



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.25.14

JULY 30, 2019

EFFECTIVE DATE

(07-30-2019)

PURPOSE

- (1) This transmits revised IRM 4.25.14, Estate and Gift Tax, Miscellaneous Procedures.

MATERIAL CHANGES

- (1) IRM 4.25.14.3.5(3) was revised to add references to Document 12990 and IRM 1.15.
- (2) IRM 4.25.14.6 paragraph (1) (a) was revised to clarify that Revenue Agents submit a referral through SRS to determine whether a consult is required prior to making a referral to the Estate and Gift WSD Coordinator. The contact information link was moved from paragraph (1)(a) to paragraph (1)(b).

#

- (5) Editorial changes have been made throughout this IRM. Website addresses, legal references, and IRM references were reviewed and updated as necessary.

EFFECT ON OTHER DOCUMENTS

The July 13, 2018 publication of IRM 4.25.14 is superseded.

AUDIENCE

This section contains instructions and guidelines for Small Business/Self Employed Estate and Gift Tax Specialty Programs employees.

Daniel R. Lauer
Director, Specialty Examination Policy
Small Business/Self-Employed

4.25.14

Miscellaneous Procedures

Table of Contents

4.25.14.1 Program Scope and Objectives

4.25.14.1.1 Background

4.25.14.1.2 Authority

4.25.14.1.3 Program Objectives and Review

4.25.14.1.4 Terms/Definitions/Acronyms

4.25.14.1.5 Related Resources

4.25.14.2 Extensions of Time to File and/or Pay

4.25.14.2.1 Extension of Time to File Estate Tax Returns — IRC 6081

4.25.14.2.2 Extension of Time to File Gift Tax Returns - IRC 6081

4.25.14.2.3 Extension of Time to Pay Estate Tax - IRC 6161

4.25.14.2.4 Estate Tax Extension of Time to Pay - IRC 6163

4.25.14.2.5 Other Extensions

4.25.14.3 Processing of Requests for Discharge of Property Subject to the Estate Tax Lien

4.25.14.3.1 Liens Arising Under IRC 6324

4.25.14.3.2 Liens Arising Under IRC 6324A

4.25.14.3.3 Liens Arising Under IRC 6324B

4.25.14.3.4 Coordination Required Between Estate and Gift Field and Advisory

4.25.14.3.5 Records Processing and Disposition

4.25.14.4 Issuing Transfer Certificates in Estate Tax Cases

4.25.14.5 Requests for Discharge from Personal Liability Under Internal Revenue Code Sections 2204 or 6905

4.25.14.6 Revenue Agent Referrals to Estate and Gift Tax

4.25.14.7 Information Referrals

4.25.14.8 Reopening Procedures for Estate Tax Returns

4.25.14.8.1 Reopening “Surveyed” or “Accepted as Filed” Return

4.25.14.8.2 Reopening an Examined Return

4.25.14.9 Suspicious Activity Reports

4.25.14.10 Signature Authority

4.25.14.11 AIMS/ERCS Codes in Estate and Gift Tax Examinations

4.25.14.11.1 Activity Codes used in Estate and Gift Tax Examinations

4.25.14.11.2 Aging Reason Codes for Estate and Gift Tax Examinations

4.25.14.11.3 MFT Codes used for Estate and Gift Tax Examinations

4.25.14.11.4 Project Codes used in Estate and Gift Tax Examinations

4.25.14.11.5 Source Codes used in Estate and Gift Tax Examinations

4.25.14.11.6 Status Codes used in Estate and Gift Tax Examinations

-
- 4.25.14.11.7 Tracking Codes used in Estate and Gift Tax Examinations
 - 4.25.14.12 Employee Protection Codes and Document Indicators
 - 4.25.14.13 Identity Theft
 - 4.25.14.14 Social Security Number (SSN/TIN) Elimination and Reduction Plan

4.25.14.1
(07-30-2019)
Program Scope and Objectives

- (1) **General Overview** - This IRM provides information about miscellaneous estate and gift tax examiner responsibilities, estate and gift tax IRM sections, and forms used in the examination of estate, gift and generation skipping transfer tax returns and claims.
- (2) **Purpose** - This IRM explains Estate and Gift examiner responsibilities so that managers, senior-level officials and estate, gift and generation skipping transfer tax return examiners will be better equipped to prepare and submit accurate reports.
- (3) **Audience** - This IRM is for Estate and Gift Specialty Tax managers, examiners and personnel at the Campus who process estate, gift and generation skipping transfer tax returns, refunds and claims.
- (4) **Policy Owner** - Director, Examination - Specialty Policy is responsible for the administration, procedures and updates related to the technical guidance and information processing steps and methods specific to Estate and Gift Tax examiner responsibilities, IRM subsections, and forms created for the examination of returns and claims.
- (5) **Program Owner** - Director, Examination - Specialty Examination owns Estate and Gift Tax Examination.
- (6) **Primary Stakeholders** - Advisory Collections, Appeals, Counsel, Estate and Gift Tax Workload Selection and Delivery, Specialty Examination, and SB/SE Examination Quality & Technical Support are the primary stakeholders for this IRM.

4.25.14.1.1
(07-13-2018)
Background

- (1) This IRM subsection provides miscellaneous procedures associated with the examination of estate, generation skipping transfer tax and gift tax returns. This IRM contains guidance related to extensions, liens and IDRS codes unique to estate and gift tax examinations, and links to various Servicewide resources.

4.25.14.1.2
(07-30-2019)
Authority

- (1) Estate and gift tax examiners and managers assigned to examine and oversee the examination of estate and gift tax returns and issues are responsible for complying with servicewide policies and authorities set forth in IRM 1.2.13, Servicewide Policies and Authorities, Policy Statements for the Examining Process.
- (2) Examination of estate and gift tax returns should be conducted in a manner that will promote public confidence as stated in the Mission of the Service. See IRM 1.2.10.2, and Policy Statement 1-1.
- (3) Policy Statement 4-52 established a general guideline that examination and processing of returns should be completed within 18 months of the filing date. See IRM 1.2.13.18, Policy Statement 4-52.
- (4) Estate and gift examiners and managers assigned to examine and oversee the examination of international estate and gift tax returns and issues are responsible for complying with all applicable servicewide examination delegation orders and SB/SE delegation orders. A table summarizing estate and gift delegation orders is available at IRM 4.25.14.9, Estate and Gift Tax, Miscellaneous Procedures, Signature Authority.

- (5) Section 3504 of RRA 98, Public Law 105-206 requires the Service to include an explanation of the examination and collection process, as well as information about assistance from the Taxpayer Advocate with any first report/notice of proposed deficiency. Pub 3498, The Examination Process, must be used for this purpose.
- (6) Statement of Procedural Rules 601.506 requires that examiners must forward any correspondence (or copy), discussions, reports and/or other material to the taxpayer at the same time it is sent to the representative.
- (7) The Form 706 return instructions and CFR 20.6018-4, CFR 25.6019-3, and CFR 25.6019-4 list required filing documents.

4.25.14.1.3
(07-30-2019)

Program Objectives and Review

- (1) The National Quality Review System (NQRS) is a web-based review system used by Estate and Gift Tax Policy, Estate and Gift Tax Examination Management and Estate and Gift Tax Quality Measures and Analysis (QMA) to generate and review reports analyzing national quality performance based upon standardized quality attributes set forth in Document 12499, Estate and Gift Tax Examination Embedded Quality Job Aid. NQRS report data is compiled by QMA on a quarterly basis, but **ad hoc** reports may be obtained monthly. The use of NQRS is explained in additional detail in IRM 4.25.1.8, Manager Embedded Quality Review and Specialty Exam National Embedded Quality Review Programs.
- (2) Operational Reviews and related NQRS reports are conducted by Territory Managers and the Chief of Estate and Gift to measure national adherence to quality standards and managerial performance and/or oversight.
- (3) Customer (i.e. taxpayer) satisfaction reports are generated by SB/SE Operation Support Research on a quarterly basis. These reports provide masked taxpayer narratives that are responsive to a pre-defined set of survey questions. The quarterly survey reports are to be used to identify areas for examination quality improvement.
- (4) Frequent Front-line manager reviews are conducted under the Examination Quality Review System (EQRS), with the frequency based on annual personnel requirements.

4.25.14.1.4
(07-13-2018)

**Terms/Definitions/
Acronyms**

- (1) The following table sets forth Estate and Gift Tax program specific terms and definitions:

Term	Definition
Estate and Gift Tax Notebook Job Aid (Estate and Gift Notebook)	This is a proprietary system comprised of an MS Office Access database and Excel files used by Estate and Gift Tax to generate reports and examination process and documentation (EPD). It is similar to RGS.

Term	Definition
Substitute for Return	IRC 6020(b) authorizes the creation of a substitute for Return (SFR). The SFR procedures allow the Service to establish an account when the taxpayer refuses or is unable to file a tax return and information received indicates that a return should be filed. For example, a tax return prepared by an examiner when a taxpayer fails to file a return.

(2) The following table sets forth commonly used acronyms:

Term	Acronym
Aging Reason Code	ARC
Caution on Contact	CAU
Outside Fee Appraisal	OFA
Potentially Dangerous Taxpayer	PDT
Privacy, Governmental Liaison and Disclosure	PGLD
Project Code	PC
Substitute for Return	SFR
Transaction Code	TC
Workload Selection and Delivery	WSD

4.25.14.1.5
(07-30-2019)

Related Resources

(1) The Estate and Gift Tax program is required to follow all servicewide examination procedures and those set forth in SBSE examining process IRM. The following IRM subsections provide additional information relating to the processing, classification and examination of Estate and Gift Tax program returns and claims:

- IRM 4.25.1, Estate and Gift Tax, Estate and Gift Tax Examinations
- IRM 4.25.2, Campus Procedures for Estate Tax
- IRM 4.25.3, Planning, Classification and Selection
- IRM 4.25.4, International Estate and Gift Tax Examinations
- IRM 4.25.5, Technical Guidelines for Estate and Gift Tax Issues
- IRM 4.25.6, Report Writing Guide for Estate and Gift Tax Examinations
- IRM 4.25.7, Estate and Gift Tax Penalty and Fraud Procedures
- IRM 4.25.8, Delinquent Returns and SFR Procedures
- IRM 4.25.9, Requests for Abatement, Claims for Refund and Doubt as to Liability in Estate and Gift Tax Cases
- IRM 4.25.10, Case Closing Procedures
- IRM 4.25.11, Special Examination Procedures

- IRM 4.25.12, Valuation Assistance
- IRM 4.25.13, Appeals, Mediation and Settlement Procedures
- IRM 4.2.8, Guidelines for SB/SE National Quality Review
- IRM 25.6.1, Statute of Limitations Processes and Procedures
- IRM 1.2.65, Servicewide Policies and Authorities, Small Business/Self Employed Delegations of Authority

4.25.14.2
(07-30-2019)

**Extensions of Time to
File and/or Pay**

- (1) This section provides an introduction to extensions of time to file and to pay which are available to the taxpayer in estate and gift tax matters.
- (2) A request for an extension of time to file must be made by the due date of the return. A request for an extension that is not timely may be granted upon a showing of good and sufficient cause. The processing of late-filed extension requests and the factors for determining good and sufficient cause are discussed in IRM 4.25.2, Campus Procedures For Estate Tax.

4.25.14.2.1
(07-30-2019)

**Extension of Time to
File Estate Tax Returns
— IRC 6081**

- (1) IRC 6081 provides for the extension of time to file estate and gift tax returns. A Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, is generally due within nine months after the date of death. An estate may file Form 4768 , Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes, to apply for an extension of time to file.
- (2) An estate may apply for an automatic six month extension of time to file a Form 706, Form 706-A, Form 706-D, Form 706-NA or Form 706-QDT. Unless the executor is out of the country, the maximum extension of time to file is six months from the due date of the applicable return.
- (3) A request for an extension of time to file must be made by the due date of the return.
- (4) No acknowledgement of the extension approval is sent to the taxpayer.
- (5) An extension of time to file does not extend the time to pay.
- (6) If the extension is APPROVED, Transaction Code (TC) 460 will be present on transcripts followed by the approved extension date.
- (7) If the extension is DENIED, Transaction Code (TC) 460 will be present on transcripts followed by "Denied".

4.25.14.2.2
(07-30-2019)

**Extension of Time to
File Gift Tax Returns -
IRC 6081**

- (1) A Form 709, United States Gift (and Generation-Skipping Transfer) Tax Return, is generally due on April 15 following the close of the calendar year in which the gift was made. If the donor dies in the calendar year in which the donor made a gift, the Form 709 is due on or before the due date of the estate tax return (including extensions), or on April 15 of the year following the calendar year of the gift, whichever date is earlier.
- (2) Except as provided in IRC 6081 with respect to certain U.S. citizens and residents living outside the United States, an extension of time to file a gift tax return may not exceed six months from the due date of the return. See Treas. Reg. 1.6081-1(a).
- (3) A request for an extension of time to file must be made by the original due date of the return, without extensions.

- (4) Form 8892, Application for Automatic Extension of Time to File Form 709 and/or Payment of Gift/Generation-Skipping Transfer Tax, is used to request an automatic six month extension of time to file a gift tax return where the taxpayer is not also requesting an extension to file Form 1040. The Form 1040 extension request, Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, is used to request an automatic six month extension of time to file both the Forms 1040 and 709.

Note: A BMFOLT transcript TC 460 is not present if the extension is filed on Form 4868.

- (5) Upon a timely request, an automatic six month extension of time to file a gift tax return will be granted. See Treas. Reg. 25.6081-1. No acknowledgement of the automatic extension approval is sent to the taxpayer where the extension request was timely filed. Where an extension request is late-filed and the taxpayer requests relief based on good and sufficient cause, the taxpayer will be advised of approval or denial of the request. Campus procedures relating to the processing of Extensions of Time to File are located at IRM 4.25.2.4.2, Extension of Time to File and/or Pay Estate Tax Return - IRC Sections 6081 and 6161.
- (6) All Form 8892 requests for extensions of time to file postmarked after the due date of the Form 709 will be denied.
- (7) An extension of time for filing a Form 709 does not extend the time for payment of tax. Treas. Reg. 25.6081-1(c).
- (8) There are special rules for extensions of time to file gift tax returns for citizens and residents living outside the United States. See Treas. Reg. 1.6081-5.
- (9) If the extension is APPROVED, Transaction Code (TC) 460 will be present on transcripts followed by the approved extension date.
- (10) If the extension is DENIED, Transaction Code (TC) 460 will be present on transcripts followed by "Denied".

4.25.14.2.3
(07-30-2019)
**Extension of Time to
Pay Estate Tax - IRC
6161**

- (1) IRC 6161(a)(1) permits an extension of time for payment of the amount shown, or required to be shown on an estate tax return, for a reasonable period not to exceed 12 months in the case of estate tax from the date the payment is due.
- (2) An extension request may be made on Form 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes, and should contain a written statement explaining in detail why it is impossible or impractical to pay the full amount of tax by the due date.
- (3) In lieu of filing Form 4768, the application for extension of time to pay shall be in writing, shall state the period of extension requested and shall include a declaration that it is made under a penalty of perjury.
- (4) Any extension for time to pay will not be considered unless the extension is applied for on or before the date fixed for payment of tax.
- (5) A donor may apply for an extension of time to pay gift tax or as to a deficiency of gift tax. See Form 1127, Application for Extension of Time for Payment of Tax Due to Undue Hardship, and IRM 5.5.5.9, Extension Requests to Pay Gift

Tax. All extension requests are processed at the Estate and Gift Operation at the Campus (Campus). The extension requests are worked by either Campus or the Advisory Estate Tax Lien Group. See 4.25.2.4.2.4, IRC 6161 Extension of Time to Pay and 5.5.5.3, Processing Responsibility of Forms 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes.

- (6) When an extension of time to pay is filed in duplicate, the IRS will complete Part V of Form 4768 and return one copy to the executor.
- (7) If the extension is APPROVED, Transaction Code (TC) 468 will be present on transcripts followed by the approved extension date.
- (8) If the extension is DENIED, Transaction Code (TC) 468 will be present on transcripts followed by the original due date.
- (9) If an application for extension of time to pay is denied, the taxpayer may make a written appeal with the IRS within ten days of notice of the denial. See Treas. Reg. 20.6161-1(b).

4.25.14.2.4
(07-30-2019)
**Estate Tax Extension of
Time to Pay - IRC 6163**

- (1) IRC 6163(a) permits an extension for paying estate tax on the value of a reversionary or remainder interest in the property included in the gross estate. The time for payment will be postponed for six months after the termination of the preceding interest in the property.
- (2) IRC 6163(b) permits the extension of time for paying the estate tax that was granted under IRC 6163(a) if the estate can show reasonable cause for the additional extension. The extension will be for an additional three years from the expiration date of the postponement provided for in IRC 6163(a). Neither tax nor accrued interest is due and payable until six months after the precedent interest terminates.
- (3) An estate that elected to postpone that part of the estate tax attributable to a reversionary or remainder interest may prepay a portion of the outstanding liability without payment of accrued interest or acceleration of the remaining tax. See Rev. Rul. 83-103.
- (4) See IRM 4.25.11.12, Foreign Bank and Financial Account Report (FBAR), for examination guidance in determining the validity of an IRC 6163 election.

4.25.14.2.5
(07-30-2019)
Other Extensions

- (1) Form 2758, Application for Extension of Time to File Certain Excise, Income, Information, and Other Returns, replaced Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns. Filers of Forms 706-GS(D), 706-GS(T), 1041, use Form 2758 to request an extension of time to file.

4.25.14.3
(07-30-2019)
**Processing of Requests
for Discharge of
Property Subject to the
Estate Tax Lien**

- (1) This section provides guidance with respect to the various types of estate and gift tax liens as to which discharge may be applied for by taxpayers, their representatives, or other interested parties. Under IRC 6324, liens arise by operation of law as to unpaid estate or gift tax. Effective fiscal year 2017, responsibility for consideration of the release of property from these unrecorded liens will fall to the Advisory Estate Tax Lien Group. See IRM 5.5.8, Advisory Responsibilities for Processing Estate Tax Liens.

- (2) Discharge of property may be requested from the special recorded liens that are unique to the estate tax area:
 - The lien under IRC 6324A that is provided to secure the interest of the government as to assessed tax for which the payment is deferred due to an election under IRC 6166.
 - The lien under IRC 6324B that is provided to secure the interest of the government as to potential recapture tax imposed under IRC 2032A(c) and IRC 2057.
- (3) Estate and Gift Examination will provide written communication of their recommendations on issues such as filing requirements; potential audit issues, the Revenue Agent Report (RAR), or proper calculations of recapture tax returns within 10 business days.

4.25.14.3.1
(07-30-2019)
Liens Arising Under IRC 6324

- (1) IRC 6324(a) imposes, by operation of law, a lien for the estate tax upon the gross estate of a decedent for a period of ten years from the date of death (excepting such part of the gross estate as is used for the payment of charges against the estate and expenses of administration, allowed by any court having jurisdiction thereof). This lien is a "silent" lien and is distinguished from many other types of tax liens in that no recordation is required.
- (2) IRC 6324(b) imposes, by operation of law, a lien upon all gifts made during a period for which a gift tax return is filed and existing for a term of ten years from the date the gifts are made. Further, if the gift tax is not paid when due, the donee of any gift is personally liable for the gift tax due to the extent of the value of the gift. This lien, like the IRC 6324(a) lien, is also an unrecorded lien.
- (3) Certain exceptions exist, and application may be made to IRS by the taxpayer for the discharge of specific items of property from the liens imposed under IRC 6324. This is most commonly encountered with respect to the statutory lien imposed with respect to estate tax under IRC 6324(a). If application is made on behalf of an estate, it must be filed by the personal representative of the estate, or a party properly authorized for representation pursuant to a valid power of attorney.
- (4) Form 4422, Application for Certificate Discharging Property Subject to Estate Tax Lien, is usually submitted to request a discharge under IRC 6325(c). Form 792, United States Certificate Discharging Property Subject to Estate Tax Lien, is used to approve the discharge of specifically described property under IRC 6325(c).

4.25.14.3.2
(07-30-2019)
Liens Arising Under IRC 6324A

- (1) IRC 6324A imposes a lien to protect the government's interest as to the unpaid tax liability which is deferred due to elections under IRC 6166. These liens are recorded instruments processed by the Advisory Estate Tax Lien Group upon receipt of document packages from Estate and Gift as required pursuant to IRM 4.25.11.3, IRC 6166 Installment Payment Elections, if the Advisory Estate Tax Lien Group determines it to be in the interest of the government to require such a lien. In some cases, a bond may be accepted in full or partial substitution for this lien. In other cases, no security interest may be required.

- (2) All requests for discharge of property from IRC 6324A liens, or for the release or subordination of any such lien will be processed by the *Advisory Estate Tax Lien Group*. See IRM 5.5.8, Advisory Responsibilities for Processing Estate Tax Liens and IRM.

4.25.14.3.3
(07-30-2019)

Liens Arising Under IRC 6324B

- (1) IRC 6324B imposes a lien to protect the government's interest as to potential recapture tax imposed under IRC 2032A(c) and IRC 2057 (for transactions or property acquired prior to December 19, 2014). On December 19, 2014, IRC 2057 was stricken from the Code. See Tax Technical Corrections Act of 2014 Pub. L. No. 113-295, section 221(a)(97)(A). But the provisions of IRC 2057 still apply to any transactions or property acquired before that date if the treatment of such transaction or property would affect the liability for tax for periods ending after that date. See section 221(b)(2). To the extent that IRC 2057 still applies to any transaction or property, that section imposes a lien identical to the IRC 6324B lien. These liens are recorded instruments processed by the Advisory Estate Tax Lien Group upon receipt of document packages from the assigned Estate and Gift field group, as required pursuant to IRM 4.25.11.2, IRC 2032A Special Use Valuation Election.
- (2) Requests for discharge of property from the IRC 6324B lien will be processed by the Advisory Estate Tax Lien Group.
- (3) Forms 706-A, United States Additional Estate Tax Return, secured from a recapture event will be processed by the Advisory Estate Tax Lien Group and copies will be maintained with the lien and/or discharge file.
- (4) Before any lien is released or property discharged in connection with a recapture tax, the relevant return(s) should be secured and reviewed by the appropriate Estate and Gift field group to ensure the computed tax is correct.

4.25.14.3.4
(08-07-2015)

Coordination Required Between Estate and Gift Field and Advisory

- (1) In any case where the Advisory Estate Tax Lien Group is called upon to process a request for a release of any of the estate tax liens specified in this section, or a discharge of specific property subject thereto or for the subordination of any of these liens, and the amount of the government's lien interest cannot be determined, Advisory will consult with Estate and Gift for assistance in determining the amount of this interest.
- (2) The Advisory Estate Tax Lien Group may submit requests for assistance to Estate and Gift using the SRS referral system. Estate and Gift will provide a written response within ten business days of receipt of the SRS referral.

4.25.14.3.5
(07-30-2019)

Records Processing and Disposition

- (1) All lien and discharge request files processed by Advisory will be maintained by Advisory.
- (2) Copies of lien discharge requests processed by Estate and Gift field groups, prior to fiscal year 2017, will be associated with the original return files.
- (3) Form 792, United States Certificate Discharging property Subject to Estate Tax Lien, and relate material which may have been inadvertently retained by the Estate and Gift field groups, are subject to the same records destruction as Advisory. Refer to Document 12990, Records Control Schedule (RCS) 28, Item 44 (Job No. N1-58-93-2) on the National Archives and Records Administration (NARA) approved records disposition to prevent unauthorized/unlawful destruc-

tion of records. Also refer to IRMs 1.15, Records and Information Management series for records creation, maintenance, retention and disposition guidance. Before any lien discharge is destroyed, current IDRS transcripts should be obtained to ensure that there is no balance owed on the account. Where such material remains in possession of a field Estate and Gift group, a best practice is to destroy only after the assessment SOL has expired and with assurance that there is no outstanding balance on the tax module.

4.25.14.4
(07-30-2019)

**Issuing Transfer
Certificates in Estate Tax
Cases**

- (1) Director, Cincinnati Campus Compliance Operations issues transfer certificates permitting the transfers of property of non-resident decedents without liability.
- (2) Upon the determination of any tax liability, the Campus will prepare a Form 5173, Transfer Certificate, in duplicate, for the Director, Campus Compliance Operations' signature. The original will be issued once the tax liability has been fully discharged, and the duplicate will be retained in the file.

4.25.14.5
(07-30-2019)

**Requests for Discharge
from Personal Liability
Under Internal Revenue
Code Sections 2204 or
6905**

- (1) An executor or other fiduciary may file a Form 5495, Request for Discharge from Personal Liability Under Internal Revenue Code Section 2204 or 6905, with respect to an estate or gift tax return. If the Service makes no notification of determination of estate tax within nine months of the received dated of the prompt assessment request, the executor is automatically discharged from personal liability (applying only to him in his personal capacity and his personal assets). However, if a fiduciary other than an executor files a Form 5495, the IRS has six months to notify the fiduciary. See IRC 2204 and IRC 6905.
 - a. The executor remains liable for assets of the estate that are in his possession or control. Also, the discharge does not release the estate assets from the lien for estate tax, if a deficiency is determined to be due.
 - b. If the executor has applied for an extension of time in paying tax under IRC 6161, IRC 6163, or IRC 6166, a discharge from personal liability may still be requested.
 - c. The Service has nine months to notify the executor of the amount of bond required to be posted. If no notice is given, the executor is discharged from personal liability.
- (2) IRM 4.25.2.3.3.2, Form 5495, contains detailed instructions for the processing of Form 5495 applications for discharge of personal liability filed pursuant to IRC 2204 and IRC 6905.

4.25.14.6
(07-30-2019)

**Revenue Agent Referrals
to Estate and Gift Tax**

- (1) When revenue agents encounter a potential estate or gift tax issue during the course of an examination, the following referral procedures should be followed:
 - a. Submit an SRS consultation request to determine if a referral is warranted.
 - b. If a referral is warranted, the revenue agent should complete the referral form located on the *Estate and Gift website* and e-mail it to the Estate and Gift WSD Referral Coordinator per the instructions on the referral form. The Coordinator's contact information is located on the *Estate and Gift website*.
 - c. All relevant information/documentation, (i.e., secured Form 706/Form 709, original and/or amended, omitted assets, etc.) should be e-mailed (if possible) to the Estate and Gift WSD Referral Coordinator (address on the referral form).

- 4.25.14.7
(07-30-2019)
Information Referrals
- (1) IRM 4.1.1.6.11, Information Referrals, details the process for employees to refer leads and information from newspapers, informants, practitioners or other sources to the Campus to determine if there is audit potential.
 - (2) Any credible leads or information with audit potential relating to underreporting or nonfiling of estate and gift taxes should be referred to the Campus. Sources of leads and information can include informants (e.g., co-executors, beneficiaries, family members, employees and neighbors) and articles and reports from newspapers, magazines, internet or other mass media.
 - (3) Forward Form 3949 and the information detailed in IRM 4.1.1.6.11, Information Referrals to:

Internal Revenue Service
Attention: Estate and Gift Team 102
201 West Rivercenter Blvd., Stop 824-G
Covington, KY 41011
- 4.25.14.8
(07-30-2019)
Reopening Procedures for Estate Tax Returns
- (1) This section provides examination reopening procedures for estate tax returns where a Letter 627, Estate Tax Closing Letter, was issued.
 - (2) The estate and gift tax reopening case procedures vary depending on the manner in which the case was originally closed. Before an examiner requests that a case be reopened, the examiner should determine whether the case was accepted as filed, surveyed, or examined.
- 4.25.14.8.1
(07-30-2019)
Reopening "Surveyed" or "Accepted as Filed" Return
- (1) A return in which Letter 627, Estate Tax Closing Letter was issued as a result of being "Accepted as Filed" or "Surveyed" can be opened for examination with the group manager's approval. When making an examination determination regarding this type of return, the reopening criteria should be considered. The taxpayer should be advised of the reasons for the examination.
 - (2) Reopening criteria include substantial error, fraud, malfeasance, and serious administrative error. Examples of reopening criteria, also called case return criteria, can be found at IRM 4.8.2.9.1, Case Return Criteria.
- 4.25.14.8.2
(07-30-2019)
Reopening an Examined Return
- (1) The following procedures should be followed when attempting to reopen an examined case:
 - a. Requests must include a completed Form 4505, Reopening Memorandum, including narrative.
 - b. Requests must be submitted via secure e-mail to the group manager for review. All attachments and additional information will be included in the same secure e-mail. Upon concurrence with the examiner's determination the group manager will forward the e-mail to the Territory Manager for signature approval.
 - c. The Territory Manager will forward the completed electronic form to Chief, Estate and Gift, for signature.
 - d. The completed signed form will be returned to the Territory Manager.

4.25.14.9
(07-30-2019)
**Suspicious Activity
Reports**

- (1) General guidance on the use of Suspicious Activity Reports (SAR) in Title 26 civil income tax cases is provided in IRM 4.26.14, Bank Secrecy Act, Disclosure.
- (2) Employees in the estate and gift program authorized to electronically access SAR information are designated Gatekeepers. The designated Gatekeepers are paralegals within the WSD function.
- (3) Employees in the estate and gift program authorized to receive and use SAR information include:
 - a. Estate Tax Attorneys
 - b. Estate Tax Examiners
 - c. Estate and Gift Group Managers
 - d. Paralegals
 - e. Legal Assistants
 - f. Policy Attorney-Advisors and Analysts
 - g. WSD Attorney-Advisors and Analysts
- (4) SAR information may be helpful in examination and case building activities when:
 - a. Examiner has exhausted routine means of locating banking information
 - b. Examiner has noted potential fraud indicators
 - c. Taxpayer appears to be utilizing cash transactions to avoid reporting of income
 - d. Taxpayer has made a voluntary disclosure and/or offshore bank accounts are suspected
 - e. Examiner is investigating a Whistleblower case involving unreported income, offshore bank accounts or activities, or
 - f. The Web Currency and Banking Retrieval System (WebCBRS) reflects a Currency Transaction Report (CTR). A CTR is filed when a transaction occurs that involves currency exceeding \$10,000.
- (5) Training is required for access or use of SAR information. Completion of required training is a prerequisite to access or use of SAR information. In addition, managers of designated Gatekeepers or employees must ensure that the employees they supervise have completed the required training before requesting or receiving SAR information. Prior to completing any requests for SAR information, the designated Gatekeepers will ensure that the approving manager has completed the required training. The current requirements and course numbers can be located on ELMS.
- (6) To request SAR information:
 1. Examiners will send an electronically completed Form 10509-A, Suspicious Activity Report (SAR) Document, request, by encrypted email to their group manager. Each request may contain multiple taxpayers.
 2. The group manager indicates approval of the request after confirming association with an active, assigned case, and forwards the approved request by encrypted e-mail to the Gatekeeper. This procedure satisfies the audit trail review requirement for employees using SAR data but not electronically accessing Web-CBRS. SAR audit trail reviews by managers of employees using SAR data only are not required where the manager checks each data request against the active inventory (of the employee, group, function, or project) prior to approving and forwarding the Form

10509-A to the Gatekeeper. Following this procedure, audit trail review requirements for receipt and use of SARs are considered met.

3. The Gatekeeper accesses WebCBRS.
4. If no SARs are found, the examiner will be notified via encrypted e-mail. If SARs are found, the Gatekeeper will send the SAR information to the requester using encrypted e-mail.

Note: Examiners will contact a Fraud Technical Advisor if potential fraud indicators are identified.

5. The Gatekeeper will maintain the approved electronic requests for a period of one year or until an audit trail review covering the time frame for those requests is completed, whichever occurs later.
- (7) Specialty requires audit trail reviews by supervisors of Gatekeepers to reconcile access with approved requests and further requires that second-level managers ensure these reviews are conducted as required. Reviews will be conducted on an annual basis and may be conducted in conjunction with annual workload reviews. A 30-day period will be selected from the prior 12 months of CBRS activity. The Gatekeeper will ensure queries were related to assigned cases.
- (8) SAR information must be treated with the same security precautions as information received from a confidential informant, and is subject to both Title 31 and Title 26 restrictions. See IRC 6103. No SAR information, including the existence of a SAR, can be disclosed in the course of any compliance activity to the filer of the SAR, the subject of the SAR, or to any party outside the IRS without prior consultation with the Bank Secrecy Act (BSA) Liaison to FinCEN. FinCEN may allow sharing of SAR information in special circumstances only.
- (9) The following also supplements IRM 4.26.14 and applies to maintenance and disposal of SAR data in specialty cases, except case-building:
 - a. SAR documents will be maintained in sealed confidential envelopes within the case file.
 - b. Attach Sensitive But Unclassified (SBU) Cover Sheet (TDF 15-05.11) to the outside of the envelope and to any file containing Form 10509-A or SAR data. This cover sheet clearly identifies documents that must always be under the personal observation of an authorized IRS employee or maintained in a secured cabinet.
 - c. The work papers, activity records, audit report or other documents within the administrative file should not reveal or reference SARs. If absolutely necessary, use the term "confidential informant".
 - d. No tax adjustments can be made solely based on SAR information. Examiners must independently develop the underlying issues (i.e., unreported income) related to the SAR to support any potential adjustments.
 - e. Destroy all SAR-related material when closing a case.
- (10) Additional Information. For assistance in reviewing SAR information and guidance on how to use it, review the ELMS courses or contact a designated Gatekeeper. Questions may be submitted via e-mail to SBSE SAR Use.

4.25.14.10
(07-30-2019)

Signature Authority

- (1) The following table provides the proper signature authority placed on each of the following:

Document	Signature Authority
Closing Letter (Letter 627) (for examined and surveyed returns)	Delegation Order 4-14, Director, Campus Compliance Operations, Cincinnati
Consent (Form 872)	Group Manager (Delegation Order 25.2 (Rev. 1))
Statutory Notice of Deficiency	Territory Manager, Technical Services (Delegation Order 4.8) Rev 1 (IRM 1.2.43.9)
Substitute for Return Certification: IRC 6020(b) (Form 13496)	Delegation Order 5-2
Notice of Federal Estate Tax Lien: IRC 2032A	Revenue Officer, Individual Taxpayer Advisory Specialists, Group Managers (Collection Delegation Order 5-4 (Rev. 2)) (IRM 1.2.44.5)
Notice of Statute Expiration (Form 895)	Group Manager (initials) (IRM 25.6.23.6.3)
Statute Expiration Report (Form 3999)	Group Manager, Territory Manager and Chief, Estate and Gift Tax Program
Closing Agreements	Group Manager, Technical Services (Delegation Order 4.25 Rev 2) (IRM 1.2.43.22)
30-day Letter (Letter 950)	Group Manager (Delegation Order 4.55)
Re-Opening Memo (Form 4505)	Group Manager and Territory Manager and Chief, Estate and Gift Tax Program (IRM 1.2.13.1.1(9)) Policy Statement 4-3.
Re-Opening Letters (Letter 939)	Chief, Estate and Gift Tax Program (IRM 1.2.13.1.1(11)) Policy Statement 4-3
Preliminary IRC 6166 Determination Letter (Letter 950-J) (used for denying or terminating an IRC 6166 election)	Group Manager (Delegation Order 4.5.4) (Rev. 2)
Preliminary IRC 6166 Determination Letter (Letter 950-K) (used to adjust an estate's IRC 6166 installment payments)	Group Manager (Delegation Order 4.54) (Rev. 2)
Authority to Discharge an Executor From Personal Liability for Certain Income, Estate and Gift Taxes and to Issue Estate Tax Closing Letters	Delegation Order 4-14
Issuance of Transfer Certificates in Certain Estate Tax Cases	Delegation Order 4-16 (IRM 1.2.43.15)
Jeopardy and Termination Assessments	Chief, Estate and Gift Tax Program (Delegation Order 4-21) (IRM 1.2.43.19)

4.25.14.11
(08-07-2015)
**AIMS/ERCS Codes in
Estate and Gift Tax
Examinations**

- (1) This section provides AIMS and ERCS codes specific to Estate and Gift Tax. Examiners are responsible for verification of the appropriate codes in each case in their inventory.

- (1) An Activity Code is a three digit code that categorizes classes of returns. The activity code generated by master file should not be changed unless the exception to the rule below applies:
 - SFRs — Since no return was filed, the opening activity code is an estimate of the correct code. The activity code must be updated based on the figures on the RAR, before the case leaves the group.
- (2) The most common activity codes used in estate and gift tax examinations are listed below. See Document 6036, *Examination Division Reporting Codes Booklet* for a full list of activity codes.

			# #
			#
			#
			#
			# #
			# # #
			# #
			# #
			# #
			# #
			# # # #
			# # # #
			#
			# #
			# #
			# #

[illegible]

Aging Reason Codes for Estate and Gift Tax Examinations

- (1) Aging Reason Codes are used to monitor a specific population of cases.
- (2) The most common aging reason codes used in estate and gift tax examinations are listed below. See IRM 4.4.1-1, AIMS Procedures, Reference Guide, for a link to current AIMS Aging Reason Codes.
 - a. Aging Reason Code 40 (ARC 40) will be added to all cases where an outside fee appraisal (OFA) has been requested and no other engineer services have been requested.
 - b. Aging Reason Code 41 (ARC 41) will be added to all cases where an outside fee appraisal (OFA) has been requested and additional engineer services have been requested.

- c. Aging Reason Code 42 (ARC 42) will be added to all cases where an outside fee appraisal (OFA) request has been denied and an LB&I referral is required.
- d. Aging Reason Code 43 (ARC 43) will be added to all cases where an outside fee appraisal (OFA) has been requested and an art panel referral has been made. No additional engineer services are requested.
- e. Aging Reason Code 44 (ARC 44) will be added to all cases where an outside fee appraisal (OFA) has been requested and an art panel referral has been made. Additional engineer services are also requested.
- f. Aging Reason Code 45 (ARC 45) will be added to all cases where an outside fee appraisal (OFA) request has been denied and an LB&I referral is required. In addition, a referral to the art panel has been made.
- g. Aging Reason Code 49 (ARC 49) has been created to identify preparer penalty cases.
- h. Aging Reason Code 52 (ARC 52) will be added to all cases assigned to and closed by paraprofessionals. This aging reason code should not be utilized when the paraprofessional assists and charges time to a case assigned to another examiner.
- i. Aging Reason Code 54 (ARC 54) has been established to identify estate tax returns that have been examined and, as a result of the examination, the gross estate has increased to a value in excess of \$5 million from an initial value below \$5 million. The activity code for the estates will not change since the activity code is intended to reflect the gross estate as reflected on the filed return.
- j. Aging Reason Code 55 (ARC 55) will be entered by the Cincinnati Campus for cases selected for Field consideration during the classification process that will require Art Panel referrals if the Field initiates an examination.
- k. Aging Reason Code 56 (ARC 56) will be added in the Field to all status 10 and 12 cases where there is both a referral to the Art Panel and an accepted referral to LB&I for valuation services, including consultations.
- l. Aging Reason Code 57 (ARC 57) will be added in the Field to all status 10 and 12 cases where there is an accepted referral to LB&I for valuation services. The term "accepted referrals" applies to any referral to LB&I Engineering or Economist by an examiner requesting valuation services where LB&I agrees to provide the valuation service requested, including consultations.
- m. Aging Reason Code 58 (ARC 58) will be entered by Cincinnati Campus to cases selected during classification and then identified for an LB&I referral by an LB&I Engineering representative attending classification.
- n. Aging Reason Code 59 (ARC 59) will be entered by Cincinnati Campus to cases selected during classification where there is both an Art Panel referral required if the return is examined and the case is selected during classification and then identified for an LB&I referral by an LB&I Engineering representative attending classification.
- o. Aging Reason Code 60 (ARC 60) will be applied by the Field to cases with ARC 59 that have an accepted referral to LB&I for valuation services. The term "accepted referral" applied to any referral to LB&I Engineering/Economist and Valuation Services where LB&I agrees to provide the valuation service requested, including consultations.
- p. Aging Reason Code 61 (ARC 61) will be applied by the Field to cases with ARC 58 that have an accepted referral by LB&I for valuation services. The term "accepted referral" applied to any referral to LB&I Engineering/Economist and Valuation Services where LB&I agrees to provide the valuation service requested, including consultations.

- (3) When closing a case in which ARC 54 as well as other ARCs are applicable, ARC 54 shall have priority over all other aging reason codes.
- (4) Aging Reason Codes 55 - 61 have priority over ARC 52.
- (5) ERCS will be updated to reflect the aging reason code when applicable. The examiner should complete Form 5348, AIMS/ERCS Update (Examination Update), to show the aging reason code that applies. The group secretary will use the Form 5348 to update ERCS. All cases that meet the aging reason code criteria must have the aging reason code placed on them before the case is closed from the group. Managers will confirm that the code has been input in ERCS before approving the case for closure.

4.25.14.11.3
(08-05-2016)

**MFT Codes used for
Estate and Gift Tax
Examinations**

- (1) The MFT code reduces the numerous tax form numbers to two digits.
- (2) The common MFT codes used in estate and gift tax examinations are listed below. See Document 6209 for a full list of MFT codes.

Form	MFT (Master File)	NMFT (Non-Master File)
706	52	53
706-A	52	53
706-GSD	78	78
706-GST	77	77
706-NA	52	53
709	51	54
1041	05	05
8939	AE	AE
8939 Penalty Case	PE	PE
DATL (Trust Fund Recovery)	55	55
8971, Individual Executor	P9/55	P9/55
8971, Institutional Executor	P9/13	P9/13

4.25.14.11.4
(07-13-2018)

**Project Codes used in
Estate and Gift Tax
Examinations**

- (1) A Project Code is a four digit number indicating that a case belongs to a special program which allows monitoring of the program by project code. AIMS reports can be generated for a given project to measure the total number of returns, examination time, results, etc.
- (2) The following project codes are commonly used in Estate and Gift Tax:

	#
	#
	#
	#
	#
	#
	# #
	# #
	# #
	# #

4.25.14.11.5
(07-30-2019)
**Source Codes used in
Estate and Gift Tax
Examinations**

- (1) A Source Code is a two digit code used to indicate the source of the examination.
- (2) The common source codes used in estate and gift tax examinations are listed below. A full list of source codes may be found at IRM 4.4.34.4.16, AIMS Procedures and Processing Instructions, Updating/Correcting AIMS Data Base, Source Code.

Source Code	Definition

Source Code	Definition	
		#
		#
		#
		#
		#
		#
		#

4.25.14.11.6

(07-13-2018)

**Status Codes used in
Estate and Gift Tax
Examinations**

(1) A Status Code is a two digit code used to identify the location of a tax return.

(2) The most common status codes used in estate and gift tax examinations are listed below. See Document 6306 and Document 6209 for a full list of status codes.

Location	Status Code	Definition	
			#
			#
			#
			#
			#
			#
			#
			#
			#
			#
			#
			#

#####

#

[illegible]

[illegible]

4.25.14.12
(07-30-2019)

**Employee Protection
Codes and Document
Indicators**

- (1) In order to protect employees the Treasury Inspector General for Tax Administration (TIGTA) and the Office of Employee Protection (OEP) may apply a “Potentially Dangerous Taxpayer” (PDT) or a “Caution on Contact” (CAU) code indicator. For more information regarding the determination criteria, application and review of PDT and CAU indicators by TIGTA and OEP, see IRM 25.4.1, Employee Protection, Potentially Dangerous Taxpayer and IRM 25.4.2, Employee Protection, Caution Upon Contact Taxpayer.
 - a. If a taxpayer is identified as a PDT, a PDT indicator will appear on the Examination Returns Control System (ERCS) screen and on the Integrated Data Retrieval System (IDRS) TXMOD transcripts. A complete list of PDT code systems and documents can be found at IRM Exhibit 25.4.1-1, Display of PDT Indicator.
 - b. If a taxpayer is identified as CAU, a CAU indicator will appear on ERCS and on the TXMOD, IMFOL, BMFOL and INOLE transcripts. A complete list of CAU code systems and documents can be found at IRM Exhibit 25.4.2-1, Display of CAU Indicator.
- (2) A taxpayer who meets PDT or CAU criteria should be approached with caution. A PDT designation takes precedence over a CAU designation. As a result, taxpayers who have been identified as PDTs cannot be simultaneously designated with the CAU indicator.
- (3) Employees should promptly report assaults, threats, harassment or forcible interference incurred during, or related to, the performance of official duties to their local Treasury Inspector General for Tax Administration (TIGTA) office. The Employee Resource Center contains a link to *a list of TIGTA field Division addresses and phone numbers*.

4.25.14.13
(07-30-2019)

Identity Theft

- (1) Estate and Gift Tax examiners are responsible for following established servicewide identity theft procedures. IRM 25.23.9, BMF Identify Theft Procedures, provides servicewide guidance on BMF identity theft issues, including documentation and actions required for general processing of BMF Identify Theft (IDT) claims.
- (2) BMF identity indicators are not applied until required research has been completed to rule out possible mixed entity issue. Never assume identity theft prior to completion of the preliminary research. See IRM 25.23.9 for information regarding preliminary BMF research, and allegations or suspicions of BMF case identity theft.

4.25.14.14
(07-30-2019)

**Social Security Number
(SSN/TIN) Elimination
and Reduction Plan**

- (1) There is an ongoing Servicewide objective to eliminate and/or reduce SSN usage and reduce the overall reliance on the SSN as a primary identifier. The main initiatives have been masking the SSNs by implementing two-dimensional (2-D) barcode technology, and assessing the need for SSNs on forms and letters and removing or masking where possible. Estate and Gift Notebook generated documents and letters deploys letters and forms that contain masked SSN numbers where appropriate.
- (2) Most correspondence generated by estate and gift examiners to taxpayers does not require inclusion of a SSN. Estate and Gift Policy updated the pattern letters and forms available through the Estate and Gift Notebook following the guidance provided by PGLD. See Servicewide Memorandum OMB M-17-12,

Preparing for and Responding to a Breach of Personally Identifiable Information. See SSN guidance in IRM 10.5.1.7.14, Social Security Elimination and Reduction (SSN ER).

- (3) House Resolution 624, Social Security Number Fraud Prevention Act of 2017 was enacted into law on September 15, 2017 to further protect citizens from identity theft. H.R. 624 instructs federal agencies to restrict the inclusion of social security account numbers (SSNs) on federal documents sent by mail. The regulations specify that, “Not later than 5 years after the date of the enactment of this Act, the head of each CFO Act agency shall issue regulations specifying the circumstances under which inclusion of a SSN on a document sent by mail is necessary.” This gives the IRS until September 14, 2022 to meet these requirements.

