



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.51.5

SEPTEMBER 22, 2014

EFFECTIVE DATE

(09-22-2014)

PURPOSE

- (1) This obsoletes IRM 4.51.5, *LB&I Case Management, Industry Focus and Control of LMSB Compliance Issues*.

BACKGROUND

- (1) Since 2006, LB&I has used the Tiered Issue Process to set exam priorities and address certain corporate tax issues that it believed posed challenges to compliance. The tiered issue process was initially developed, in part, as a way for then LMSB to combat tax shelters that the IRS viewed as abusive. In fact, several of the initial tiered issues dealt with listed transactions. The tiered issue process ensured consistency of treatment and uniform disposition of these and other types of cases.
- (2) As part of LB&I's efforts to continually improve, we undertook a review of LB&I's Tiered Issue Process. Our review determined that, while the Tiered Issue Process may have been well suited for the audit of tax shelter type issues, going forward LB&I needs a different approach to manage compliance priorities and provide guidance to examiners. This new approach should:
 - Provide LB&I examiners clear and timely guidance on how to address issues;
 - Promote collaboration among LB&I employees;
 - Increase accountability and transparency in the resolution of issues; and
 - Enable robust lines of communication with taxpayers. As a result of our review, LB&I will no longer manage issues through the Tiered Issue Process.

MATERIAL CHANGES

- (1) The material in IRM 4.51.5 is obsolete because the tiered issue process is no longer used to manage issues.

EFFECT ON OTHER DOCUMENTS

IRM 4.51.5, dated April 1, 2007, is obsolete.

AUDIENCE

All LB&I Examiners and Managers

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