examination Procedures.
- (4) An overview of excise taxes reported on Form 2290, Form 11-C, and Form 730, may be found in IRM 4.24.1.8, Excise Taxes Reported on Forms 2290, 11-C, and 730.
- (5) For detailed information on Form 720, see IRM 4.24.1.6.2, Excise Taxes Reported on Form 720.

- (6) Certain excise tax-related credits may be filed on income tax returns with the following attachments to the returns:

- Form 4136, Credit for Federal Tax Paid on Fuels
- Form 6478, Biofuel Producer Credit
- Form 8864, Biodiesel and Renewable Diesel Fuels Credit

- (7) For additional information on excise taxes, see IRM 4.24.1, Excise Tax, Introduction to Excise Taxes.

4.24.18.4
(11-23-2020)

Workplan Development

- (1) An annual ETE workplan is developed by Examination Operations Performance Planning & Analysis (PPA) in accordance with guidelines found in IRM 1.5, Managing Statistics in a Balanced Measurement System, and in Policy Statement 1-236, Fairness and Integrity in Enforcement Selection. See also IRM 4.24.18.2, Fairness in Case Selection. Plan information is used to determine program priorities with the allocation of resources, workload selection, and assessment of program effectiveness.
- (2) The WSD group manager provides workload assumptions to PPA that are then used in development of the final workplan. The WSD group manager shall collaborate with ETE and Excise Tax Policy on the plan numbers and work with PPA on preparing the final plan based on those discussions. Generally, the final plan is communicated on or before the beginning of the fiscal year but may be adjusted as changes in circumstances (IRS goals, funding, tax law, etc.) occur.
- (3) Topics for coordination to be defined and quantified include:
- Workstreams to be monitored
 - Historic pickup ratios
 - Employee resources
 - Training needs
 - Tax law changes and/or current issues affecting excise taxes

4.24.18.4.1
(10-17-2023)

Workplan Monitoring

- (1) Workplan monitoring includes reviewing the number of returns and taxpayers started each month, the number of returns and taxpayers closed each month and the number of returns and taxpayers in process to maintain optimal base inventory levels. The WSD group manager is responsible for coordinating with the JOC group manager to ensure delivery of sufficient and appropriate lead inventory.
- (2) Review may result in changes to the next RFI (request for information) on projects that have charters and have an initiative number. If the charter needs updating to account for the changes, see IRM 4.24.18.7, Charters section regarding documenting such changes.
- (3) Monitor workplan goals by reviewing:
- a. Cases delivered - leads selected as cases.
 - b. Examination Return Control System (ERCS) case controls.
 - c. Examination results.
 - d. Returns and taxpayers planned, opened and closed.
 - e. Pick-up ratios.
 - f. Correspondence work for contingencies such as travel restrictions and disasters.

- g. Large case referrals.
- h. 637 reviews.
- i. Fuel Compliance Program inspections.
- j. Penalty cases.

(4) Ensure workplan delivery by conducting a monthly review of:

- ERCS status 08.
- ERCS status 10.
- Leads assigned for classification.

4.24.18.4.1.1
(04-27-2018)
Prioritizing Workload

(1) Prioritize workload for classification in accordance with:

- Accomplishment of workplan goals.
- Next best case available to fill inventory needs and workplan priorities.
- Training needs.
- Work Order Request Tracking System (WORTS) - volume and completion of orders.
- Specific abstracts and activities based on management priorities.

4.24.18.4.2
(11-23-2020)
**Excise Tax Exam
Inventory Monitoring**

(1) The WSD group manager monitors ETE inventory to determine the need and availability of work necessary to meet the workplan and reports to the ECS Program Manager monthly. The following monthly reports assist with monitoring and are provided by PPA:

- Base Inventory Work in Progress (WIP).
- New Starts.
- Monitoring/Specialty Program Excise US Summary.
- Monitoring/Pivot Tables - base data by numerous categories with underlying case data.

4.24.18.5
(10-17-2023)
JOC Network

(1) The JOC Network (Network) supports compliance examinations by using a variety of data and advanced analytical tools. Network data tables are hosted within the IRS Compliance Data Warehouse (CDW) and the Excise File Information Return System (ExFIRS). This includes information supporting JOC data operations and data management.

(2) The JOC acquires data to assist with developing a comprehensive understanding of excise tax issues. This information is fundamental to obtaining a complete understanding and systematic approach to tracking and trending excise lead data for detecting non-compliance. Data from internal, external commercial and other government agencies must then be processed and integrated. Raw data requires comprehensive understanding, analysis, and manipulation to make it useful. It is inherently complex and requires considerable effort to work it into suitable formats. Acquisition of some data requires a Memorandum of Understanding (MOU) and/or a commercial subscription.

(3) Network data includes, but is not limited to, the following sources:

- ExFIRS
- ExSTARS
- Form 720 (not updated)
- Form 8849
- Form 2290
- Customs and Border Protection (CBP) filings

- Excise AIMS/ERCS/NEXM
- Reference tables integrating numerous diverse data sets
- State Data Uploads
- Network Drives

4.24.18.5.1
(10-17-2023)

Primary Data Source Tables

- (1) Primary Data Source Tables (PDST) are the primary data sources for JOC data analysts. They combine various Excise Tax, ExFIRS, and IRS data on the CDW into a set of tables to create data and processing efficiencies and allow JOC data analysts to easily query excise data for analysis.
- (2) ExFIRS data on the CDW creates redundancies since many of the IRS data in ExFIRS are also available on other CDW tables. Additionally, more accurate data is available on the CDW. To create new data analytical efficiencies PDST were created.
- (3) JOC data analysts create table queries that are used by JOC database administrators to create and maintain PDST on the CDW.
- (4) Access to the PDST is restricted to JOC data analysts. Other IRS data scientists may request access by submitting a Business Entitlement Access Request System (*BEARS*) request.
- (5) PDST includes:
 - Form 720
 - Form 720 - Adjustments
 - Form 8849
 - Form 2290
 - Form 2290 Details
 - Excise AIMS
 - Excise ERCS
 - Form 4136
 - CBP Form 7501.
 - ExSTARS Terminal Disbursements (Planned)
 - ExSTARS Terminal Receipts (Planned)
 - ExSTARS Carrier Disbursements (Planned)
 - ExSTARS Carrier Receipts (Planned)
 - Form 637 (Planned)
 - Reference Tables

Note: The reference tables include: NAICS Codes, Exam Source Codes, Exam Disposal Codes, Tracking Codes, IRS Numbers, Secure Airport Terminals, ExSTARS Product Codes (Planned).

4.24.18.5.2
(10-17-2023)

Network Data Refresh

- (1) Network data is refreshed monthly when the CDW data are refreshed. This ensures lead generation and case selection efforts are made using the most recent data available. JOC analysts collaborate with database administrator to complete this task.

4.24.18.5.3
(10-17-2023)

Data Acquisition

- (1) The JOC is responsible for acquiring data from other government agencies or third-party vendors. Employees are encouraged to suggest new data sources and/or data applications that may assist with identifying excise tax compliance leads.

- (2) Email requests with the following information, if known, to the JOC group mailbox at *sbse.excise.joc@irs.gov*.
 - Date of request.
 - Requestor name.
 - Name of vendor.
 - Name of vendor point of contact.
 - Name of data.
 - Detail description of data.
 - Detail description of how and why the data should be used.
- (3) Requests will be reviewed by the JOC group manager and, if approved, assigned through the JOC Task Tracker for completion.
- (4) The proposed acquisition will be vetted with the respective subject matter experts in JOC, WSD and EXTP, to determine whether the data may be used for other efforts and/or whether similar data has already been obtained.
- (5) Data will be acquired according to procedures at the *Office of the Chief Procurement Officer website*.
- (6) Federal, state, and local agency data requests and most requests for external data require coordination with the Governmental Liaison (GL) for completion of the GLIDe template. See IRM 11.4.1.13, Initiative Development Guide (GLIDe), for information on this process.
- (7) Approved GLIDes should be posted to the ECS SharePoint JOC site.

4.24.18.5.4
(10-17-2023)
Data Transfers

- (1) Data transfers refer to the movement of data to and from the JOC. Examples of data transfers include fulfilling an RFI for chartered initiatives, case-related, and ad hoc data analysis assistance, and are made using a Request for Information (RFI) form. Data analyses from chartered initiatives commonly result in anomaly identification for lead development.

4.24.18.5.4.1
(10-17-2023)
Requests for Information (RFI)

- (1) Requests to the JOC for information and case-related data analysis assistance are made using a Request for Information (RFI) form. Use of the RFI form ensures requests clearly describe the data requested and provides a means of tracking the response.
- (2) Requests should be completed using the current RFI form, located on the Excise Knowledge Management Site:
Request for Information Form.
- (3) RFIs are sent to the JOC Mailbox *sbse.excise.joc@irs.gov*, monitored by the RFI Coordinator.

4.24.18.5.4.2
(10-17-2023)
JOC Task Tracker

- (1) The JOC Task Tracker spreadsheet posted to the ECS SharePoint JOC Task Tracker library is used to document all receipts from the group mailbox and to assign request numbers that are provided back to requestors to ensure timely responses. The Task Tracker allows a standard method for requesting, tracking, and receiving information from the JOC.
- (2) Requests should be tracked weekly until completed with any delays communicated timely to the requestor.

4.24.18.5.4.3
(10-17-2023)

RFI Coordinator Duties

(1) RFI Coordinator duties include:

- Monitor JOC mailbox for RFI submissions and inquires.
- Review incoming RFI to ensure it contains sufficient information to process and managerial approval.
- Return RFI with insufficient information or approval to originating manager with the reason for rejection.
- Forward RFI to JOC Manager for approval.
- Enter approved requests to the Task Tracker database to assign a Task Tracker Identification Number (TTID).
- Send copy of approved RFI with TTID to requestor.
- Assign the RFI to JOC data analyst.
- Track RFIs weekly until completed and inform requestor about delays.
- Update the task tracker database as RFI status changes.
- Upload copy of RFI and programming code to the ECS SharePoint site.

4.24.18.5.4.4
(10-17-2023)

JOC Analyst Duties

(1) JOC Analyst duties include:

- Run query to pull the data requested on the RFI.
- Contact requestor for clarification, if necessary.
- Send completed copy of RFI with data output and programming code to JOC Manager for approval to send results to requestor.
- Send data output to requestor.
- Inform RFI Coordinator of RFI status.

4.24.18.5.5
(10-17-2023)

JOC Data Coordination

(1) JOC Data Coordination includes performing targeted data testing following data refreshes and coordinating with IT and JOC data analysts on data-related issues to help drive issues to resolution.

(2) Coordination activities include:

- Working with the JOC group manager and state representatives to arrange data transfers.
- Collaborating with state representatives to send the data to the JOC data transfer primary and backup point of contact.
- Ensuring that state data is available in the proper location and ready for upload.
- Submitting IT help tickets and assigning them to the appropriate groups within IT to initiate the state data refresh.
- Coordinating with IT and state representatives on issues or questions that may arise during the refresh.
- Coordinating with state representatives to test data pursuant to loads.
- Working with IT and state representatives to resolve data refresh issues.

4.24.18.5.6
(10-17-2023)

JOC Data Quality Mitigation

(1) Data quality is an important factor that directly relates to lead output. Validating data assures that it is consistently verifiable and reliable. Data obtained from internal, external, commercial, and other government agencies sources should be reviewed for quality issues.

- (2) The JOC group manager is ultimately responsible for mitigating data quality risk. The JOC group manager reviews reported issues and works with the data analyst to assess business risks and the potential for timely resolutions and takes actions as necessary.
- (3) As data quality issues are identified, employees should forward the following information to the JOC group mailbox at *sbse.excise.joc@irs.gov*.
 - Problems with the data.
 - Possible causes of the problem
 - Recommended steps to correct the problem.
 - Risks to initiative analyses due to the problem.

4.24.18.6
(11-23-2020)
**ExSTARS Administrative
Support**

- (1) ExSTARS is an electronic data interchange system developed by federal, state, and industry stakeholders to facilitate the electronic filing requirement of IRC 4101(d). The IRS uses the information gathered through ExSTARS to monitor fuel tax compliance. See IRM 4.24.17, Excise Summary Terminal Activity Reporting System (ExSTARS) Compliance Examination Procedures, for comprehensive information on the ExSTARS system.
- (2) The IRS requires:
 - Approved fuel terminal operators to file Form 720-TO, Terminal Operator Report, to report the receipt and disbursement of all liquid products.
 - Bulk carriers file Form 720-CS., Carrier Summary Report .
 - Vessel operators report all liquid product receipts and disbursements to and from approved terminals and refineries designated with a Terminal Control Number (TCN) and Refinery Control Number (RCN), respectively.
 - Pipeline operators only report receipts and disbursements to and from an approved terminal designated with a TCN.
- (3) See Publication 3536, Motor Fuel Excise Tax EDI Guide, for information on requirements, specifications, and procedures for the electronic filing of forms 720-TO, and 720-CS in the ExSTARS system.
- (4) Memorandum of Understanding agreements with individual states allow the states to access the ExSTARS data filed with the IRS.
- (5) JOC is responsible for ExSTARS related administrative processes:
 - Maintaining Letters of Application for the Motor Fuel Excise Tax Electronic Data Interchange.
 - Validating vessel operator numbers (VON).
 - Validating ExSTARS EINs.
 - Maintaining the ExFIRS applications.
 - Coordinating the MOU with states for use with ExSTARS.
 - Perform ExSTARS Help Desk duties.
 - EDI Help Desk.
 - Process all ExSTARS monthly extension requests.
 - Maintain the ExSTARS outlook mailbox.
 - Maintain the ExSTARS web pages.
 - Gate keeper of the Gateway, the system used to log in and submit monthly ExSTARS files.
 - Maintain information on all FCNs (TCN and RCN).
 - Issue new FCNs.

- (6) The IRS requests each ExSTARS filer provide an updated letter of application (LOA) every three years to verify the information is accurate.
- (7) Calls to the ExSTARS Help Desk are routed to the ExSTARS coordinator. The coordinator also monitors the ExSTARS Outlook mailbox and provides responses.
- (8) Requests for assistance are received from taxpayers, contractors, third parties and IRS employees via e-mail or telephone.

4.24.18.7
(10-17-2023)
Charters

- (1) Charters are business documents that include the basis and framework for initiating and conducting full-scale data analyses to generate case leads or generate information related to identifying leads.
- (2) Charter documentation provides a basis for future continuance or obsolescence for an unsuccessful activity. Charters ensure:
 - Collaboration of appropriate business units for technical expertise and understanding of compliance issues involved.
 - Employees performing the work are included in planning the work.
 - Effective and efficient use of resources while treating taxpayers consistently and fairly.
- (3) Approved charters are posted in the Charters library on the ECS SharePoint Charters site.

4.24.18.7.1
(10-17-2023)
**Charter Development,
Revision, Approval and
Discontinuation**

- (1) A charter formalizes a routine business operation project that has an initiative number.
- (2) Once a charter is approved, the ECS charter coordinator assigns a compliance initiative number for inventory tracking.
- (3) Charters must be completed on the current approved template.
- (4) New charter development should address whether:
 - There are similar objectives with other prototypes already under development.
 - Required data are available or may be acquired.
 - The JOC has or can develop capabilities or tools required to execute its data analysis strategy.
 - Resources are available to support the effort, e.g., skill set, knowledge base, analytical capability, etc.
- (5) Charters should be reviewed during initiative reviews discussions and revised, as needed.
- (6) New charter development or revision requires:
 - Collaboration of appropriate business units for technical expertise and understanding of compliance issues involved.
 - Assignment of teams comprised of JOC data analysts, WSD classifiers and EXTP analysts will define requirements to develop the compliance approach and analysis for classifying leads.
 - Completion or revision of the charter template.

- Management review and feedback on the completed or revised charter document.
- (7) A charter agreement requires the approval of the managers involved in the development or revision of the charter and the ECS Program Manager. The charter must be forwarded to the appropriate offices to obtain the signatures of the managers (or a designee), who will indicate their approval by signing their names within the signature area of the charter. The approval of the ECS Program Manager is obtained after the other managers have signed the charter.
 - (8) The ECS charter coordinator will post approved charters to the ECS SharePoint Charters library and update the "Master List of Charters" spreadsheet to reflect new or revised charters (including archived charters and their effective dates).
 - (9) Charters that are discontinued require documentation as to the reason for discontinuation and management approval.
 - (10) Documentation of discontinued charters must be saved on the ECS SharePoint Charters library.

4.24.18.7.2
(10-17-2023)
**Case Assignment
Sheets**

- (1) With charter approval, all initiatives that develop leads for examination should have a WSD manager-approved corresponding Case Assignment Sheet (CAS) for inclusion in examiner case files. The CAS provides initiative-specific information for use in examination activities.
- (2) A CAS should be prepared by WSD during the initiative lead development or review process. A copy should be shared with EXTP for law discussion concurrence.
- (3) The approved CAS must be saved in the WSD section of the ECS SharePoint site.
- (4) A CAS should be included in all case files sent for compliance action where lead-producing charters exist.

4.24.18.7.3
(10-17-2023)
Charter Assessments

- (1) The JOC and WSD group managers or designee, are responsible for conducting and documenting the assessments of all charters and the related initiatives, with the goal of identifying opportunities for improving the case selection process.

Note: Charter revisions include obsolescence.

- (2) Charter assessments should be documented by a cross-functional team of JOC, WSD, and EXTP to assess excise tax abstract and activity coverage on an annual basis or whenever changes in tax law or facts and circumstances surrounding any excise abstract are identified. The following items should be considered:
 - Excise abstract coverage by taxation point, i.e., where products/commodities become taxable such as upon import, manufacture, go over the rack, etc.
 - Planning for future compliance activities.
 - Data sources available to address compliance initiatives.

- Acquisition of new data sources that may result in identifying non-filers and under-reporters of related excise taxes.
 - A prioritized list of activities to pursue for the coming fiscal year for each abstract and/or activity.
- (3) JOC and WSD group managers or designee, are responsible for updating the names of analysts and classifiers assigned to initiative teams from their respective groups. The managers also coordinate with the EXTP Manager to update the list of policy analysts assigned to the initiative teams.
- (4) The documentation will be posted by abstract and activity code in the Master List of Initiative spreadsheet on the ECS SharePoint site:
- Points of taxation, e.g., domestic and imported products, waterborne lightering, pipeline, state reports, etc.
 - Charter crosswalk to point of taxation.
 - Comment whether all aspects of the abstract are addressed by charters.
 - Comment on aspects not addressed and the reason why.
- (5) The charter status will be documented on the ECS SharePoint Charters library Master List of Initiatives as:
- Active - planned for execution in the next 12 months.
 - Inactive - not planned for execution for up to the next 36 months.
 - Archive - not planned for execution.

4.24.18.7.3.1
(10-17-2023)
**Initiative Review
Procedures**

- (1) This section provides procedures for conducting initiative reviews in a consistent and effective manner:
- a. WSD classifier will submit RFI to WSD manager for an approved charter data run.
 - b. WSD manager sends signed RFI to JOC mailbox, *sbse.excise.joc@irs.gov*.
 - c. JOC assigns RFI to Analyst.
 - d. The approved RFI will be worked on concurrent with any needed initiative review call.
 - e. If it is determined that an initiative review call is needed, the charter coordinator will schedule the call.
 - f. If there is a needed call, the WSD classifier should compile initiative classification results, the CAS and closed case feedback sheets for discussion during call.
 - g. EXTP will share feedback about the initiative's closed case results.
 - h. If the charter is revised, then the charter will be revised according to IRM 4.24.18.7.1, Charter Development, Revision, Approval and Discontinuation.

4.24.18.8
(10-17-2023)
**Initiative Data Analysis
and Lead Output**

- (1) Data analyses from initiatives commonly result in the identification of taxpayer compliance outliers referred to as anomalies. JOC data analysts plan, develop, and perform data analyses to output anomalies. Anomalies are then summarized as leads by taxpayer identification number and tax period and entered to inventory using the current approved template. A separate spreadsheet should be used for each initiative and saved with naming convention "Initiative #_Anomalies Tax Period - e.g., initiative 123 Anomalies 201003."

- (2) For each lead identified, detail data by transaction record for the various data sources used should be made available for use by classifiers.
- (3) Data analysis files should include:
 - Name.
 - Description of data.
 - Data dictionary including a description of each field in the tables.
 - What rows represent.

4.24.18.8.1
(10-17-2023)
**Review of Data Analyses
for Initiatives**

- (1) Data analyses for chartered initiatives are used to develop CAS and identify potential leads for classification to ETE. JOC and WSD collaborates with EXTP to review data analyses to verify reasonableness and accuracy based on filters noted in charter document. Review procedures for new or revised initiatives are as follows:
 1. JOC data analyst will provide data analysis to EXTP analyst to review/compare with criterion noted in charter document.
 2. EXTP analyst will review to determine if changes are needed in the data analytics, the charter document, or both and update accordingly.
 3. JOC data analyst will update analytics, if needed, and provide to EXTP for final review.
 4. JOC data analyst will send data analysis to WSD for classification of leads to ETE.
 5. WSD classifier will review data analysis and request ERCS tracking code.
 6. JOC charter coordinator will send the updated charter document to ECS management for review and approval.
 7. Charter will be finalized after receipt of established tracking codes and management approval.
 8. WSD classifier will perform classification procedures after charter is finalized.

4.24.18.8.2
(10-17-2023)
FIDGAP

- (1) The JOC developed the Fuel Inspection Data Gathering Project (FIDGAP) for the dyed fuel inspection program. The FIDGAP system was developed to assist ETE in identifying optimal fuel inspection sites for the Fuel Compliance Inspection Program to assist with workload planning. See IRM 4.24.13, Overview of Excise Fuel Compliance Program, for more information.
- (2) FIDGAP uses Dyed Diesel Inspection Scheduler (DYEDIS) to compile location information from different sources to identify potential inspection sites for dyed diesel compliance. Potential inspection sites are matched to the geographical location of the employees conducting fuel inspections.
- (3) The inspection locations identified using FIDGAP are not cases classified or selected by the JOC. The sites selected by FIDGAP are proposed sites chosen based on the workplan, other parameters (e.g., employee location), and information provided by ETE. The ETE group managers and the Fuel Compliance Officers (FCOs) and Fuel Compliance Auditors (FCAs) determine the sites selected for inspection.
- (4) The fuel inspection site selections are posted to the FIDGAP SharePoint site semi-annually.

- (5) FCOs and FCAs provide feedback to the JOC via spreadsheets that are uploaded to the FIDGAP SharePoint site. The JOC inputs the feedback data into the DYEDIS to refine the site data.
- 4.24.18.9
(10-17-2023)
WSD Inventory Systems
- (1) WSD uses the Leads Tracking Database System (LTDS) to monitor lead classification inventory. The inventory system provides data and reports on all leads with potential for tax compliance issues received. Other reports are obtained from the ERCS system to allow for review of established cases status 08-90 by ECS personnel.
- (2) The ERCS reports provide the ability to monitor established leads in ETE.
- 4.24.18.9.1
(11-23-2020)
Monitoring WSD Inventory
- (1) The WSD manager is responsible for monitoring lead activity to ensure workplan goals are met. When additional leads are needed, WSD manager will initiate a request for information from the JOC.
- 4.24.18.9.2
(11-23-2020)
Identifying Leads for Classification
- (1) Selecting entities for compliance action involves making the most efficient use of staffing.
- (2) The selection process should also consider the substantial non-compliance factors (SNiF) found in IRM 4.1.1.6.21, Special Enforcement Program (SEP).
- (3) Monitor progress of leads from classification to completion including case building and posting case files for uploads.
- 4.24.18.9.3
(11-23-2020)
Determining Case Compliance Approach
- (1) Cases selected for compliance action require a determination on the compliance approach. There are several potential approaches including:
- Soft notice for information only - intended as taxpayer education, these do not request a response from the recipient.
 - Soft notice requesting a response - responses require classification to identify next action.
 - Correspondence exam by campus.
 - Correspondence exam by field.
 - Field examination - this includes audits, reviews, and investigations.
- (2) The ECS Program Manager in collaboration with other excise tax stakeholders is responsible for determining case compliance approach.
- 4.24.18.9.4
(10-17-2023)
Surveys
- (1) Ensure a review of the decision to survey an established case under WSD control is approved by an appropriate level of management. See IRM 4.24.18.2, Fairness in Case Selection, for additional information. Semiannually, WSD reviews all inventory in its control to determine if it will be needed by Excise exam or should be surveyed and replaced with newer tax periods. The Disposal Code 35 is used.
- (2) If the status of a case in WSD control changes in between reviews (bankruptcy, change from non-filer to filer) and it is determined that the file should be surveyed, Disposal Code 33 is used.
- (3) WSD will prepare the Form 10904 for approval and signature of the WSD manager for Disposal Code 33 cases only.

4.24.18.10
(10-17-2023)
**Source of Anomalies
and Leads**

- (1) Sources of anomalies come from a variety of areas including, but not limited to:
 - Chartered Initiative Leads.
 - Compliance Initiative Project (CIP).
 - Fed/State agreement and State revenue agent report (RAR).
 - Specialist Referral System.
 - Information report.
 - Whistleblower claims.
 - 637 Registration.
 - Claims.

4.24.18.10.1
(10-17-2023)
**Compliance Initiative
Project**

- (1) Certain initiatives require an approved CIP when they involve groups of taxpayers that have unique excise tax compliance issues. CIP procedures are not required in the case of “routine business operations” as defined in IRM 4.17.1.3, Activities Not Subject to CIP Procedures. The criteria in IRM 4.17, Compliance Initiative Projects (CIP), must be used to determine when CIP procedures apply for excise tax projects.
- (2) Refer to WSD for assistance with determining the need for a CIP. Upon receipt of Form 13502, Compliance Initiative Project Authorization - Part One, Form 13498, Compliance Initiative Project Authorization - Part Two, extensions or Form 13497, Compliance Initiative Project Authorization - Termination Report.
- (3) WSD will coordinate the implementation and approval of any new CIPs with the National CIP coordinator.
- (4) Leads from approved CIPs follow routine classification procedures.
- (5) See IRM 4.24.18.7, Charters, for routine procedures used to identify excise tax compliance issues.

4.24.18.10.2
(11-23-2020)
**Fed/State Program and
State Audit Report
Program Leads**

- (1) The IRS Fed/State Program partners with state government agencies to enhance voluntary compliance with tax laws. This includes facilitating the exchange of taxpayer data, leveraging resources, and assisting taxpayers to improve compliance and communications. Consideration should be given, at least annually, to state government audit results as a source of leads for all relevant excise tax abstracts.
- (2) The Privacy, Governmental Liaison and Disclosure Program (PGLD) is responsible for the coordination of activities between the IRS and state and local governments, as well as other federal agencies.

4.24.18.10.3
(10-17-2023)
**Specialist Referral
System Leads**

- (1) The Specialist Referral System (SRS) is an online automated system that allows for submission and approval for specialist assistance. SRS is used to provide mandatory excise lead referrals on Large Corporate Compliance (LCC) from LB&I as well as Industry Cases (IC) from LB&I, SBSE and TEGE. See IRM 4.10.2.7.5.1, Specialist Referral System (SRS) Online Referrals, and IRM 4.24.5.3, Excise Examinations- Specialist Referral System (SRS) - Overview, for additional information.
- (2) SRS excise referrals are centralized in WSD.
- (3) The SRS system is programmed to route referrals directly to the Manager Designee. Referrals are received via email from SRS@IRS.gov and should be

acted upon within 15 days by either transfer to an ETE group manager or rejection of the referral. Management may extend the deadline to take action on specific referrals, at their discretion, but should notify the SRS Administrator of this decision. Territory manager approval is required for any referral rejected due to resource limitation.

- (4) WSD provides an MFT B5 ERCS control as well as the SRS referral control, which is transferred to the excise group. The excise examiner is responsible for setting up the IMS file. All WSD rejections of an SRS referral require WSD manager approval.
- (5) If the SRS referral is related to an open examination in the field, the SRS referral must be sent to the Excise Tax Examination manager assigned to the claim or other examination periods already controlled.

4.24.18.10.4
(11-23-2020)
Information Report Leads

- (1) Information report leads may be received on Form 3449, Referral Report, or Form 5346, Examination Information Report. The reports provide information of sufficient compliance value to warrant enforcement follow-up. Excise field examiners submit information report leads electronically through their group manager to the WSD group mailbox: **SBSE Excise WSD*.
- (2) Process requests within five business days, when possible.
- (3) Forms clearly marked as "Time-Sensitive" such as jeopardy assessments or wagering cases involving coordination with law enforcement agencies should be processed within two business days, when possible, with the receiving field group establishing ERCS controls and IMS controls.
- (4) Monitor completion to ensure timely actions and document delays.

4.24.18.10.5
(11-23-2020)
Whistleblower Leads

- (1) Whistleblower claim leads are received from the IRS Whistleblower Office when Form 211, Application for Award for Original Information, is received and deemed related to excise tax.
- (2) Claims should be classified and documented per IRM 25.2.1, General Operating Division Guidance for Working Whistleblower Claims.
- (3) Whistleblower cases should be controlled with ERCS tracking codes 7882 for IRC 7623(a) claims and 7894 for 7623(b) claims.

4.24.18.10.6
(11-23-2020)
637 Registration Leads

- (1) WSD is responsible for monitoring the annual ETE workplan including the 637 Registration Program accomplishments.
- (2) WSD is responsible for identifying and selecting some sample review cases. Others are identified by the 637 team when the 637 team needs Field ETE interaction on a CP-241 letter registrant that cannot be handled at the 637 team level. WSD will coordinate with the ETE program manager to ensure that sufficient cases are identified to meet workplan goals.
- (3) IRM 4.24.2, Form 637, Excise Tax Registrations, provides additional information on the 637 Registration Program including three types of 637 reviews as follows:
 - Initial Application - applications received by CSTO are scanned into IMS and referred for further processing by the 637 Registration Program.

Applications are also received by revenue agents in the E&G/ET field and are forwarded to 637 Registration group lead technicians to be loaded into IMS.

- Sample - follow-up compliance reviews identified by WSD or 637 team for registrants with approved applications.
- Discretionary - follow-up compliance reviews identified by field examiners for registrants with approved applications related to current audits.

4.24.18.11
(11-23-2020)
**Work Order Request
Tracking System**

- (1) When inventory is needed in the field, ETE territory managers forward Work Order Request Tracking System (WORTS) requests to WSD indicating the location where work is needed and the number of cases desired.
- (2) The WSD group manager reviews all inventory requests and coordinates with the requestor any that are not approved. Approved requests are processed as follows:
 1. Assign a WORTS order number.
 2. Review wall inventory for cases meeting order criteria for update to ERCS status 10.
 3. Monitor order to completion including coordination of additional sources of work as needed.
 4. Email a complete listing of TINs selected for completed orders to the requesting group manager and territory manager.

4.24.18.12
(11-23-2020)
Classification

- (1) Classification is the process of determining whether a lead should be selected for examination, forwarded, or rejected. Generally, leads to be classified have been identified as part of a JOC approved chartered initiative or from an external referral from another part of the IRS.
- (2) Classification should be conducted by classifiers possessing experience commensurate with the type of return and activity being classified. Classifiers are responsible for informing the WSD group manager of leads where the type, industry or issue is unfamiliar to them.
- (3) Classifiers will:
 - Complete regular work from other parts of the IRS and the JOC chartered initiative lead lists for all leads and will select, forward or reject the leads.
 - Save check sheets with naming convention: "Checksheet/ Tax Period/ TIN."

Note: Checksheet data is used to input information into Leads Tracking Database System (LTDS) and produces reports for CSTO to establish case controls and case file uploads.

 - When leads are selected, e-mail the completed classification check-sheets to the WSD clerk for processing.

4.24.18.12.1
(11-23-2020)
Case Selection Factors

- (1) Case selection responsibilities include identifying entities for classification using a risk-based approach to identify the next best available case. Consideration shall be given to:

- Excise abstract coverage.
- Annual workplan priorities.
- Balanced coverage.
- WORTS requests.
- Highest potential non-compliance.
- Referrals on potentially non-compliant entities from IRS employees and external sources including other agencies.
- Data matching reveals information on a tax return that does not match tax reported to IRS by states, employers, or other third parties.
- Data analysis to identify areas of non-compliance. These characteristics generally involve a specific tax issue known or suspected to have high non-compliance in a particular industry or population.

(2) In addition to routine classification criteria, cases selected for examination should be based on the following selection factors:

- History of non-compliance.
- Leads from approved initiatives identifying under-reported tax and/or non-filing required tax returns.
- History of late or stop filings.
- Internal IRS referrals.
- External referrals from federal, state, or local law enforcement agencies.
- IDRS freeze codes prohibiting selection.
- Collectability.
- Statutes.

4.24.18.12.2
(11-23-2020)
**Classification
Documentation**

- (1) All classification decisions/dispositions of regular non-JOC initiative leads (selected, forwarded or rejected) must be documented in the Leads Tracking Database System (LTDS) system.
- (2) All initiative leads will be documented on the leads list and the selects must be documented in LTDS.
- (3) Classifiers should update the initiative leads list as follows:
 - Select- Checksheet produced.
 - Expedited Checksheet-ERCS/ AIMS/ IMS controls established by the Excise Field Group with permissions from WSD.
 - Forward- Data provided via encrypted email to excise audit group with existing controls.
 - Reject - Reason for reject will be listed out in full words for Fairness Act i.e., in Bankruptcy, Collectability Issues, Research shows Filed when spreadsheet indicated non-filer.
 - The classification checksheets (not Expedites) contains information for LTDS used to request case controls and create case files.
 - The checksheet will be included with the case file and includes classifier comments in the Field Notes section as needed.

4.24.18.12.2.1
(11-23-2020)
State-Only Audits

- (1) State audits parallel the federal excise tax issue and are determined from the same information; however, if at any time the state needs to acquire different information to make a state determination, they must conduct a state-only examination with an approved disclosure completed prior to beginning any activity. See IRM 11.3, Disclosure of Official Information, and IRM 4.24.18.15, JOC State Partner Processes, for procedures.

- (2) The IRS may not provide information to states that may impair federal tax information such as cases with Criminal Investigation (CI) freezes or in which there is an active criminal investigation.

4.24.18.12.3

(11-23-2020)

Classification Research

- (1) Leads have multiple data points that should be reviewed prior to determining dispositions including:
- ERCS.
 - 637 Registrations.
 - IDRS - including related entities.
 - AIMS Audit History.
 - Prior Classification Dispositions.
 - Accurint/YK1.
 - WebCBRS.

4.24.18.12.3.1

(11-23-2020)

ERCS

- (1) Review ERCS match information to identify related names, multiple employee controls, and non-masterfile periods such as MFT B0, B1 and B5 that do not appear on IDRS AMDISA.

4.24.18.12.3.2

(04-09-2014)

637 Registrations

- (1) Research the IMS team website querying the 637 tab by EIN.
- (2) If there is a 637 registration and the case is accepted for processing, place a note on the checksheet as to the 637 activity letter status.

4.24.18.12.3.3

(11-23-2020)

IDRS Research

- (1) Research IDRS to verify:
- Entity information (including related entities), filing requirements, employment codes.
 - Income tax controls.
 - Filing history.
 - Audit history.
 - Freeze codes.
 - Industry type.
 - Large case (LCC).
 - Collectability.
 - 637 status.
 - Statutes.
 - Grade of case.

4.24.18.12.3.4

(11-23-2020)

AIMS Audit History/Prior Classification Dispositions

- (1) Audit history and prior classification dispositions for the same entity may assist with classification dispositions. Review command code BMFOLZ on IDRS to identify audit results including closing codes.

4.24.18.12.3.5

(10-17-2023)

Accurint

- (1) Used to identify entities and relationships as follows:
- Accurint - a commercial product requiring a request for access using aBEARS request. It may be used to find TINs when NAMEE and NAMEI are not successful.
 - See IRM 4.75.13.10.3.2, Accurint – Public Records Research Tool, for more information.

4.24.18.12.3.6
(10-17-2023)
YK1

- (1) YK1 is an IRS program requiring a request for access using a *BEARS* request. It allows for research on relationships based on various forms with Schedule K-1 that are used to report partner, beneficiary and shareholder reporting the distributive share of income, credits, etc. and Form 851, Affiliations Schedule, where the parent corporation of an affiliated group files Form 851 with its consolidated income tax return to identify the parent and affiliated members, report allocated amounts of payments, and determine that each subsidiary qualifies for the affiliated group.
- (2) See the YK1 Link Analysis Tool *website article* for more information.

4.24.18.12.3.7
(10-17-2023)
WebCBRS

- (1) An internal system accessible via a request for access using a *BEARS* request, that shows selected imports based on Harmonized Tariff Schedule (HTF) numbers that the ETE has requested from Customs.

4.24.18.12.4
(11-23-2020)
**Disasters and Other
Significant Emergencies**

- (1) IRM 25.16, Disaster Assistance and Emergency Relief, provides policies and procedures employed by the Disaster Assistance and Emergency Relief Program office for responding to federally-declared disasters and other significant emergencies in disaster areas. When the President declares a federal disaster or emergency, the Director of the Federal Emergency Management Agency (FEMA) will assign a designation of "Individual Assistance" and/or "Public Assistance" to define the type of relief offered to a specific disaster area. This information is cascaded through management via a Disaster Relief Memorandum. The information includes the affected zip codes, relief to be provided and duration of the relief. The IRS will issue a supplemental memorandum if additional information indicates a need for extended relief. NOTE: Not all disaster areas have compliance activity suspended.
- (2) WSD shall process leads and cases meeting disaster relief criteria as follows:
 1. Review disaster relief memorandums to identify leads/cases requiring suspension of case issuance.
 2. Review IDRS for freeze codes requiring specific actions. The -S freeze on the IDRS account stops interest and penalties for a determined timeframe but does not stop compliance activities or notices. The -O freeze on the account stops interest and penalties for a determined timeframe, stops compliance activities, and stops most notices. See also IRM 4.19.13.26.1, Disaster Indicators and IDRS Freeze Codes, for information on freeze codes.
 3. Identify open ERCS status 08 cases affected by the disaster declaration and e-mail CSTO ERCS/AIMS team to suspend case processing where applicable.
 4. Hold new uncontrolled cases from compliance action until their related freeze periods expire.

Note: Certain cases, including unpaid claims and whistleblower claims, may be issued during disaster freeze periods with WSD group manager approval.

4.24.18.13
(11-23-2020)
**Processing Leads
Selected for Compliance
Action**

- (1) Leads selected as cases for compliance action usually require case file documentation, ERCS case controls and IMS case creation, depending on the type and ERCS status as follows:

- Selected Checksheet ERCS/IMS determination are processed through the LTDS to CSTO ERCS/AIMS team for input onto ERCS and IMS as determined on the Checksheet.
- Selected Checksheet – Checksheets for selected leads with ERCS only determination are processed through the LTDS to CSTO ERCS/AIMS Team for input onto ERCS only as determined on the checksheet.
- Selected checksheet – Expedite – For selected leads that need to be expedited, the checksheet is input into LTDS. Classifier provides to Excise Field the checksheet and WSD approval to establish ERCS and IMS in the field group.

- (2) The checksheet will be included with the case file, including classifier comments, as needed.

4.24.18.13.1
(10-17-2023)
**Requests to CSTO,
ERCS/AIMS for ERCS
and IMS Creation**

- (1) Requests for ERCS case controls and IMS case file uploads are sent to CSTO ERCS/AIMS team in the agreed manner. Case files, including checksheets and attachments, will be uploaded to CSTO Server. CSTO will add IDRS and CBRS as necessary into an IMS case, which will be established only after WSD requests the CSTO to ship the file to Excise Field.
- (2) Post case files to the CSTO shared server.
- (3) ERCS controls and IMS case upload request reports should be generated as directed by the WSD group manager.

4.24.18.13.2
(11-23-2020)
Proper Case Coding

- (1) Case coding is essential to accurately monitor resources. The use of AIMS and ERCS case codes including project, tracking and source codes is the joint responsibility of ECS and Excise Policy.
- (2) Any case controls requested by WSD that require a tracking code should have the tracking code assigned prior to any case controls being established. To obtain a tracking code or project code consult the Tracking Code/Project Code Coordinator for WSD.
- (3) Per IRM 4.24.6.2.7, Excise Examinations Relating to Structured Settlement Factoring Transactions, leads for excise tax on structured settlement factoring transactions should be controlled on AIMS and ERCS on Non-masterfile as non-filer leads using MFT 27, Abstract Code 034.
- (4) For case control procedures related to Excise Tax claims, see IRM 4.24.8.6, Claim Classification and Control Procedures.
- (5) For a list of approved codes, see the Codes and Procedures page on the *Examining Taxes website*.

4.24.18.13.3
(11-23-2020)
Creating Case Files

- (1) Case files should describe how and why a case was selected. Included in the case file should be the checksheet and CAS (tab 2 of the checksheet). Other items commonly included in the IMS case file are the, IDRS and WebCBRS requested research performed by CSTO ERCS/AIMS Team per the requested Checksheet. All WebCBRS and IDRS research is done just prior to case transfer to ETE so the data is up to date.

4.24.18.13.4
(10-17-2023)
Related IRMs

- (1) The following IRMs contain information related to classification:
 - IRM 4.1.5, Case Building, Classification, Storage and Delivery.
 - IRM 4.2.1, General Examination Information.
 - IRM 4.4, Audit Information Management Systems (AIMS) – Validity and Consistency.
 - IRM 4.7, Examination Return Controls System (ERCS).
 - IRM 4.8, Technical Services.
 - IRM 4.17, Compliance Initiative Projects.
 - IRM 4.20, Examination Collectability.
- (2) See specific information available in IRM 4.4.1, AIMS Procedures and Processing Instructions, Introduction, and Exhibit 4.4.1-1, Reference Guide regarding the following codes and associated form numbers:
 - Master File Tax Account Codes and Form Numbers.
 - Non-Master File Tax Account Codes and Form Numbers.
 - Area and Campus Codes.
 - Special Messages.
 - Activity Codes.
 - Source Codes.
 - Examination Results.
 - Disposal Codes.
 - AIMS Assignee Codes.
 - Status Codes.
 - Project Codes.
 - Push Codes.
 - Special Handling Message Codes.

4.24.18.14
(04-27-2018)
Case Coordination

- (1) Case coordination should take place whenever certain conditions exist including, but not limited to, the following issues:
 - Return Preparer Coordinator.
 - Indian Tribal Government.
 - Multiple Employee Case Controls.
 - Inadequate Records Notice.
 - Doubt as to Liability.
 - Erroneous Refund.
 - WSD State Penalty Determinations Process.

4.24.18.14.1
(04-27-2018)
Return Preparer Coordinator

- (1) The WSD Return Preparer Coordinator (RPC) is responsible for coordinating excise tax return preparer penalty cases. The RPC supports and guides employees regarding preparer penalty cases and:
 - a. Provides assistance regarding audit techniques, questions, and general directions.
 - b. Assists excise employees in identifying, working, and closing client and preparer penalty cases.
 - c. Advises if the return preparer is being investigated by Criminal Investigation Division (CI), the Lead Development Center or one of the Income Tax examination areas.
 - d. Provides coordination if more than one investigation is ongoing or contemplated.

4.24.18.14.1.1
(10-17-2023)
**Program Action Case
(PAC)**

- (2) The field group manager will contact the RPC prior to initiating any penalty investigation to ensure there is no open case or investigation.

- (1) A PAC is an investigation where clients of questionable preparers are examined to determine whether preparer penalties and/or injunctive actions against the preparer(s) are warranted.
- (2) For additional information, see IRM 4.1.10.4, Program Action Cases Overview, which contains general procedures for initiating a PAC.

4.24.18.14.2
(10-17-2023)
**Program Action Case
(PAC) Process for
Excise**

- (1) If during an excise tax audit the excise employee believes a preparer's misconduct is pervasive and not isolated to a single taxpayer, consideration should be given to initiating a PAC. With managerial approval, excise employees will forward the following information via secure e-mail to the RPC:
- Name of preparer.
 - Address of preparer.
 - EIN, SSN, and/or PTIN of preparer.
 - Detailed description of the suspected non-compliance.
- (2) The RPC will evaluate each referral and determine if a PAC recommendation is warranted.
- a. The RPC will determine whether there are any ongoing PACs or investigations currently open on the referred preparer.
 - b. Where possible, the RPC will prepare an analysis of the preparer's clients' returns to determine if the issue identified by the employee is prevalent.
 - c. If the issue is not prevalent or insufficient information is available, the RPC will notify the group manager that a PAC is not warranted. The excise employee may submit additional information that will be considered by the RPC.
 - d. The RPC will deconflict with both CI and LDC for clearance before beginning a PAC.
 - e. When appropriate, the RPC with assistance of the employee who identified the preparer misconduct will submit a referral package with the necessary research to the Preparer Steering Committee (PSC) for consideration of a PAC. The RPC will notify the group manager that the referral has been forwarded to the PSC for consideration.
- (3) The PSC is comprised of:
- ECS Program Manager.
 - WSD Group Manager.
 - Return Preparer Coordinator.
 - One excise territory manager on a 1-year rotating assignment.
- (4) The PSC will prepare a PAC Request Memo and submit it to the ECS Program Manager for routing and approval by the Director, Examination - Specialty Tax, through Director, Exam Case Selection.
- (5) If the PAC is approved, the RPC will notify the group manager and coordinate with WSD to ensure that the necessary returns are selected for compliance action and assigned a unique tracking code.

- (6) Source Code 49 is only to be used for the primary returns selected as part of the PAC client sample originating from WSD. In addition, Aging Reason Code 49 should be reflected on all return preparer program returns including the primary and multiple year returns.

4.24.18.14.3
(04-27-2018)
Indian Tribal Governments

- (1) Indian Tribal Governments (ITG) cases related to wagering require coordination pursuant to an MOU found at www.irs.gov/Government-Entities/Indian-Tribal-Governments/ITG-Memorandum-of-Understanding/. The MOU between ITG and SB/SE Excise Tax (formerly known as the Office of Excise Taxes (OET)) provides guidance for employees with regard to examination and education activities relating to the federal excise tax responsibilities of Indian tribal governments. See IRM 4.88.1.11.1, Responsibilities and Procedures, for information on coordination activities.

4.24.18.14.4
(11-23-2020)
Multiple Employee Case Controls

- (1) Multiple employee case controls require coordination when the following conditions exist:
- One entity (single TIN) with more than one excise employee assigned.
 - Multiple entities (more than one TIN) for related entities such as when both the parent and subsidiary TINs are controlled to different employees or one terminal filer EIN files for multiple Facility Control Numbers (FCN).
 - Multiple entities (more than one TIN) for related tax issues such as in whipsaw cases.

See also IRM 4.24.17.6.1, Case Coordination Guidance for Form 720 Examinations and Related ExSTARS Compliance Examinations.

- (2) Email all group managers with case controls and inform them of the multiple employees/groups assigned to one TIN so coordination can take place. Group managers should coordinate to determine whether one of the cases will be transferred or the cases will be worked independently.
- (3) If a Form 720-TO case is a LCC entity currently under examination, all related terminal reviews should be directed by the excise employee assigned to the LCC case.

4.24.18.14.5
(11-23-2020)
Inadequate Records Notice

- (1) Inadequate records notices place taxpayers on notice that their record keeping practices are deficient and must be improved to meet the requirements of the law. The issuance of an Inadequate Records Notice may result in a follow-up examination and is a tool to enforce taxpayer compliance with legal requirements to keep adequate records and properly report tax liabilities. Generally, Letter 979, Inadequate Record Notice, requesting a follow-up statement of corrective action from the taxpayer within six months is used to notify the taxpayer of the deficiency by the excise tax field group.
- (2) If the taxpayer is within the racketeer classification, engaged in illegal activities, or is willfully disregarding the law, the field examiner will prepare Form 2807, Agreement to Maintain Adequate Books of Account and Records, and Letter 978, Notice of Inadequate Records, which includes a description of exact records required and penalties for failure to keep records.
- (3) Letters 978 and 979 are issued by field agents with the WSD Inadequate Records classifier as the designated contact who is responsible for coordinating and monitoring future compliance requirements.

- (4) Notification of inadequate records cases will be received on Form 5346, Examination Information Report, or via the copy of Letters 978/979. The taxpayer has 6 months after being served to follow-up with WSD regarding the corrective actions they will take to correct their inadequate books and records. WSD will monitor taxpayer's compliance with the Inadequate Records Notice.
- (5) If no response is received from the taxpayer within the six month timeframe, WSD issues Letter 1022, Inadequate Records Notice Follow-up, which gives the taxpayer an additional 15 days to respond.
- (6) If there is no response to the Letter 1022, the WSD Inadequate Records Notice Coordinator will initiate a lead to be assigned to the field group for evaluation of compliance with the Inadequate Record Notice non-response.

4.24.18.14.6
(10-17-2023)
Doubt As To Liability

- (1) A Doubt as to Liability (DATL) Offer in Compromise (OIC) case exists where there is a genuine dispute as to the existence or amount of the correct tax debt under the law. Taxpayers who have a legitimate doubt that they owe part or all of a tax debt may file an OIC under the DATL basis. The Tax Increase Prevention and Reconciliation Act (TIPRA) of 2005 established legislation requiring the Service to render a decision and notify the taxpayer on all OIC requests within 24 months of the date the Service received the offer, or the offer will be considered to be accepted (IRC 7122(f)).
- (2) Per IRM 4.8.8.8, Offer in Compromise Cases, the Examination function is responsible for processing and investigating offers submitted based on DATL. Doubt as to Liability offers, except offers with a trust fund recovery penalty issue, are forwarded to the centralized DATL processing unit located at the Brookhaven Campus for screening and processing.
- (3) If the DATL group makes the determination the offer is valid, it is sent to WSD to be processed as follows:
 - a. Verify the TIPRA statute date to identify if it will expire in less than 12 months.
 - b. Review the offer to determine if it is appropriate for assignment to an excise field group. If the offer is not acceptable, return it to the centralized DATL processing unit. Determinations must be made within 10 days of receipt.
 - c. Update the Automated Offer in Compromise (AOIC) assignment number to 1901165901 for all cases returned to the centralized DATL processing unit.
 - d. Enter information in the AOIC remarks section regarding the reason the case was returned.
 - e. If the case belongs in ETE, request case controls on all quarters involved (those with a TC480) using Source Code 73 and Project Code 0264.

Note: The DATL group will input TC 480 prior to sending the case to WSD.
 - f. Request the original case file work papers.
 - g. Email the ETE group manager that an OIC DATL case has been assigned to their group and forward the case file via Form 3210.
 - h. Update the AOIC remarks section to reflect the appropriate EGC and a contact point.
 - i. Monitor the AOIC database and TIPRA statute date monthly to ensure all cases assigned to ETE are being worked.

- (4) Once the field examiner or reviewer has examined the offer and determined the disposition, they should close the case and forward it to WSD.
- (5) When the case file is received by WSD, the administrative input to the AOIC database is completed for closing. The case file should then be transferred to Technical Services for review and shipment to Appeals or Closed Case Processing depending on the disposition.
- (6) If the offer is rejected, WSD will forward the case via Form 3210 to the Excise Policy SME for an independent review. Refer to the SBSE Examining Excise Taxes SME contact web page for a list of SME contacts.

Note: If the offer is withdrawn, no review is required.

- (7) For additional information, refer to IRM 4.24.6.5, Procedural Guidance Relating to OIC and DATL.

4.24.18.14.7
(11-23-2020)
Erroneous Refunds

- (1) IRM 21.4.5.5, Erroneous Refund Categories and Procedures, provides that erroneous refunds must be recovered with a deficiency assessment. Erroneous refund cases require coordination with ETE.
- (2) Case controls should be established, and copies of the original documents secured and sent to the field with the case file.

4.24.18.14.8
(10-17-2023)
**WSD State Penalty
Determinations Process**

- (1) States with an approved MOU by EXTP for fuel sampling and results sharing send fuel samples to to the Pacific Northwest National Laboratory (PNNL), which will test the samples under an interagency agreement with IRS. PNNL is referred to as the Excise Forensics Laboratory (EFL) throughout this section
- (2) State e-faxes, emails, or mails information/case file to WSD .
- (3) State mailed paper information/case file is scanned and emailed to WSD Classifier.
- (4) EFL emails fuel sample results by fuel sample number to the WSD Mailbox at **SBSE Excise WSD*.
- (5) If WSD Classifier determines a penalty may be warranted, a checksheet with EFL fuel sample results and State information/case file attached is prepared for ERCS/IMS controls and assignment to an FCO group.
- (6) If no penalty is warranted, WSD Classifier will email the FCO Group Manager the electronic documents and EFL fuel sample results for consideration as a fuel inspection lead.
- (7) FCO Group Manager (or designee) provides the State with EFL fuel sample results. Per the MOU there are only certain designated personnel who can provide fuel sample results to the states. WSD is not on that list.
- (8) FCO Group Manager is required to email the Form 5466-B, Multiple Records of Disclosure, to WSD at **SBSE Excise WSD* when state fuel sample results are disclosed to the state. WSD will record the disclosure.

4.24.18.15
(04-27-2018)
**JOC State Partner
Processes**

- (1) The JOC is a partnership between federal and state motor fuel taxing authorities. The JOC was officially established in 2007 with the signing of an MOU and bylaws between the IRS, the Federal Highway Administration (FHWA), and initial member states. The governing rules of the JOC are part of the JOC bylaws. JOC members' responsibilities, disclosure, safeguards, and record keeping requirements are included in the JOC MOU. The JOC bylaws give authority to the JOC Steering Committee to provide initial approval of new state members.
- (2) Agencies must complete a questionnaire indicating interest in learning more about joining the JOC. The questionnaire solicits information from the agency regarding:
 - a. Organizational contacts.
 - b. Operations information.
 - c. Technical structure.
- (3) An agency completing the questionnaire confirms that agency executives responsible for committing resources are aware of the application submission and the potential commitment of resources in the future.
- (4) Questionnaires are reviewed by the JOC Steering Committee with rejected questionnaires resulting in an oral and written notification to the agency from the Steering Committee.
- (5) Approved questionnaires result in the forwarding of a letter of application to the agency for membership into the JOC. Applications received must then be forwarded to the IRS-GL Program.
- (6) The Steering Committee will review application for membership and respond to applicants within 30 days of receipt. If membership application is approved, coordination shall take place with the GL to secure MOU and Bylaws signatures.
- (7) Approval of membership applications requires a two-thirds majority by the Steering Committee. There are no predefined criteria against which an agency's application will be evaluated. A portfolio approach based on existing agency members along with agencies to be added will be used to evaluate applicants. Considerations will include, but not be limited to:
 - Similarities/differences to existing state members.
 - Point of taxation.
 - Landlocked versus coastal agency.
 - Neighboring agencies (with existing member agencies or other agency applicants).
 - Fuel tax strategies utilized.
 - Agency data available.
 - Commitment of resources.

4.24.18.15.1
(04-09-2014)
**New Partner
Requirements**

- (1) New state taxing agency partnership requirements are to:
 - Have a current Basic and Implementing Agreement with the IRS for sharing confidential information.
 - Sign the JOC Memorandum of Understanding (MOU) and Bylaws.
 - Provide a list of individual representatives and team members to the IRS disclosure managers and the agency disclosure officers in the

affected jurisdictions. A copy of the list must be submitted to the JOC Steering Committee cochair and published as team rosters to be distributed to all JOC team members.

- Comply with federal safeguards requirements including receiving confirmation from the IRS Office of Safeguards that the agency has a current, approved Safeguard Procedures Report (SPR) to cover the self-disclosure process and use of federal tax information.

- (2) If the agency does not meet these basic requirements, they are ineligible to join the JOC. The agency will be notified of their ineligibility.
- (3) For more information, refer to IRM 11.3.32, Disclosure to States for Tax Administration Purposes, for the specific sub-sections related to Basic and Implementing agreements and MOUs.
- (4) For more information related to Safeguards requirements, refer to IRM 11.3.36, Safeguard Review Program.

4.24.18.15.2

(04-09-2014)

**Partnership
Coordination with
Privacy, Governmental
Liaison, and Disclosure
Office (PGLD)**

- (1) Coordination with the PGLD should be initiated whenever agencies indicate a sincere interest in joining the JOC. When questionnaires or letters of application are provided by the JOC to an agency, the ECS employee will notify the PGLD office of the agency name, date, and agency employee contact. The PGLD will contact the local field PGLD to alert them that the agency has received the questionnaire/letter.
- (2) If necessary, the local field PGLD can research the status of the agency's Basic and Implementing agreements, the status of the Office of Safeguard issues, any Office of Disclosure issues, and any relationship issues with the agency.
- (3) If the agency contacts the field PGLD with questions they cannot answer, the field PGLD will contact the JOC. Field PGLD employees are relationship managers, facilitators, and marketers of all the initiatives stakeholders. The field PGLD will facilitate a call with the JOC point of contact and the agency to answer questions.
- (4) When the agency is notified of the JOC Steering Committee decision to accept/reject the application, the GL Headquarters and field PGLD offices should also be notified. If the agency is accepted, the field PGLD will provide copies of the IRS/FHWA signed MOU and Bylaws to the state and initiate the process to secure agency signatures on the JOC MOU and Bylaws as well as the completed Safeguards Procedure Report (SPR) certification.

4.24.18.15.3

(04-09-2014)

**State Partner Disclosure
Requirements**

- (1) The JOC MOU Section 9A states that agencies that access federal tax information are subject to the provisions and safeguards of IRC 6103, Confidentiality and Disclosure of Returns and Return Information. The participating agency employees will initially have access to federal tax information as contractors to the IRS under provisions of IRC 6103(n), Certain Other Persons. All participating agency personnel who are designated as IRS contractors must receive security clearances prior to having access to federal tax information.
- (2) For state safeguard procedures, see IRM 4.24.18.15.4, State Partner Safeguards Requirements.

4.24.18.15.4
(04-09-2014)
**State Partner
Safeguards
Requirements**

- (1) All information obtained by the agencies must be safeguarded in accordance with the contract language for general services contained in exhibit 5 (or as may be renumbered and updated) of Pub 1075, Tax Information Security Guidelines for Federal, State and Local Agencies and Entities, and the agency's current Safeguard Procedures Report (SPR). An agency's SPR must describe their current operating procedures and safeguards measures.
- (2) Agencies are required to amend or revise their SPR to include a full description of the self-disclosure process and use of the federal tax information. They must include the name, title, and phone number of the person within the agency who coordinates and logs the receipt as well as the distribution of the federal tax information self-disclosed.
- (3) A copy of the signed and dated MOU must be included with the amendment or their revised SPR. The SPR or its amendment must be submitted to the IRS Office of Safeguards within 30 days after the MOU becomes effective.

4.24.18.16
(11-23-2020)
Quality Review

- (1) The JOC and WSD group managers (or designees) will conduct reviews of employee job performance including review for adherence to fairness in case selection standards. Refer to IRM 4.24.18.2, Fairness in Case Selection, for additional information.
- (2) Evaluative process review is critical in achieving the highest quality cases. Review should be documented and include, but not be limited to:
 - JOC Charters - are charters and associated initiative documentation current and were necessary approvals obtained?
 - JOC Data Analysis - do data analytics adhere to documented selection criteria?
 - WSD Classification - are case selection factors utilized accurately and consistently, and is all reference information appropriately considered? Are classification decisions completed timely and properly documented in inventory?
 - Lead Recommendations - do rejected leads contain accurate reasons for non-selection for Fairness Act Review?
 - Inventory monitoring - are reports accurate, timely produced and posted?
- (3) The JOC and WSD group managers will evaluate a sample of work to determine whether the employee made an appropriate decision. Written reviews should be conducted that consider whether the employee is maintaining a high level of proficiency, exercising good judgment, and effectively using his or her time.

This Page Intentionally Left Blank

Exhibit 4.24.18-1 (10-17-2023)
Definitions and Acronyms

Acronym	Definition
ACIS	AIMS Computer Information System
AOIC	Automated Offer in Compromise
AIMS	Audit Information Management System
CAS	Case Assignment Sheet
CBP	Customs and Border Protection
CDW	Compliance Data Warehouse
CIP	Compliance Initiative Project
CNC	Currently Not Collectible
CSTO	Centralized Specialty Tax Operations
DATL	Doubt as to Liability
DMV	Department of Motor Vehicles
DW	Data Warehouse
DYEDIS	Dyed Diesel Inspection System
ECS	Excise Case Selection
EDI	Electronic Data Interchange
EIN	Employer Identification Number
EITCRA	Earned Income Tax Credit Referral Automation
ERCS	Examination Returns Control System
ETE	Excise Tax Exam
ExFIRS	Excise File Information Return System
ExSTARS	Excise Summary Terminal Activity Reporting System (ExSTARS)
EXTP	Excise Tax Policy
FCN	Facility Control Number
FIDGAP	Excise Inspection Data Gathering Project
FSB WPA	Field Exam Specialty BSA Workload Planning and Analysis
FTA	Fraud Technical Advisor
FTI	Federal Tax Information
GII	Generalized IDRS Interface
GL	Governmental Liaison

Exhibit 4.24.18-1 (Cont. 1) (10-17-2023)
Definitions and Acronyms

Acronym	Definition
IAT	Integrated Automation Technologies
IBMIS	Issue Based Management Information System
IMS	Issue Management System
IT	Information Technology
ITG	Indian Tribal Governments
JOC	Joint Operations Center
LOA	Letter of Application
LCC	Large Corporate Compliance
LTDS	Leads Tracking Database System
MOU	Memorandum of Understanding
NAICS	North American Industry Classification System
OCS	Office Communicator System
ODB	Operational Database
OIC	Offer in Compromise
OOB	Out of Business
PAC	Program Action Case
PGLD	Privacy, Governmental Liaison, and Disclosure Office
PII	Personally Identifiable Information
POC	Point of Contact
PPS	Procurement for Public Sector
PSC	Preparer Steering Committee
RAR	Revenue Agent Report
RCN	Refinery Control Number
RFI	Request for Information
RPC	Return Preparer Coordinator
SARP	State Audit Report Program
SBU	Sensitive But Unclassified
SDT	Secure Data Transfer
SME	Subject Matter Expert
SMEC	Subject Matter Expert Coordinator

Exhibit 4.24.18-1 (Cont. 2) (10-17-2023)**Definitions and Acronyms**

Acronym	Definition
SPR	Safeguards Procedures Report
SRS	Specialist Referral System
TCN	Terminal Control Number
TIN	Taxpayer Identification Number
TIPRA	Tax Increase Prevention and Reconciliation Act
USACE	US Army Corps of Engineers
VIN	Vehicle Identification Number
VON	Vessel Operator Number
WIP	Work in Process
WORTS	Work Order Request Tracking System
WO	Whistleblower Office
WSD	Workload Selection and Delivery

