



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.51.4

JUNE 25, 2024

EFFECTIVE DATE

(06-25-2024)

PURPOSE

- (1) This transmits revised IRM 4.51.4, LB&I Case Management, LB&I/Appeals Fast Track Settlement (FTS) Program.

MATERIAL CHANGES

- (1) IRM 4.51.4.1: Reordered and renamed the paragraphs under IRM 4.51.4.1 to conform with IRM 1.11.2.2.4, Address Management and Internal Controls.
- (2) IRM 4.51.4.1: Added paragraphs (5) and (6).
- (3) IRM 4.51.4.1.7: Updated links for Fast Track resources.
- (4) IRM 4.51.4.3: Added information about Acknowledgement of Facts IDR to paragraph (2)(a) and (2)(c).
- (5) IRM 4.51.4.5.1: Updated documentation to Form 9984 in paragraph (5)(b).
- (6) IRM 4.51.4.5.2.1: Added LB&I Fast Track email information to paragraph (1).
- (7) IRM 4.51.4.5.3.2: Added LB&I Fast Track email information to paragraph (5) and link for LB&I Fast Track Issue Statement.
- (8) IRM 4.51.4.5.3.3: Added LB&I Fast Track email information to paragraph (1).
- (9) Exhibit 4.51.4-1: Added link for LB&I Fast Track Issue Statement.
- (10) Editorial changes made throughout.

EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 4.51.4 dated February 09, 2021.

AUDIENCE

LB&I, Appeals

Ronald H. Hodge II
Assistant Deputy Commissioner Compliance Integration
Large Business and International Division

4.51.4

LB&I/Appeals Fast Track Settlement Program (FTS)

Table of Contents

4.51.4.1 Program Scope and Objectives

4.51.4.1.1 Background

4.51.4.1.2 Authority

4.51.4.1.3 Roles and Responsibilities

4.51.4.1.4 Program Management and Review

4.51.4.1.5 Program Controls

4.51.4.1.6 Acronyms

4.51.4.1.7 Related Resources

4.51.4.2 Overview of FTS Program

4.51.4.2.1 Policy Statement 1-236, Fairness and Integrity in Enforcement Selection

4.51.4.3 Initiating FTS Process

4.51.4.4 Case Eligibility and Exclusions

4.51.4.4.1 General Considerations

4.51.4.4.2 Eligible Cases

4.51.4.4.3 Cases and Issues Not Appropriate for FTS

4.51.4.5 General Procedures

4.51.4.5.1 Consideration of Fast Track Settlement

4.51.4.5.2 Determining Eligibility and Suitability

4.51.4.5.2.1 Screening and Approval of Application

4.51.4.5.3 LB&I Procedures

4.51.4.5.3.1 LB&I Participation in the Fast Track Settlement Process

4.51.4.5.3.2 Submission of Application

4.51.4.5.3.3 Forwarding Application for LB&I Fast Track to Approving Managers

4.51.4.5.3.4 Status and Aging Reason Code for FTS Cases

4.51.4.5.4 Appeals Procedures

4.51.4.5.4.1 Appeals Participation in the Fast Track Settlement Process

4.51.4.5.4.2 Appeals Process for Assignment of Fast Track Settlement Cases

4.51.4.5.4.3 Cases Not Accepted for Fast Track

4.51.4.5.4.4 Case Accepted for Fast Track and Assigned in Appeals

4.51.4.5.4.5 Appeals Official's Role Upon Assignment

4.51.4.5.4.6 Appeals ACI Coordinator's Role in Coordinated Issues

4.51.4.5.4.7 Role of LB&I Participants in Fast Track Sessions

4.51.4.6 Introduction to the Fast Track Session

4.51.4.6.1 Planning the Fast Track Session

4.51.4.6.2 Developing the Fast Track Session Report and Agenda

-
- 4.51.4.6.3 Conducting the Fast Track Session
 - 4.51.4.6.3.1 Appeals Recommendations During Fast Track Session
 - 4.51.4.6.3.2 Ex Parte Communications
 - 4.51.4.6.3.3 New Information Disclosed as Part of Fast Track Process
 - 4.51.4.6.3.4 New Issues/Claims Raised During Fast Track Session
 - 4.51.4.6.3.5 Developing the Fast Track Session Report
 - 4.51.4.6.3.6 Reconsideration of Fast Track Session Report Agreements
 - 4.51.4.6.3.7 Appeals or LB&I May Terminate the Fast Track Session
 - 4.51.4.6.3.8 Taxpayer May Withdraw at Any Time
 - 4.51.4.6.3.9 Fast Track Settlement Authority
 - 4.51.4.6.4 Closing the Fast Track Settlement Process
 - 4.51.4.6.4.1 Closing the FTS Process With Settled/Resolved Issues
 - 4.51.4.6.4.2 Closing the FTS Process with Unresolved Issues
 - 4.51.4.7 Fast Track Settlement and Joint Committee Cases
 - 4.51.4.8 Post-Fast Track Settlement Process - LB&I Case Procedures

Exhibits

- 4.51.4-1 LB&I Fast Track Settlement Application Issue Statement
- 4.51.4-2 Territory Manager Concurrence Memo

4.51.4.1

(06-25-2024)

Program Scope and Objectives

- (1) **Purpose:** Fast Track Settlement (FTS) was developed as an alternative dispute resolution (ADR) process that furthers the IRS's goal of resolving tax controversies fairly and impartially to both the government and the taxpayer in an expeditious manner. A primary objective of the IRS is to resolve tax differences at the earlier stages of the exam without sacrificing the quality and integrity of the examination. FTS improves business practices by addressing disputes as early as possible to expedite case closing and reduce taxpayer burden. FTS provides LB&I and taxpayers an opportunity to resolve their disputes with an appeals official using mediation skills and settlement authority.
- (2) **Audience:** The primary users of this IRM are LB&I and the Independent Office of Appeals (Appeals).
- (3) **Policy Owner:** The Strategy, Policy and Governance Office (SPG) of the LB&I Assistant Deputy Commissioner Compliance Integration (ADCCI) and the IRS Independent Office of Appeals jointly manage and administer the FTS Program.
- (4) **Program Owner:** LB&I ADCCI SPG is responsible for updating IRM 4.51.4.
- (5) **Primary Stakeholders:** LB&I personnel and Appeals.
- (6) **Contact Information:** Questions may be directed to the ADCCI FTS program coordinator at **LB&I Fast Track*. To recommend changes or make any other suggestions to this IRM, submit a policy development request via the *LB&I Policy Gateway*.

4.51.4.1.1

(09-11-2015)

Background

- (1) Fast Track Settlement will enable taxpayers and the IRS to work together to resolve outstanding issues while the case remains in LB&I jurisdiction.
- (2) FTS program is designed to:
 - a. Resolve examination issues at the earliest stage
 - b. Leverage Appeals settlement authority and mediation skills
 - c. Decrease overall time from return filing to case closure
 - d. Ensure the process meets the needs of the LB&I population
 - e. Reduce taxpayer burden with optimal use of IRS resources

4.51.4.1.2

(01-01-2007)

Authority

- (1) Rev. Proc. 2003-40, 2003-1 C.B. 1044, formally established the FTS Program, with the goal of expediting case resolutions and expanding the range of dispute resolution options available to taxpayers.

4.51.4.1.3

(02-09-2021)

Roles and Responsibilities

- (1) SPG and the IRS Independent Office of Appeals (Appeals) work jointly to administer the FTS Program.
- (2) The IRS Independent Office of Appeals is the official FTS record keeper and originator of the data.
- (3) SPG reports monthly on FTS cases to LB&I stakeholders.
- (4) The SPG director, program managers and team managers work together to provide oversight for the FTS program.
- (5) The SPG analyst prepares the FTS LB&I monthly and annual reporting to stakeholders within LB&I.

- (6) The IRS adopted the Taxpayer Bill of Rights (TBOR) in June 2014. 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 TBOR, see Publication 5170, Taxpayer Bill of Rights and <https://www.irs.gov/taxpayer-bill-of-rights>.

4.51.4.1.4
(02-09-2021)
**Program Management
and Review**

- (1) The Issue Management System (IMS) is the primary LB&I tracking tool for FTS, and it is important to accurately and timely complete appropriate FTS fields in the IMS system.
- (2) The following fields have been established within IMS “Issue Resolution Tools” at the Technical Issue level to track and monitor the FTS program in LB&I:
- “Fast Track Considered” – a “Yes” in this field if Fast Track was considered and “No” if it was not.
 - “Territory Manager Concurrence” – this field is required (and will become enabled) if “Fast Track Considered” is “No”
 - “Fast Track Settlement” – a “Yes” in this field indicates that FTS was used.
 - “Fast Track Settlement Start Date” - Date that FTS is initiated (application submitted and accepted).
 - “Fast Track Settlement End Date” – Date FTS process is completed either with a signed agreement or by a conclusion that an agreement cannot be reached.
 - “Fast Track Settlement Offered and Refused” – a “Yes” in this field indicates that FTS was offered but declined by the taxpayer.
- (3) At a minimum, FTS data on IMS must be updated when the FTS process is initiated and when it is completed.

4.51.4.1.5
(02-09-2021)
Program Controls

- (1) Appeals is responsible for FTS data collection and FTS reporting. The data is provided by Appeals monthly to SPG. The primary purpose of the data is to provide monthly updates on FTS cases received, in-process and closed to stakeholders.

4.51.4.1.6
(02-09-2021)
Acronyms

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

Acronym	Definition
ACI	Appeals Coordinated Issue
ACM	Appeals Case Memorandum
ADCCI	Assistant Deputy Commissioner Compliance Integration
ADR	Alternative Dispute Resolution
AO	Appeals Officer
AOF	Acknowledgement of Facts
ATCL	Appeals Team Case Leader
ATM	Appeals Team Manager

Acronym	Definition
BBA	Bipartisan Budget Act of 2015
ECD	Estimated Completion Date
FTS	Fast Track Settlement
IMS	Issue Management System
JC	Joint Committee
LB&I	Large Business and International Division
SPG	Strategy Policy & Governance Office
RAR	Revenue Agent Report
TEFRA	Tax Equity and Fiscal Responsibility Act of 1982

4.51.4.1.7
(06-25-2024)
Related Resources

- (1) The Fast Track Settlement web pages at <https://irsgov.sharepoint.com/sites/ETD-KMT-KB051/SitePages/LBIExamProcedures/IssueResolutionTools/Fast-Track-Settlement.aspx> and <https://irsgov.sharepoint.com/sites/LBI/SitePages/Exam-Features.aspx> contain many tools and links designed to help LB&I personnel understand and participate in this process.

4.51.4.2
(06-28-2017)
Overview of FTS Program

- (1) FTS takes place while the case is in LB&I jurisdiction and is designed to be completed within approximately 120 days from when Appeals accepts the FTS application. LB&I, the taxpayer, and Appeals are active participants in the process, and all three must agree before a proposed resolution can be implemented. FTS uses mediation techniques to lead LB&I and the taxpayer to self-determine the likely outcome of the dispute. When a resolution cannot be reached through mediation, Appeals may propose a resolution, but such proposal cannot be imposed on either party. If the Fast Track Settlement process is unsuccessful, Appeals will not issue a statutory notice, and the taxpayer retains its traditional appeals rights. Since the process would have occurred under LB&I jurisdiction, the case remains with LB&I for disposition.
- (2) While FTS makes Appeals settlement authority available if needed, LB&I can mediate and resolve factual issues within its existing resolution authority without requiring Appeals settlement authority. For these issues not requiring settlement authority, Appeals will work to resolve the issue via a mediated agreement between the taxpayer and LB&I. For these issues, Appeals will generally not draft or execute a closing agreement.
- (3) Issues involving legal interpretations generally require the consideration of the hazards of litigation. For these issues, Appeals will first work to mediate an agreement that falls within an acceptable range as determined by an analysis of the litigating hazards. Once an acceptable agreement is reached, the appeals official will accept the settlement in a closing agreement that finalizes the resolution of the issues. Appeals will evaluate the hazards pertaining to the issue and will only execute a settlement agreement that falls within an acceptable range. Prior to the FTS referral, LB&I must not commit, or appear to commit, to a settlement with the taxpayer that exceeds LB&I's authority. For

issues requiring settlement authority, Appeals will analyze the hazards of litigation in the same manner as in the traditional Appeals process.

4.51.4.2.1
(02-09-2021)

**Policy Statement 1-236,
Fairness and Integrity in
Enforcement Selection**

- (1) Policy Statement 1-236 applies to the Fast Track Process in primarily three main areas:
 - **Ensure fairness to the taxpaying public** – By offering FTS to all LB&I taxpayers with applicable disputed issues we ensure fairness to the taxpaying public, promoting public confidence in our tax system for all taxpayers.
 - **Ensure an equitable process for all taxpayers** – FTS is offered to the taxpayer for each disputed issue on an LB&I case, when applicable. A mandatory note is placed in the case activity record documenting the FTS offer. This provides a safeguard that is built into our enforcement processes to ensure that FTS is offered impartially and consistently to each taxpayer.
 - **Ensure fairness to each taxpayer** – An LB&I taxpayer can use the FTS option to resolve the case dispute sooner than the normal Appeals process. Offering FTS to all applicable taxpayers ensures each taxpayer is getting the same due process options.

Note: Issues not applicable to taxpayers and ineligible for FTS are described in IRM 4.51.4.4.3.
- (2) See IRM 1.2.1.2.36, Fairness and Integrity in the Enforcement Selection, for the full version of the policy statement.

4.51.4.3
(06-25-2024)

Initiating FTS Process

- (1) FTS may be initiated at any time after an issue has been fully developed but must be initiated prior to the issuance of the 30-day letter.
- (2) “Fully developed” will generally be indicated by:
 - a. The issuance of an Acknowledgement of Facts (AOF)IDR as outlined in IRM 4.46.4.11, Written Acknowledgement of Facts (AOF).
 - b. The issuance of a Notice of Proposed Adjustment (Form 5701) to the taxpayer setting out the Government’s determination and the legal and factual basis upon which it is made.
 - c. A written response to both the AOF and 5701 from the taxpayer clearly stating its position and the basis for disagreement.
- (3) An issue may be accepted in the FTS program when it is fully developed to facilitate resolution, even though it may not be developed to the extent required for a revenue agent report (RAR), with the concurrence of the Appeals FTS program manager and either the LB&I issue or case territory manager.
- (4) When considering FTS, LB&I recommends the issue manager and the case manager contact their respective territory manager and the Appeals FTS program managers to discuss the case or issues. The taxpayer may be invited to participate in these discussions at the discretion of the issue or case manager.
- (5) FTS can be used, if applicable, when Appeals releases jurisdiction of a case to consider new information or issues.

- (6) Application procedures are discussed at IRM 4.51.4.5.2.

4.51.4.4
(06-28-2017)
Case Eligibility and Exclusions

- (1) While many LB&I issues can be resolved through FTS, some issues may not be eligible or appropriate for the process. LB&I issue and case managers must collaborate with each other and their respective territory managers. LB&I i may also consult with the Appeals FTS program managers to determine whether an issue is eligible and appropriate using criteria in IRM 4.51.4.4.1 and IRM 4.51.4.4.2.

4.51.4.4.1
(09-11-2015)
General Considerations

- (1) The LB&I issue manager (in collaboration with the case manager) and the taxpayer will evaluate their circumstances to determine if this process meets their needs to bring the case to a conclusion within the agreed upon time frames.
- (2) Fast Track Settlement may not be the appropriate dispute resolution process for all cases.
- (3) The LB&I issue manager (in collaboration with the case manager) and the taxpayer should explore other dispute resolution options if a case is ineligible or inappropriate for FTS.
- (4) The greatest opportunity to reduce administrative burden and costs for all parties using FTS exists in cases where:
- a. All issues are raised, and the examination process is nearly complete
 - b. All claims are timely filed and examined
 - c. Issues are fully developed
 - d. Taxpayer has stated its position in writing
 - e. Unagreed issues are limited in number
- (5) FTS process works best in cases where all unagreed issues are included in the application, however:
- a. Individual unagreed issues or groups of issues will be accepted for FTS in cases where it is determined to be in the best interest of tax administration.
 - b. Acceptance of individual issues may be limited due to the availability of Appeals resources.
- (6) When FTS is unsuccessful in resolving all issues, the taxpayer will be offered the opportunity to pursue resolution through traditional Appeals.
- (7) If the taxpayer pursues the traditional Appeals process, Appeals management will ensure a fair and impartial hearing. IRM 8.26.1.12.5, Terminating the LB&I FTS Session, states that the traditional appeal will not be assigned to the same ATCL or AO that heard the FTS session, unless concurrence is received in writing from the taxpayer and LB&I prior to assignment. This policy should be made clear to the taxpayer at the beginning of the process, and if the taxpayer is unable to accept this policy, the taxpayer may decide to forego the Fast Track option and go to traditional Appeals.

Note: Post Appeals Mediation is not available for cases previously mediated through a different alternative dispute resolution program within Appeals, such as Fast Track Settlement. (See Rev. Proc. 2014-63).

4.51.4.4.2
(02-09-2021)
Eligible Cases

- (1) Generally, cases worked under the jurisdiction of LB&I are eligible for FTS.
- (2) Under limited circumstances, cases with unique characteristics requiring special handling may be accepted for FTS with the approval of the Appeals FTS program managers and the LB&I issue and case territory managers. These cases include:
 - a. Cases involving taxpayers in bankruptcy where LB&I follows the provisions of IRM 4.27.1, Bankruptcy - Examiner Responsibilities and Procedures, regarding notification to Chief Counsel and Department of Justice. Since the final tax determination is under the jurisdiction of a court, a closing agreement will generally not be used. The decision to reduce the liability in the proof of claim rests with LB&I, in accordance with Chief Counsel and Department of Justice guidelines.
 - b. Cases involving Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) procedures where the first level entity and the major controlling shareholder/partners are included in the Fast Track Session. LB&I will complete the required TEFRA administrative proceedings, including Notice of Proposed Adjustment (NOPA), Notice of Beginning Administrative Proceedings (NBAP), and Notice of Final Partnership Administrative Adjustment (FPAA) procedures for all levels, including investor statutes. Appeals will provide an appeals official to conduct the Fast Track Session at the first entity level and help the parties reach a settlement. A Waiver on Assessment Form 870-PT (AD) type of agreement will be used to secure agreement from the entity and controlling shareholders/partners. Closing agreements are not normally used in TEFRA cases but may be used at the parties' option.
 - c. Cases involving the Bipartisan Budget Act of 2015 (BBA) procedures where the first level entity is included in the Fast Track Session. LB&I field exam will complete the required BBA administrative proceedings Notice of Proposed Partnership Adjustment (NOPPA/PPA) package. Appeals will provide an appeals official to conduct the Fast Track Session at the first entity level and help the parties reach a settlement.
 - d. Joint Committee cases using procedures under IRM 4.51.4.7 and IRM 4.36, Joint Committee Procedures.

4.51.4.4.3
(06-28-2017)
**Cases and Issues Not
Appropriate for FTS**

- (1) The following cases/issues are generally not appropriate for the Fast Track Settlement Program:
 - a. Docketed issues
 - b. Issues challenging the constitutionality of tax laws
 - c. Cases/issues for which the taxpayer has expressed unwillingness to compromise or explore a mutual concession resolution
- (2) The following issues will be excluded from FTS:
 - a. Issues designated for litigation
 - b. Issues under consideration to be designated for litigation
 - c. Issues for which the taxpayer has requested competent authority assistance
 - d. Issues for which the taxpayer has requested the simultaneous Appeal/Competent Authority procedure described in section 6.03 of Rev. Proc. 2015-40.
 - e. Issues that are part of a whipsaw transaction

- f. Issues for which mediation would not be consistent with sound tax administration
 - g. Issues that have been identified in a Chief Counsel Notice, or equivalent publication, as excluded from the FTS process
 - h. Issues raised by taxpayers challenging the validity of a regulation
- (3) Issues specifically excluded under (2) above will result in the exclusion of the entire case.
 - (4) Issues for which the IRS is establishing a uniform settlement position (e.g., - certain listed transactions) may be excluded from FTS.

4.51.4.5
(06-28-2017)
General Procedures

- (1) LB&I and Appeals have established joint operating procedures for the case application, submissions, screening and resolution processes.
- (2) LB&I and Appeals procedures are covered by IRM 4.51.4.5.3 and IRM 4.51.4.5.4, respectively.
- (3) Additional procedures applicable only to the Appeals function for FTS cases may be found in IRM 8.26.1, Fast Track Settlement for Large Business and International (LB&I) Taxpayers.

4.51.4.5.1
(06-25-2024)
Consideration of Fast Track Settlement

- (1) Fast Track Settlement is premised on the basis that the LB&I issue and case managers and taxpayer have exhausted existing issue resolution strategies available within LB&I.
- (2) Fast Track Settlement is an ADR initiative that must be considered by the LB&I issue and case managers when there are unagreed issues that cannot be resolved between the taxpayer and the examination team. FTS consideration and conclusions reached will be documented in the case activity record.
- (3) The taxpayer must either be provided with a copy of the Fast Track Settlement Pub 4539 at the opening conference or they may be directed to obtain a copy at <https://www.irs.gov/pub/irs-pdf/p4539.pdf>.
- (4) Consideration of FTS could occur at any phase of the examination process when LB&I anticipates disagreement on an issue.
- (5) At a minimum, the potential use of Fast Track must be discussed and documented at the following points in the examination process where applicable:
 - a. Opening conference (meeting) (documented within the agenda and/or corporate interview)
 - b. Mid-cycle risk analysis (documented within Form 9984, Examining Officer's Activity Record)
 - c. When potentially unagreed issues are proposed (documented within Form 5701 and/or Form 886-A)
 - d. Update to document and upload documents in IMS per IRM 4.51.4.1.4
- (6) To ensure that the taxpayer understands the FTS process, the LB&I team should provide a copy of Rev. Proc. 2003-40 before the taxpayer submits its application for FTS.
- (7) Participation in FTS does not preclude the taxpayer from requesting traditional Appeals consideration if the FTS process is unsuccessful in resolving the case. See IRM 8.26.1.12.5, Terminating the LB&I FTS Session.

4.51.4.5.2
(02-09-2021)
**Determining Eligibility
and Suitability**

- (1) The LB&I issue and case managers will explain the Fast Track Settlement process to the taxpayer and determine whether the case qualifies for Fast Track Settlement using the case eligibility and exclusion criteria of IRM 4.51.4.4.
- (2) The case manager should ensure the issue is fully developed by discussing it with the agent and others who participated in examining the issue.
- (3) The LB&I and Appeals program managers are available to assist the parties in determining whether the case is suitable for the FTS process.
- (4) If the case does not qualify for FTS, the standard examination procedures and closing process are to be followed.
- (5) Any request for FTS denied to the taxpayer by the LB&I issue and case managers, requires concurrence of the LB&I issue and case territory managers.
- (6) In all cases, the case manager will forward a copy of any denied request, along with a brief statement on the reasons for denial, to the LB&I issue and case territory managers. A pro forma memo requesting territory manager concurrence with Fast Track denial is contained in Exhibit 4.51.4-2. A completed copy of this memo will be maintained in the case file.

4.51.4.5.2.1
(06-25-2024)
**Screening and Approval
of Application**

- (1) When Form 14017, Application for Fast Track Settlement, is signed by the taxpayer, the case manager and the appropriate LB&I territory manager, the referring LB&I case manager will email Form 14017, Form 5701(s) and the written response to the unagreed issue from the taxpayer to the FTS mailbox at **AP ATCL FTS* with a copy to LB&I FTS coordinator at **LB&I Fast Track*.
- (2) The Appeals FTS program manager, in coordination with the LB&I FTS program manager, will screen the application to ensure the case is appropriate for FTS.
- (3) Acceptance or rejection of an FTS application will be based on a review of information submitted, discussions with the LB&I issue and case managers, and the recommendation of the assigned Appeals team manager (ATM).
- (4) The Appeals program manager will determine availability of the Appeals staffing resources before accepting the case.
- (5) If accepted, the LB&I case manager and the taxpayer will be contacted by the assigned appeals officer within ten days of receipt of the application.
- (6) Any case started without the concurrence of the Appeals Fast Track program manager and the LB&I issue and case territory managers will, at the discretion of either manager, be treated as a withdrawn case. If a case is not accepted into the FTS Program, the LB&I issue and case territory managers and Appeals FTS program managers will jointly notify the LB&I issue and case managers and the taxpayer within ten days of receipt of the application.
- (7) The FTS process is limited to 120 calendar days, unless the LB&I issue and case territory managers and the Appeals Fast Track program manager agree to an extension.

4.51.4.5.3
(01-01-2007)
LB&I Procedures

- (1) This section discusses the general procedures to be followed by LB&I personnel to initiate the application and acceptance process for FTS cases.

4.51.4.5.3.1
(09-11-2015)
LB&I Participation in the Fast Track Settlement Process

- (1) The LB&I team is fully involved in the Fast Track Settlement process as an equal participant.
- (2) LB&I participants will include the issue manager, the case manager and others with knowledge and expertise which may contribute to issue resolution.
- (3) The LB&I issue and case managers, in consultation with the appeals official, will determine the LB&I participants. In addition to the issue and case managers, participants will generally include the team coordinator and/or revenue agents who developed the issue(s). Depending on the issue(s), the case manager may also request the participation of specialists.

4.51.4.5.3.2
(06-25-2024)
Submission of Application

- (1) When issues are identified as potentially appropriate for FTS by the taxpayer or the examination team, the LB&I issue and case managers will discuss the issues and case with the taxpayer. Discussions should include the following:
 - a. Suitability of issues for the FTS process
 - b. Willingness of both parties to consider alternative resolution options
 - c. Adequacy of issue development
 - d. Ability of both parties to devote resources to the process
- (2) The LB&I issue manager (in collaboration with the case manager) must discuss the case with the LB&I issue and case territory managers, the LB&I FTS program manager and/or the Appeals FTS program manager before initiating the Fast Track application process.
- (3) The LB&I case manager and the taxpayer will identify a preferred conference site, and Appeals will make every attempt to hold the Fast Track session conference at the preferred site, but may not be able to honor the taxpayer or LB&I request in every case.
- (4) Upon agreement to participate in the Fast Track Settlement process, the taxpayer and LB&I case manager will jointly complete and sign the Form 14017, Application for Fast Track Settlement.
- (5) When the Form 14017 is ready for submission and is signed by the appropriate LB&I territory manager, the referring LB&I case manager will email the application to the FTS mailbox at **AP ATCL FTS* and email a copy to the LB&I FTS program coordinator at **LB&I Fast Track*.
- (6) The Appeals Fast Track program manager will notify the ATM about the application, and the ATM will pre-assign an ATCL or AO to the case.
- (7) Since LB&I retains jurisdiction for the case and responsibility for the statute, the case manager will not forward the case file to Appeals.

4.51.4.5.3.3
(06-25-2024)
Forwarding Application for LB&I Fast Track to Approving Managers

- (1) In addition to the FTS application described above, the LB&I case manager (in collaboration with the issue manager) will include the following submissions via the FTS mailbox at **AP ATCL FTS*, and to the LB&I FTS program coordinator at **LB&I Fast Track*:
 - a. The LB&I Fast Track Settlement Application Issue Statement (See Exhibit

4.51.4-1 and Fast Track Procedures Knowledge Base [https://irs.gov.sharepoint.com/sites/ETD-KMT-KB051/SitePages/LBIExamProcedures/IssueResolutionTools/Fast-Track-Settlement.aspx](https://irs.gov/sharepoint.com/sites/ETD-KMT-KB051/SitePages/LBIExamProcedures/IssueResolutionTools/Fast-Track-Settlement.aspx)) for each issue being referred

- b. Form 5701, Notice of Proposed Adjustment, with Form 886-A, Explanation of Items

Note: For Compliance Assurance Process (CAP) issues, include the Issue Resolution Agreement.

- c. Names and titles of the LB&I and taxpayer participants
- d. Taxpayer's written response (a formal protest is not required)
- e. Form 2848, Power of Attorney and Declaration of Representative, if applicable

- (2) The LB&I Fast Track Settlement Application Issue Statement will contain a descriptive name of the issue being referred, the Uniform Issue List (UIL) number, dollar amounts by year, and a brief statement of the basis for the proposed adjustment and the taxpayer's basis for disagreement.

4.51.4.5.3.4
(06-28-2017)
**Status and Aging
Reason Code for FTS
Cases**

- (1) Agents can "close their case" for monitoring purposes while applying the FTS program to resolve unagreed issues. Agents can use the FTS program, even if doing so would cause a case to exceed its estimated completion date (ECD).
- (2) For FTS cases where all other examination issues are resolved except for one or more FTS issues, agents must use AIMS/ERCS Status Code 15 and Aging Reason Code 23. Cases with AIMS/ERCS Status Code 15 and Aging Reason Code 23 will be considered "closed" for monitoring purposes.
- (3) If all issues are resolved and the ECD is within the practice area's recommendation, except for the FTS issue(s), then the ECD may be extended up to an additional 120 days on IMS to account for additional time necessary to complete FTS. Follow the practice area's specific procedures for obtaining approval to extend the ECD.

4.51.4.5.4
(09-11-2015)
Appeals Procedures

- (1) This section discusses the general procedures to be followed by Appeals personnel regarding the FTS application, acceptance, and case assignment processes.
- (2) Specific Appeals procedures are outlined in IRM 8.26.1.

4.51.4.5.4.1
(02-09-2021)
**Appeals Participation in
the Fast Track
Settlement Process**

- (1) Appeals functions in a mediation role to guide LB&I and the taxpayers to a mutually acceptable resolution.
- (2) Appeals plays an active role in the issue resolution process.
- (3) Appeals may advocate a resolution position but cannot impose such a position on either party.
- (4) Once an agreement is reached, Appeals will use its settlement authority to implement the agreed-upon resolution.
- (5) FTS cases are assigned to appeals officers, as listed below:
 - a. Primarily assigned to a Grade 15 ATCL trained in mediation

b. In limited cases, assigned to Grade 14 appeals officers, trained in mediation

- (6) The Appeals FTS team may include Appeals Technical Specialists for ACI when appropriate.
- (7) Other appeals officers will be assigned to the team as needed, and at the discretion of the ATCL/ATM.
- (8) Appeals may use mediation-trained individuals from other divisions as co-mediators when their specific insight and technical knowledge of the issue being considered would make such participation beneficial to the resolution of the issue.

4.51.4.5.4.2

(02-09-2021)

Appeals Process for Assignment of Fast Track Settlement Cases

- (1) In most cases, the Appeals FTS program manager will alert the ATM that a Fast Track Settlement case is being sent to the local office. When time permits, the ATM and Appeals FTS program manager will pre-assign an appeals official to the case.
- (2) Within three business days of receipt, the ATM will review the application to determine if the FTS eligibility requirements are met. The ATM may involve an ATCL or other appeals official in the review.
- (3) If the ATM determines the case is eligible, the ATM must contact the Appeals FTS program manager to discuss acceptance of the case.
- (4) The ATM will indicate acceptance of the case by signing the application form. The Appeals FTS program manager and the LB&I issue and case territory managers will consider the ATM's recommendation, and other factors, in deciding whether to accept the case for FTS.
- (5) If the ATM/ATCL does not recommend acceptance of the case, this will be communicated to the Appeals FTS program manager, who may assign the application to another ATCL for a second review.
- (6) Any case started without the approval of either the Appeals FTS program manager or the LB&I issue and case territory managers will, at the discretion of the respective managers, be treated as a withdrawn case.
- (7) Except with the concurrence of the LB&I issue and case territory managers and the Appeals FTS program managers, the FTS process is limited to 120 days. The start date for the 120-day Fast Track process is the date the appeals official accepts the FTS application.

4.51.4.5.4.3

(02-09-2021)

Cases Not Accepted for Fast Track

- (1) Issues referred for FTS resolution must be fully developed. Requests for Technical Advice, Field Service Advice, etc. will not be made during the FTS process. Cases requiring further issue development are not ready for FTS, and the ATM will recommend rejection accordingly.
- (2) If the ATM determines that the case does not qualify for FTS (e.g. issues not fully developed, issues do not qualify, Appeals resources are not available, issues excluded), the ATM will discuss the rationale for the denial with the Appeals FTS program manager.
- (3) Appeals FTS program manager may concur with the recommended denial of the FTS request or may accept the case and identify necessary resources.

- (4) If the FTS request is recommended for rejection, the Appeals FTS program manager will discuss the rationale for rejection with the LB&I issue and case territory managers and the LB&I FTS program manager.
- (5) The program managers will discuss the rationale for the denial with the taxpayer and LB&I case and issue managers within ten business days of receipt of the application.

4.51.4.5.4.4
(02-09-2021)

Case Accepted for Fast Track and Assigned in Appeals

- (1) The Appeals FTS program manager will notify the LB&I case and issue managers of acceptance or denial of the FTS Application within ten (10) business days of Appeals receipt of the FTS application.
- (2) After the Form 14017, Application for Fast Track Settlement, is accepted by the LB&I issue and case territory managers and Appeals FTS program managers, the ATM will assign an appeals officer or an ATCL within seven business days of receipt of the application.
- (3) Appeals will normally accommodate the site jointly requested by the LB&I case manager and the taxpayer.
- (4) Where travel or personnel resource limitations impose restrictions on Appeals ability to accommodate the requested site, approval of the Appeals FTS program manager is required to use an alternative site.
- (5) The ATM and ATCL shall coordinate the need to use a team of appeals officers.
- (6) Where the case includes Appeals specialty issues, the appeals officer or ATCL will follow IRM requirements to refer the issues to the Appeals Director ATCL Operations or Appeals Director International Operations. Such referral shall be initiated by telephone and followed up with a formal written referral. The Appeals technical specialist may be assigned if warranted.
- (7) Request may be made to Appeals management for specific assignment of appeals officers with experience or technical expertise involving the issue.

4.51.4.5.4.5
(01-01-2007)

Appeals Official's Role Upon Assignment

- (1) Within ten business days after the case is assigned, the appeals official will call the taxpayer and LB&I case manager to start the Fast Track session planning process.
- (2) The appeals official may identify and discuss the need to limit the number of participants to the Fast Track session.
- (3) Fast Track cases are excluded from the Settlement Authority Panel Review because LB&I must agree to any disposition of the issues.

4.51.4.5.4.6
(02-09-2021)

Appeals ACI Coordinator's Role in Coordinated Issues

- (1) Where an issue is coordinated as an ACI issue, the Appeals team should follow the procedures in IRM 8.7.3.5.5, Review and Concurrence of Coordinated Issues in Fast Track Settlement Case.
- (2) To meet the two-pronged requirement that all decision makers are present at the Fast Track session and that ACI issues are subject to the review and concurrence of the Appeals technical specialist, the Appeals technical specialist will normally serve as a team member and will participate in the Fast Track session with the taxpayer and LB&I.

- (3) If the Appeals technical specialist is not part of the Fast Track Appeals team, settlement of the ACI issue remains subject to the review and concurrence of the Appeals technical specialist. This may be accomplished via telephone discussion.
- (4) If there is a disagreement between the Appeals technical specialist and the appeals officer on appropriate settlement terms for the issue, the resolution procedures in IRM 8.7.3.5, Review and Concurrence Procedures, will be followed.

4.51.4.5.4.7
(09-11-2015)
**Role of LB&I
Participants in Fast
Track Sessions**

- (1) The LB&I issue manager (in collaboration with the case manager) will:
 - a. Determine the composition of the LB&I Fast Track team
 - b. Serve as LB&I's decision maker for all issues under FTS consideration

Note: However, at the discretion of LB&I, decision making authority may be assumed by a higher-level LB&I management official who participates in the session.

 - c. Attend all FTS session meetings and consider information and arguments presented by issue specialists for all parties
- (2) Personnel selected by the issue and case managers to be part of the LB&I team will:
 - a. Be the primary presenters of LB&I's position and technical arguments for issues under consideration
 - b. When appropriate, provide rebuttals to arguments raised by the taxpayer
 - c. Provide consultation and advice to the LB&I decision maker regarding proposed settlements
- (3) If LB&I Counsel representatives are part of the LB&I Fast Track team, their primary role will be to provide advice to LB&I as to legal interpretations and appropriateness of proposed settlements. At the discretion of the LB&I issue manager, Counsel may participate in the presentation of the LB&I position and technical arguments for the issues under consideration.

4.51.4.6
(09-11-2015)
**Introduction to the Fast
Track Session**

- (1) The Fast Track session encompasses all activities from the date the case is accepted through the date of the face-to-face session(s) involving all parties.

4.51.4.6.1
(06-28-2017)
**Planning the Fast Track
Session**

- (1) Planning begins after the case is assigned and Appeals accepts the Fast Track Settlement application. The appeals official will call the taxpayer and LB&I case manager to start the Fast Track session planning process.
- (2) The parties are encouraged to bring their technical experts into the Fast Track Settlement process. It is required that the "decision makers" be present.
- (3) Appeals will lead the taxpayer and LB&I to develop an overall plan for the Fast Track session. The plan will include the preparation of an agenda and Form 14000, Fast Track Session Report (IRM 4.51.4.6.2).
- (4) The parties must agree upon a plan to complete the Fast Track session within 120 days.

4.51.4.6.2
(09-11-2015)
**Developing the Fast
Track Session Report
and Agenda**

- (1) In conducting the Fast Track Session, the appeals official will use a Form 14000, Fast Track Session Report and an agenda. The agenda will guide the following:
 - a. Communication
 - b. Setting the order of issue discussion
 - c. Ask reflective questions to clarify the issues
 - d. Conference meetings
- (2) The appeals official will provide the Fast Track Session Report and agenda to all decision makers early in the process, and update them as the session progresses.

4.51.4.6.3
(01-01-2007)
**Conducting the Fast
Track Session**

- (1) Appeals will lead the Fast Track session, but all three parties will be active participants with equal voices.
- (2) FTS employs various alternative dispute resolution techniques to propose solutions.
- (3) Appeals does not perform in a traditional Appeals role but will first use an interest-based approach to facilitate a settlement of the issues between the parties.
- (4) Using mediating techniques, Appeals will attempt to bring the parties to mutually resolve the issues during the Fast Track session.
- (5) As issues are resolved, Appeals will post the results to the Fast Track Session Report and give an updated copy to all participants. Appeals will maintain a history of the updated Fast Track Session Report.
- (6) The Fast Track Session may include both combined meetings with LB&I, taxpayer and Appeals together, and separate meetings (LB&I-Appeals, and taxpayer-Appeals) as appropriate.

4.51.4.6.3.1
(02-09-2021)
**Appeals
Recommendations
During Fast Track
Session**

- (1) Appeals may use various methods and techniques to meet the needs and circumstances of each case.
- (2) The appeals official may ultimately make recommendations regarding the settlement of any or all issues (both factual and legal). If acceptable to all parties, the settlement proposal may be adopted.
- (3) Neither party is compelled to accept a settlement proposal made by the appeals official.
- (4) For an Appeals settlement proposal to be implemented, both LB&I and the taxpayer must agree. If the taxpayer and Appeals agree to a settlement proposal, but the LB&I issue and case managers reject the proposal, the issue and case manager's position will be referred to the LB&I issue and case territory managers for review.
- (5) If the LB&I issue and case territory managers concurs with the proposed settlement rejection, the rejection must be expressed in writing by the territory manager. If an acceptable alternative settlement cannot be reached, the issue will be closed unagreed. If the issue and case territory managers does not concur in rejecting the Appeals settlement proposal, the proposal will be accepted by LB&I.

4.51.4.6.3.2
(06-28-2017)
**Ex Parte
Communications**

- (1) The prohibition on ex parte communications between appeals officers and other Internal Revenue Service employees provided by section 1001(a)(4) of the Internal Revenue Service Restructuring and Reform Act of 1998 does not apply to the communications arising in Fast Track Settlement, because the Appeals personnel are not acting in their traditional appeals settlement role. See Rev. Proc. 2012-18.

4.51.4.6.3.3
(09-11-2015)
**New Information
Disclosed as Part of
Fast Track Process**

- (1) If the taxpayer or LB&I presents new information during the Fast Track session that the opposing party has not considered, Appeals will give the receiving party adequate time to evaluate the information/documentation.
- (2) Where consideration of substantial new information will unduly delay the Fast Track session, the case may be withdrawn from FTS by either Appeals, LB&I or the taxpayer. The case may be reconsidered for FTS after the issues are fully developed.
- (3) In situations where substantial new information is introduced during the FTS process, such new information may serve as a basis to raise a new issue or file a claim. The new information may be accepted into the FTS process subject to limitations discussed under IRM 4.51.4.6.3.4. However, such acceptance may only occur if it would not delay the FTS process beyond the planned 120 days, and if all parties concur in accepting the new information.

4.51.4.6.3.4
(06-28-2017)
**New Issues/Claims
Raised During Fast
Track Session**

- (1) Experience proves that lapse time is doubled when new issues or claims are brought into Fast Track Settlement after starting the process. For this reason, new issues or claims will generally not be accepted as part of the FTS process.
- (2) The grounds for raising a new issue or claim must be substantial, and the potential effect on the tax liability must be material. New issues or claims should not be raised to trade against existing issues.
- (3) A taxpayer's claim requires LB&I examination action. However, such action need not be part of the FTS process.
- (4) New, unrelated claims or new issues should not be attached to an existing FTS process but should generally be considered in a separate process outside of FTS.
- (5) The parties will work to resolve the issues originally referred to Fast Track Settlement and the FTS process will not be suspended to allow examination of the new claims/issues.
- (6) If the taxpayer declines to bring the Fast Track process to a conclusion prior to consideration of such claims, the IRS will withdraw the case from FTS. The taxpayer may then request further FTS consideration.
- (7) Once a case comes to FTS, the taxpayer and IRS should expect all issues and claims have been raised, all relevant information has been disclosed, and the case is ready for resolution.
- (8) Addressing this challenge, and to prevent new issues from arriving late in the process, the appeals official shall confirm that all issues are listed on the Fast Track Session Report at the beginning of the process.

4.51.4.6.3.5
(09-11-2015)

Developing the Fast Track Session Report

- (1) Form 14000, Fast Track Session Report, is an administrative document that assists all parties in planning the Fast Track session and reports the progress on the issues in dispute.
- (2) At the conclusion of the process, the Fast Track Session Report forms the basis for drafting closing agreements and the revenue agent report (RAR).
- (3) The Fast Track Session Report is used to identify the issues and reflect agreement from all parties as to the following:
 - a. Number of issues
 - b. Description of issues
 - c. Amounts in dispute
 - d. Conference dates
 - e. Plan of action to be followed in the Fast Track session process
- (4) In addition to documenting all contacts in the Appeals Centralized Data System (ACDS) activity record and conference notes, the appeals official will prepare the Fast Track Session Report (Session Report) at the start of the Fast Track Process, and update the Session Report timely as decisions are made.
- (5) The appeals official will:
 - a. Give the taxpayer and LB&I a copy of the Session Report at the beginning of the process, after each decision is reached and when the Session Report is updated,
 - b. Confirm that the parties agree with the entries on the Session Report, and,
 - c. Solicit the signatures of the taxpayer and LB&I issue and case managers on the Session Report at the conclusion of the session (agreed or disagreed).
- (6) Signing the Fast Track Session Report does not constitute a final settlement. The signature on the Fast Track Session Report carries no more force and effect than a memorandum of understanding between the parties.
- (7) The Fast Track Session Report is not a waiver of restrictions on assessment, nor does it terminate consents to extend the statute of limitation, nor does it start the running of any statute of limitations, i.e. - a one-year statute under IRC 6229(f) involving TEFRA proceedings.
- (8) The signature of an IRS official on the Fast Track Session Report does not create a promise against reopening the case.

4.51.4.6.3.6
(01-01-2007)

Reconsideration of Fast Track Session Report Agreements

- (1) The Fast Track Session Report Agreement shall be treated as final when it is signed, unless the specific conditions outlined below warrant altering the agreement.
 - a. If an agreement is reached in a signed Fast Track Settlement Session Report, but a subsequent authoritative decision is rendered that substantively and materially affects the agreement, either LB&I or Appeals may reconsider the agreement unless both the taxpayer and Appeals previously signed a closing agreement (Form 906) or a Form 870-AD.

- b. If the change is substantive and material, the agreement should be renegotiated. The word substantive shall mean that the change in law or legal precedent results in a meaningful change to Appeals assessment of the hazards of litigation.
 - c. Any agreement reached in a Fast Track Settlement session may be reopened in the case of fraud, malfeasance, concealment or misrepresentation of material fact.
 - d. The grounds for such action must be substantial (strong, possessing real merit) and the potential effect on the tax liability is material (having real importance and great consequence).
 - e. NEW ISSUES - There must be some sound substantial grounds already existing in the record or known to the decision maker to raise the new issue.
 - f. Substantial grounds are those that cause a decision maker to be quite certain, at the time a new issue is raised, that the Government will prevail if the issue is litigated. Quite certain does not necessarily mean 100 percent certain, but it does mean a very high degree of certainty.
 - g. Outside of these strict parameters, LB&I and Appeals shall respect the settlement terms agreed to on the Fast Track Session Report.
- (2) Appeals commits to advocating the agreement reached in a signed Fast Track Session Report to reviewing authorities, such as the Joint Committee on Taxation.
 - (3) If a request to reconsider the Fast Track Session Report agreement is submitted, the LB&I and Appeals FTS program managers must agree to reconsider the agreement. If the two parties cannot agree, the decision shall be elevated to the executive owners of the Fast Track Settlement process.

4.51.4.6.3.7
(01-01-2007)

**Appeals or LB&I May
Terminate the Fast Track
Session**

- (1) If after a reasonable time, it is apparent that no further benefit may be derived from the process, the LB&I issue and case managers and/or the appeals official should consider terminating the session.
- (2) If the appeals official decides to terminate the Fast Track session, concurrence of the Appeals FTS program manager is required.
- (3) If the LB&I issue and case managers decides to terminate the Fast Track session, the concurrence of the appropriate territory manager is required.
- (4) The party terminating the Fast Track session shall notify the other parties by a letter explaining the reason for termination and outlining the taxpayer's right to a traditional Appeals process.
- (5) If no issues have been resolved prior to withdrawal, no further reporting to the taxpayer or LB&I by Appeals will be required.
- (6) If some issues have been resolved at the time of withdrawal, standard FTS process closing procedures will be followed regarding the resolved issues.
- (7) The taxpayer will retain all standard Appeals rights regarding any unresolved issues remaining at the time of withdrawal.

4.51.4.6.3.8
(09-11-2015)

**Taxpayer May Withdraw
at Any Time**

- (1) The taxpayer may withdraw from the FTS process at any time by notifying the LB&I case manager and the Appeals representative in writing.
- (2) For any issue(s) that remain unresolved, taxpayers will retain all standard Appeals rights.
- (3) LB&I will close the case as “unagreed” or “partially agreed” as appropriate and forward the case to Appeals upon receipt of an acceptable protest along with the taxpayer’s request for an Appeals hearing.
- (4) The taxpayer should be advised that the case will be closed through the standard LB&I closing process.

4.51.4.6.3.9
(02-09-2021)

**Fast Track Settlement
Authority**

- (1) Appeals has settlement authority under IRM 1.2.2.9.3, Delegation Order 8-3 (formerly Delegation Order 97, Rev. 34), Closing Agreements Concerning Internal Revenue Tax Liability. Also see Delegation Order 8-9, Authority of Appeals to Administer Alternative Dispute Resolution Procedures.
- (2) An appeals official, such as an ATCL, Appeals team manager, or an appeals officer (no lower than a Grade 14), uses delegated settlement authority to approve and enter into any FTS Agreement that involves hazards of litigation by using a Specific Matters Closing Agreement (Form 906) or a waiver Form 870-AD.
- (3) Appeals makes its evaluation of the hazards on Fast Track issues. LB&I should only commit to a settlement that is within their authority to resolve issues prior to referral to Fast Track settlement.
- (4) Potential settlement positions that may have been discussed with the taxpayer before an FTS referral may be presented to the appeals official for consideration during the Fast Track session. However, Appeals will conduct an independent evaluation of the hazards of litigation and will not execute a settlement that does not fall within such hazard’s evaluation or established settlement guidelines for the issue.
- (5) If the appeals official does not accept a settlement proposed between the taxpayer and LB&I, the official will fully explain why it cannot be accepted to both parties.
- (6) If a Joint Committee report is required for the case, Appeals will delay execution of the closing agreement until LB&I completes the Joint Committee procedures. Where Appeals settlement authority has been used on a Joint Committee case, the appeals official involved in the settlement will be available to respond to inquiries from the Joint Committee regarding the settlement.

4.51.4.6.4
(01-01-2007)

**Closing the Fast Track
Settlement Process**

- (1) When the issues are resolved, or a decision is made that a resolution cannot be reached, the FTS case will be closed promptly.
- (2) The appeals official will follow the FTS closing procedures carefully so that both parties are notified of the outcome.
- (3) The closing letter will be issued promptly by Appeals to both parties, making certain to date the letter.

- (4) If the case is unagreed an Appeals Case Memorandum (ACM) will not be prepared, and the administrative file will be returned to LB&I without Appeals notes prepared to evaluate the issue.

4.51.4.6.4.1
(02-09-2021)

**Closing the FTS Process
With Settled/Resolved
Issues**

- (1) When an agreement is reached, a Fast Track Session Report will be completed by Appeals, reflecting the agreement, and all parties will sign the report.
- (2) If the issue requires a closing agreement, or if the parties request a closing agreement, and Appeals settlement authority was used, Appeals will prepare Form 906, Closing Agreement on Final Determination Covering Specific Matters or Form 866, Agreement as to Final Determination of Tax Liability based on the signed Fast Track Session Report.
- (3) When closing agreements are used, the taxpayer will sign the agreement, and Appeals will execute it on behalf of the government. In cases involving Joint Committee (JC) review, Appeals will close its FTS work unit without signing the closing agreement and provide instructions for LB&I to return the closing agreement to Appeals for execution after the JC review process is complete.
- (4) After the FTS process is complete, Appeals will provide the LB&I team with the following:
 - a. Form 5402 (Appeals Transmittal and Case Memo)
 - b. ACM for settled issues
 - c. Executed closing agreement if used (For JC cases, signed by the taxpayer only, and to be signed by Appeals after JC review)
 - d. Completed Fast Track Session Report
 - e. FTS workpapers prepared by Appeals
 - f. Settlement agreements for TEFRA signed by the taxpayer (A list of investor names, TINs, and one-year assessment dates will be shown on Form 3210 used to transmit the package to LB&I.)
- (5) A brief Appeals Case Memorandum (ACM) is prepared for issues settled using Appeals settlement authority.
 - a. ACMs prepared for FTS cases will contain a brief summary of significant facts, the body of law relied upon by the parties, and evaluation and recommendation as to whether the disposition should be accepted.
 - b. For JC cases, ACMs will be included in the JC Report to support the settlement reached.
 - c. ACMs will not be prepared for issues resolved within LB&I's resolution authority, or for unresolved issues.
- (6) After the FTS process is complete, LB&I will proceed to complete actions on the overall case. Resolved issues will be incorporated into the RAR, and LB&I will proceed to complete actions on the overall case, as indicated in IRM 4.51.4.8.
- (7) The Appeals FTS participants will complete and submit internal Appeals reporting requirements in accordance with IRM 8.1, Appeals Function.
- (8) The Appeals FTS program manager will provide a report on the FTS case results to the LB&I issue and case territory managers. The report will consist of Form 5402, ACM for settled issues, a completed FTS Session Report, and a copy of the agreement form.

4.51.4.6.4.2
(09-11-2015)

**Closing the FTS Process
with Unresolved Issues**

- (1) If the Fast Track Settlement process is unsuccessful in resolving/settling an issue, Appeals will send a letter to the taxpayer and LB&I. The letter will state who participated in the process, list the issue(s) that were not resolved, and explain the taxpayer's rights to appeal. This would be done in the case of withdrawn issues as well.
- (2) The administrative file consisting of Form 5701 with the taxpayer's written response, FTS workpaper and Form 5402 will be provided to LB&I for inclusion in the case file. No ACM will be prepared for unresolved issues.
- (3) After the FTS process, LB&I will proceed to complete actions on the overall case, as indicated at IRM 4.51.4.8.
- (4) The Appeals FTS participants will complete and submit internal Appeals reporting requirements in accordance with IRM 8.6, Conference and Settlement Practices.
- (5) A report on the FTS case results will be provided to the LB&I program manager by the Appeals program manager.

4.51.4.7
(09-11-2015)

**Fast Track Settlement
and Joint Committee
Cases**

- (1) Special procedures must be followed in cases subject to JC reporting requirements. General JC procedures under IRM 4.36, Joint Committee Procedures, apply to cases utilizing the Fast Track Process. In addition to, and in conformity with the general JC procedures, the following apply to FTS cases.
- (2) The FTS Application form provides for the identification of potential Joint Committee status. If the Joint Committee criteria are met, or will potentially be met upon resolution, the LB&I case manager must indicate this on the FTS Application.
- (3) Upon assignment of a Fast Track case, Appeals must confer with the taxpayer and LB&I to determine whether the case is subject to JC reporting requirements and record the results in the ACDS case activity record.
- (4) After the Fast Track process is complete, the case status relative to JC reporting will be reconfirmed before finalizing the settlement, considering the results of any issue resolutions reached.
- (5) Appeals is responsible for preparing the ACM supporting the basis of any issue settlements reached in Fast Track. Appeals will prepare an ACM that explains ONLY the SETTLED FTS issues in sufficient detail and analysis to apprise the JC of the Appeals evaluation and settlement of the Fast Track issues.
- (6) On the day agreement is reached, the Fast Track Session Report will be completed to document the terms and settlement dollar adjustments. All parties (Appeals, taxpayer and LB&I) will sign off on the Session Report.
- (7) Appeals will explain to the taxpayer that the settlement is treated as final for computation purposes, but subject to review by the congressional Joint Committee on Taxation.
- (8) LB&I may begin preparing the tax computation and the JC Report, incorporating the ACM provided by Appeals.
- (9) Appeals will close the FTS case on Form 5402 and give the ACM to LB&I for inclusion in their JC Report.

- (10) Because the case is in LB&I jurisdiction, LB&I will make the final tax computation, and write the JC Report.
- (11) On the settled issues, Appeals will respond to any concerns raised by the JC regarding the basis for settlement.
- (12) Issues resolved between the taxpayer and LB&I without using Appeals settlement authority (resolved within the LB&I issue manager's authority), will not have an ACM, and LB&I will respond to JC inquiries and concerns for these issues.
- (13) Appeals will prepare the closing agreement on settled issues, and solicit the taxpayer's signature on the closing agreement, but Appeals shall not sign the closing agreement on behalf of the IRS until the Joint Committee on Taxation clearance letter is received.
- (14) After the Joint Committee on Taxation completes consideration of the settlement, only then will Appeals accept the final settlement by executing the closing agreement.

4.51.4.8
(01-01-2007)
**Post-Fast Track
Settlement Process -
LB&I Case Procedures**

- (1) When the FTS process is completed and all issues are resolved (or determined to be irresolvable at the LB&I level), LB&I will follow standard closing procedures.
- (2) After the FTS process, if further issue and case development is required for FTS or non-FTS issue(s), it will be completed.
- (3) For successful FTS cases, resolved issues will be included in the revenue agent report (RAR) in accordance with closing agreements and/or Fast Track Session reports resulting from the FTS process.
- (4) Issues remaining unresolved will be included in the unagreed RAR, and a 30-day letter will normally be issued inviting the taxpayer to request a traditional Appeals hearing.
- (5) When some issues are resolved, and other issues remain unagreed, standard partially agreed procedures will be followed to close the case.
- (6) When unsuccessful FTS cases come to traditional Appeals, management will decide how to assign the Appeals personnel. Ex parte restriction will not be imposed on intra-Appeals communications.
- (7) Compliance audit results will include FTS issue results.

This Page Intentionally Left Blank

Exhibit 4.51.4-1 (06-25-2024)

LB&I Fast Track Settlement Application Issue Statement

Word document is located on Fast Track Procedures Knowledge Base at: <https://irsgov.sharepoint.com/sites/ETD-KMT-KB051/SitePages/LBIExamProcedures/IssueResolutionTools/Fast-Track-Settlement.aspx>

LB&I Fast Track Settlement Application
Issue Statement

Taxpayer: _____

UIL # - _____

<u>YEAR</u>	<u>INCOME/EXPENSE ADJ.</u>	<u>or</u>	<u>CREDIT/TAX/PENALTY ADJ.</u>
_____.	\$_____.	or	\$_____.
_____.	\$_____.	or	\$_____.
_____.	\$_____.	or	\$_____.
_____.	\$_____.	or	\$_____.

Brief description of issue and points of disagreement:

Exhibit 4.51.4-2 (09-11-2015)
Territory Manager Concurrence Memo



LARGE BUSINESS AND
INTERNATIONAL DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

Date

MEMORANDUM FOR (Territory Manager)
FROM: (Case Manager)
SUBJECT: Denial of Fast Track Settlement Process

I have reviewed all the facts and circumstances of the unagreed issues on the case below and recommend denying taxpayer's request for fast track settlement.

In accordance with IRM 4.51.4.4.2 Determining Eligibility/Suitability, I request you to consider the following and indicate your concurrence by signing and dating below.

Taxpayer Name: XYZ Corporation
Type of Tax Return: 1120
Tax Periods: 202112, 202212
Unagreed Issues, (4 or less)

- 1.
- 2.
- 3.
- 4.

Reasons for recommended denial of FTS: