



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

6.575.1

JANUARY 20, 2026

EFFECTIVE DATE

(01-20-2026)

PURPOSE

- (1) This transmits the revised IRM 6.575.1, IRS Recruitment, Relocation, Retention (3Rs), and Extended Assignment Incentives (EAls).

MATERIAL CHANGES

- (1) This IRM has been streamlined. Changes were made throughout to remove language that mirrors the Code of Federal Regulations (CFR) and direct the reader to the CFR. Operational information has been relocated to the 3Rs and EAI operational guides.
- (2) Sections throughout have been reorganized and renumbered for consistency and ease of use and updated to simplify and/or clarify language.
- (3) IRM 6.575.1.1.3 added responsibilities for Treasury Assistant and the Commissioner.
- (4) IRM 6.575.1.1.6 added definitions for approving official, likely to be difficult to fill and rating of record.
- (5) IRM 6.575.1.1.8 added 3Rs and EAI operational guides.
- (6) IRM 6.575.1.3.3, added required forms for recruitment incentives.
- (7) IRM 6.575.1.4.3 added required forms for relocation incentives.
- (8) IRM 6.575.1.5.3 added required forms for retention incentives.
- (9) IRM 6.575.1.6.3 added required forms for extended assignment incentives.
- (10) Editorial changes are made throughout to update organizational names, references, hyperlinks and terminology.

EFFECT ON OTHER DOCUMENTS

This IRM supersedes IRM 6.575.1, IRS Recruitment, Relocation, Retention, and Extended Assignments Incentives, dated November 8, 2023, and establishes the 3Rs and EAI operational guides.

AUDIENCE

All Business Units

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6.575.1

IRS Recruitment, Relocation, Retention, and Extended Assignment Incentives

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6.575.1.1
(01-20-2026)
Program Scope and Objectives

- (1) **Purpose:** This IRM provides Servicewide policy, standards, and requirements on IRS recruitment, relocation, retention (3Rs), and extended assignment incentives (EAI).
- (2) **Audience:** Unless otherwise indicated, the policies, authorities, procedures, and instructions contained in this IRM apply to all members of the SES and non-senior executive service (SES) employees, including those covered under the IRS Payband system. Bargaining unit employees should review negotiated agreement provisions relating to subjects in this IRM. Should any of these instructions conflict with a provision in the negotiated agreement, the agreement prevails.
- (3) **Policy Owner:** The IRS Human Capital Officer.
- (4) **Program Owner:** The Human Capital Office (HCO).
- (5) **Primary Stakeholders:** All organizations and business units who manage or issue instructions to employees pertaining to 3Rs and EAls are stakeholders in these IRS policies

6.575.1.1.1
(01-20-2026)
Background

- (1) This IRM must be read and interpreted in accordance with pertinent law (Title 5, United States Code (USC)), governmentwide regulations (Title 5, Code of Federal Regulations (CFR)), Treasury Human Capital Issuance System (HCIS) directives, Office of Personnel Management (OPM) decisions and IRS guidance. As required, this guidance may be supplemented periodically by interim policy guidance from the IRS Human Capital Office. This IRM should be used in conjunction with the 3Rs and EAI operational guides, found on *IRS Source*. These guides outline detailed operational processing information.
- (2) The 3Rs are compensation flexibilities available to help federal agencies recruit and retain a world-class workforce. The 3Rs are administered under 5 USC 5753, 5 USC 5754 and 5 CFR 575 , subparts A, B and C.
- (3) EAls are a separate compensation flexibility available to assist agencies in retaining experienced, well-trained employees serving in duty stations located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands for a longer period than the employee's initial tour of duty. The EAls are administered under 5 USC 5757 and 5 CFR 575, subpart E.

6.575.1.1.2
(03-03-2020)
Authority

- (1) **Laws:** *Title 5, United States Code (USC)*
 - a. 5753 - Recruitment and relocation bonuses
 - b. 5754 - Retention bonuses
 - c. 5757 - Extended assignment incentive
- (2) **Regulations:** *Title 5, Code of Federal Regulations (CFR), Part 575 - Recruitment, Relocation, and Retention Incentives; Supervisory Differentials; and Extended Assignment Incentives*
 - a. Subpart A - Recruitment Incentives
 - b. Subpart B - Relocation Incentives
 - c. Subpart C - Retention Incentives
 - d. Subpart E - Extended Assignment Incentives

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(3) **Delegation of Authority:** Delegation Order 6-23, Delegations of Authority to Accomplish Pay Administration, at IRM 1.2.2.7.13

(4) **Other:**

a. *Treasury Human Capital Issuances:*

- *HCIS Chapter 451 TN-15-006, Monetary Recognition and Employee Misconduct (Non-SES)*
- *HCIS Chapter 575.1 TN-15-001, Recruitment Incentive Plan*
- *HCIS Chapter 575.2 TN-15-002, Relocation Incentive Plan*
- *HCIS Chapter 575.3 TN-15-003, Retention Incentive Plan*
- *HCIS Chapter 575.5 TN-05-002, Extended Assignment Incentive Plan*

6.575.1.1.3
(01-20-2026)

Roles and Responsibilities

- (1) The Treasury Assistant Secretary for Management is the approving official for payment of an incentive to (1) a member of the SES, other than one for whom appointing authority is reserved to the Deputy Secretary; (2) a non-SES selected for an SES position; and (3) an individual appointed to a position under the streamlined critical pay authority at 5 U.S.C. 9503.
- (2) The Commissioner, or authorized delegated authority (Chief Tax Compliance Officer, Chief Operating Officer, Chief Taxpayer Services and Chief Information Officer) is the approving official for payment of an incentive to a non-SES employee within their organization. Refer to Delegation Order 6-23, Delegations of Authority to Accomplish Pay Administration, at IRM 1.2.2.7.13. Approval must be by an official who is at least one level higher than the employee's supervisor.
- (3) The IRS Human Capital Officer is the executive responsible for this IRM, overall IRS policy for the 3Rs and EAls and certification that all statutory and regulatory requirements have been met for non-SES incentive requests.
- (4) The HCO, Office of Human Resource Strategy and Transformation, Policy Office (PO) is responsible for developing and publishing IRM content, and supporting business based human resource (BBHR) point of contact (POC) with policy related questions on non-SES incentives.
- (5) The HCO, Office of Executive Services is responsible for developing SES incentive content for this IRM, acting as the POC for SES incentives, forwarding SES incentive requests to the Treasury Assistant Secretary for Management for approval, and maintaining related suspense files.
- (6) The HCO, Office of HR Operations (OHRO), Talent Acquisition Division is responsible for recruitment and hiring partnering with business units to pursue recruitment incentives before a prospective employee enters on duty.
- (7) The HCO, OHRO, Labor/Employee Relations and Negotiations Office provides guidance on grievances, performance cases, disciplinary and adverse actions, misconduct and federal tax compliance screening per the Consolidated Appropriations Act, as well as contractual obligations with the National Treasury Employees Union (NTEU).

- (8) The HCO, OHRO, Human Resources Shared Services is responsible for processing Personnel Action Requests (PARs) for all approved incentive requests, reductions, and terminations.
- (9) The Business Based Human Resource (BBHR) POC within the business unit is responsible for verifying, coordinating and facilitating approval of incentive requests, as well as updating, and maintaining records for all incentive requests in compliance with applicable policies and procedures.
- (10) A manager is responsible for recommending, administering, documenting, monitoring, updating incentive actions, ensuring compliance with laws and policies, maintaining accurate records to support effective and accountable use of government resources and counseling employees on incentive rules, regulations and procedures.
- (11) Employees are responsible for following IRS incentive policies and promptly reporting any discrepancies on their earnings and leave statement or Standard Form (SF)-50, Notification of Personnel Action, as corrections may result in a debt.

6.575.1.1.4
(01-20-2026)
**Program Management
and Review**

- (1) This IRM provides policy guidance on the 3Rs and EAls for IRS. During review and publishing of this IRM, sections are revised, added, or deleted based on feedback from customers and program owners.

6.575.1.1.5
(01-20-2026)
Program Controls

- (1) The PO develops policies, materials, and programs to increase Servicewide awareness and knowledge of incentive programs. Additionally, PO collaborates with other HCO organizations and Servicewide stakeholders to support education and outreach activities related to 3Rs and EAls.

6.575.1.1.6
(01-20-2026)
Terms

- (1) The definitions used in this chapter are consistent with those contained in 5 CFR 575, Recruitment, Relocation, and Retention Incentives; Supervisory Differentials; and Extended Assignment Incentives.
 - a. **Approving Official:** The authorized agency official who retains authority to approve incentives for individuals within their respective organizations. Refer to Delegation Order 6-23, Delegations of Authority to Accomplish Pay Administration, at IRM 1.2.2.7.13.
 - b. **Competencies:** The knowledge, skills, abilities, behaviors, and other characteristics an individual needs to perform the duties of the position.
 - c. **Likely to be difficult to fill:** The IRS is likely to have difficulty recruiting candidates with the competencies required for a position or group of positions in the absence of a recruitment incentive. The IRS must consider the factors in 5 CFR 575.106(b), as applicable to the case at hand, to determine whether a position is likely to be difficult to fill.
 - d. **Rating of record:** The performance rating prepared at the end of an appraisal period for performance of agency-assigned duties over the entire period and the assignment of a summary level within a pattern (as specified in 5 CFR 430.208(d)). This constitutes an official rating of record or a performance rating as referenced in this IRM.
 - e. **Rate of basic pay:** The rate fixed by law or administrative action for the position to which an employee is or will be appointed, relocated, or retained before deductions and including any special rate under 5 CFR

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530, subpart C, or similar payment under other legal authority, and any locality-based comparability payment under 5 CFR 531, subpart F, or similar payment under other legal authority, but excludes additional payments of any other kind.

- f. **Service Agreement:** The written agreement between the IRS and an employee under which the employee agrees to a specified period of employment with the IRS.

6.575.1.1.7
(01-20-2026)

Acronyms

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

3Rs	Recruitment, Relocation, and Retention Incentives
BBHR	Business Based Human Resource
CFR	Code of Federal Regulations
DHA	Direct Hire Authority
EAI	Extended Assignment Incentive
HCIS	Human Capital Issuance System
HCO	Human Capital Office
OHRO	Office of HR Operations
OPM	Office of Personnel Management
PAR	Personnel Action Requests
PO	Policy Office
POC	Point of Contact
SES	Senior Executive Service
SF-50	Standard Form-50, Notification of Personnel Action
USC	United States Code

6.575.1.1.8
(01-20-2026)

Related Resources

- (1) The *Incentives* page on IRS Source under the Employee Resources tab provides information that supplements this chapter.
- (2) The OPM Fact Sheets provide further information on how OPM administers these payments.
 - a. *Recruitment, Relocation & Retention Incentives*
 - b. *Extended Assignment Incentives*
- (3) 3Rs and EAI operational guides, found on *IRS Source*, provide detailed information for creating incentive requests, completing required documents, maintenance of required documentation, and terminating incentive service agreements.

6.575.1.2
(01-20-2026)
General Provisions

- (1) The IRS retains sole and exclusive discretion, subject only to Treasury and OPM review and oversight, to establish and administer policies for 3Rs and EAls.
- (2) The provisions of this policy apply to all employees as defined under 5 CFR 575.102, 5 CFR 575.202, 5 CFR 575.302 and 5 CFR 575.502 plus the following positions approved by the OPM at the request of the Department of the Treasury:
 - a. The position of National Taxpayer Advocate, as approved by OPM on August 8, 1998.
 - b. A position appointed and compensated under the IRS Payband System, that covers all IRS managers including senior managers, department managers and frontline managers.
- (3) Incentives are subject to the aggregate limitation on pay under 5 CFR 530, subpart B and 5 CFR 575.
- (4) Employees must undergo a misconduct and federal tax compliance screening before any incentive is approved, as required by applicable appropriations laws and IRS procedures. Details can be found in IRM 6.451.1, Employee Performance and Utilization - Policies, Authorities, Categories, and Approvals.
 - a. Verification of the screening must be retained for records maintenance per IRS policy requirements. For additional information, refer to IRM 1.15, Records and Information Management, and Document 12829, General Records Schedules.
 - b. Expanded information can be found in the 3Rs and EAls operational guides.

6.575.1.2.1
(01-20-2026)
Collection of Excess Payments

- (1) If an employee received recruitment, relocation or extended assignment incentive payments in excess of the amount that would be attributable to the completed portion of the service period, they must repay the excess amount. Refer to 5 CFR 575.111(f), 5 CFR 575.211(f) and 5 CFR 575.513(c).

6.575.1.2.2
(01-20-2026)
Relation to Other Incentives

- (1) In accordance with 5 CFR 575, the IRS may not pay multiple incentives simultaneously. For example, the IRS may not begin paying an EAI to an eligible employee who is receiving or fulfilling the requirements of a recruitment, relocation, or retention incentive (5 CFR 575.506).

Exception: A relocation incentive service agreement may start during a period of employment established under a service agreement for a previously authorized retention incentive or for which an employee is receiving previously authorized retention incentive payments without a service agreement under 5 CFR 575, subpart C. The service periods for the relocation and retention incentive service agreements must be fulfilled concurrently (5 CFR 575.205(e)).

6.575.1.2.3
(01-20-2026)
Records, Review, Reports

- (1) The business unit will complete and maintain:
 - a. Service Agreement records to include the original and any amended versions;

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- b. A record of each determination to pay incentives per IRS policy requirements; and
- c. A written report that includes information outlined in:
 - HCIS Chapter 575.1 TN-15-001, Recruitment Incentive Plan
 - HCIS Chapter 575.2 TN-15-002, Relocation Incentive Plan
 - HCIS Chapter 575.3 TN-15-003, Retention Incentive Plan
 - HCIS Chapter 575.5 TN-05-002, Extended Assignment Incentive Plan

6.575.1.2.4 (01-20-2026) **3Rs and EAls Operational Guides**

- (1) The 3Rs and EAls operational guides provide expansive information on various operational components such as:
 - a. Information that must be documented in writing for each determination to pay an incentive;
 - b. Service agreements (critical information required, service period requirements, record maintenance, requirements for mandatory service agreements, etc.);
 - c. Terminating service agreements (conditions for terminating service agreements, when IRS must terminate, business unit requirements, etc.);
 - d. Restrictions for payments of incentives;
 - e. Entitlement to retain incentive payments (complete/uncompleted service);
 - f. Business unit requirements (records maintenance, PAR initiation (if necessary), etc.); and
 - g. Annual review process.

6.575.1.2.5 (01-20-2026) **Service Agreements**

- (1) A service agreement is a written agreement between the IRS and an employee under which the employee agrees to a specified period of employment in return for the payment of a recruitment, relocation or retention incentive. For EAI the agreement is for employment in a particular territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands in return for payment.
- (2) Before the IRS may pay a 3Rs incentive, the employee must sign a written service agreement to complete a specified period of employment with the agency in accordance with 5 CFR 575.110, 5 CFR 575.210, and 5 CFR 575.310. Before the IRS may pay an EAI, an employee must sign a written service agreement to complete a specified period of additional employment located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands, in accordance with 5 CFR 575.510.
- (3) The required service period must begin on the first day of a pay period and end on the last day of a pay period.
- (4) A service agreement is **not** required (5 CFR 575.310(f)) for a retention incentive when the IRS:
 - a. Pays the retention incentive in biweekly installments; **and**
 - b. Sets each bi-weekly installment payment at the full retention incentive percentage rate established for the employee under 5 CFR 575.309(a).
- (5) For each retention incentive that is subject to a service agreement, an authorized IRS official must conduct a review of the determination to pay a retention

incentive at least annually to determine whether the original determination still applies or whether payment is still warranted, as required by 5 CFR 575.311(a)(1) and must certify this determination in writing.

- (6) Refer to the 3Rs and EAls operational guide for specific service agreement requirements

6.575.1.2.6
(01-20-2026)
Termination of a Service Agreement

- (1) The officials authorized to approve the payment of a recruitment, relocation, retention, or extended assignment incentive are also authorized to terminate the service agreement.
- (2) The IRS may unilaterally terminate an incentive service agreement based solely on management needs (5 CFR 575.111(a), 5 CFR 575.211(a), 5 CFR 575.311(a) and 5 CFR 575.512(a)).
- (3) The IRS must notify an employee in writing when it terminates an incentive agreement and provide the reason(s) for the termination.
- (4) The termination of a recruitment, relocation or retention service agreement is not grievable or appealable as prescribed in 5 CFR 575.111(c), 5 CFR 575.211(c) and 5 CFR 575.311(g).
- (5) Refer to the 3Rs and EAls operational guides for additional information.

6.575.1.3
(01-20-2026)
Recruitment Incentives

- (1) A recruitment incentive may be authorized on a case-by-case basis to a newly appointed employee when the employee's position is likely to be difficult to fill in the absence of the incentive. For the purpose of paying a recruitment incentive, an employee means an individual not yet employed who has received a written offer to be newly appointed or reappointed and has signed the written service agreement required before payment of the recruitment incentive. See additional information in the Recruitment Incentive Operational Guide and 5 CFR 575.102.
- (2) The regulations contained in 5 CFR 575 , subpart A, permit approval of recruitment incentives for a group or category of employees if the IRS determines that a category or group of positions have been difficult to fill in the past or may be difficult to fill in the future.
 - a. Group recruitment incentive requests expire one year from the date of approval.
 - b. The requesting office must review each decision to target a group of similar positions for the purpose of granting a recruitment incentive at least annually to determine whether the positions are still likely to be difficult to fill. An authorized Bureau official must certify this determination in writing.
 - c. See expanded information in the Recruitment Incentive Operational Guide, found on *IRS Source*
- (3) The factors that must be considered in determining whether a position or group of positions is likely to be difficult to fill in the absence of the incentive and in documenting this determination are found in 5 CFR 575.106.

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Note: The IRS may determine that a position or group of positions is likely to be difficult to fill if OPM has approved the use of a DHA applicable to the position or group of positions under 5 CFR 337, subpart B, or other legislative authority.

6.575.1.3.1
(03-03-2020)

Payment of a Recruitment Incentive

- (1) A recruitment incentive may be paid:
 - a. As an initial lump-sum payment at the start of the service period required by the service agreement or before the start of the service period to an employee who has not yet entered on duty once the employee has received a written firm offer of employment and has a signed service agreement on or before an employee's enter-on-duty (EOD) date;
 - b. In installments throughout the service period required by the service agreement;
 - c. As a final lump-sum payment upon the completion of the full service period required by the service agreement; or
 - d. In a combination of these payment methods.
- (2) A recruitment incentive is not part of an employee's rate of basic pay for any purpose.
- (3) A recruitment incentive will not be included in the calculation of a lump-sum payment for annual leave.

6.575.1.3.2
(01-20-2026)

Eligibility

- (1) To be eligible to receive a recruitment incentive, an employee must:
 - a. Be a newly appointed employee (as defined under 5 CFR 575.102);
 - b. Sign a service agreement to remain an employee of the IRS for a period of six months to four years, as established by the approving official, based on the needs of the IRS (refer to IRM 6.575.1.2.5, Service Agreements, for more information); and
 - c. Meet all other eligibility requirements as outlined in the Recruitment Incentive Operational Guide.
- (2) A recruitment incentive **may not** be paid to ineligible employees as defined in 5 CFR 575.104 , which include, but are not limited to, individuals appointed by the President, by and with the advice and consent of the Senate, or a position in the SES as a non-career appointee (as defined in 5 USC 3132(a)(7)).

6.575.1.3.3
(01-20-2026)

Documentation

- (1) For each determination to pay a recruitment incentive, the following must be documented in writing on the appropriate request form:
 - a. The basis for determining that a position (or group of positions) is likely to be difficult to fill in the absence of the incentive by addressing each of the factors in 5 CFR 575.106 , that are applicable to the case at hand;
 - b. The basis for authorizing a recruitment incentive;
 - c. The basis for establishing the amount and timing of the incentive payment and the length of the required service period;
 - d. Verification that funds are available to pay a recruitment incentive; **and**
 - e. If applicable, the basis for making the determination to pay a recruitment incentive to a prospective employee who has not yet entered on duty in

the position for which recruited (the employee must have received a written firm job offer of employment and have signed the service agreement on or before EOD).

(2) Required Forms:

- a. SES incentive requests: Recruitment Incentive Template. For information on the recruitment incentive template please contact the Office of Executive Services.
- b. Non-SES individual incentive requests: Form 14118-I, Recruitment Incentive Individual Request.
- c. Non-SES group incentive requests: Form 14118-G, Recruitment Incentive Group Request.
- d. Non-SES Service Agreement: Form 14118, Recruitment Incentive Service Agreement for Non-SES Employees.

6.575.1.3.4
(01-20-2026)

Determining the Amount of the Recruitment Incentive

- (1) The following factors must be considered when determining the amount of the recruitment incentive:
 - a. The criticality of the skills or special mission requiring the service of a specific executive, manager, employee, or group of employees;
 - b. The cost effectiveness of granting a recruitment incentive relative to the cost of further recruitment (for example, training, lost productivity, attrition rate, and other applicable alternatives and considerations); and
 - c. The availability of funds.
- (2) For SES, the maximum amount authorized for a recruitment incentive is 25 percent of an employee's annual rate of basic pay at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period (not to exceed four years).
- (3) For non-SES, the IRS established the *Non-SES Corporate Incentives Strategy*, which sets the maximum incentive amount allowed, per year for non-SES employees. The Non-SES Corporate Incentive Strategy must be referenced and utilized.
- (4) The IRS may, through Treasury's Office of the Deputy Assistant Secretary for Human Resources/Chief Human Capital Officer (DASHR/CHCO), request OPM approval to waive the 25 percent limitation for non-SES and SES employees based on a critical agency need. For information on these types of requests, please reference 5 CFR 575.109(c), and the Recruitment Incentive Operational Guide.

6.575.1.3.5
(01-20-2026)

Approval of Recruitment Incentives

- (1) The approving official must review and approve the recruitment incentive request in writing by completing and signing the required forms.
- (2) Recruitment incentives must be approved **before the new employee enters on duty and before the incentive can be paid to the employee.**
- (3) Approval must be by an official who is at least one level higher than the employee's supervisor.
- (4) See expanded information on the approval process in the Recruitment Incentive Operational Guide.

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6.575.1.4
(01-20-2026)

Relocation Incentives

- (1) The IRS may pay a relocation incentive to a current employee who:
 - a. Relocates without a break in service to a different geographic area (permanently or temporarily) to accept a position when the position is likely to be difficult to fill in the absence of a relocation incentive, as determined under 5 CFR 575.206; and
 - b. Establishes and maintains residency in the new geographic area for the duration of the service agreement.

Note: Employees will be required to provide evidence of residency in the new location. Evidence may include, but is not limited to, a purchase agreement or rental agreement as proof of residency for a home, apartment, or condominium, or residing at a residence of a friend or family member.
- (2) The regulations permit approval of a group relocation incentive. The IRS may waive the required case-by-case authorization and authorize a relocation incentive to a group of employees when:
 - a. An employee is a member of a group of employees subject to a mobility agreement, and the IRS determines that relocation incentives are necessary to retain the employees subject to the mobility agreement to ensure continuation of operations; or
 - b. A business unit of the IRS is relocated to a new duty station, and the IRS determines that relocation incentives are necessary for a group of employees to ensure the continued operation of that unit without undue disruption of an activity or function that is deemed essential to the IRS's mission or without undue disruption of service to the public.

6.575.1.4.1
(01-20-2026)

Payment of a Relocation Incentive

- (1) A relocation incentive may be paid:
 - a. As an initial lump-sum payment at the commencement of the service period required by the service agreement;
 - b. In installments throughout the service period required by the service agreement;
 - c. As a final lump-sum payment upon the completion of the full service period required by the service agreement; or
 - d. In a combination of these payment methods.
- (2) In all cases, an employee **must** establish residence in the new geographic area **before** the IRS may pay a relocation incentive to the employee.
- (3) A relocation incentive may be paid **only** if the employee maintains residency in the new geographic area for the duration of the service agreement.
- (4) For employees who do not maintain a residence in the new geographic location throughout the service agreement, the relocation incentive will be terminated. Refer to IRM 6.575.1.2.6, Termination of a Service Agreement for more information.
- (5) A relocation incentive will not be considered part of the employee's rate of basic pay for any purpose.
- (6) A relocation incentive will not be included in the calculation of a lump-sum payment for annual leave.

6.575.1.4.2
(01-20-2026)

Eligibility

(1) To be eligible to receive a relocation incentive, an employee must:

- a. Be a federal employee as defined in 5 CFR 575.202 immediately before the relocation;
- b. Have at least a “Fully Successful” or equivalent rating of record for the position held immediately before the move;

Note: To continue to receive a relocation incentive, an eligible employee must continue to have a rating of at least “Fully Successful” or equivalent during the service period.

- c. Sign a service agreement (Form 14065-B, Relocation Incentive Service Agreement, for non-SES) or a Service Agreement Template for SES to remain an employee of the IRS, and maintain residency in the new geographic location for a specified period of time, which must be a minimum of six months and no more than four years (refer to IRM 6.575.1.2.5, Service Agreements, for more information);
- d. Relocate to a position in a different geographic area;
- e. Establish residency in the geographic area identified in the service agreement;
- f. Maintain residency in the geographic area identified in the service agreement for the duration of the service agreement; **and**
- g. Not be fulfilling a service agreement for receipt of a previously approved recruitment or relocation incentive.

Note: A position is considered to be in a different geographic area if the worksite of the new position is 50 or more miles from the worksite of the position held immediately before the move. If the worksite of the new position is less than 50 miles from the worksite of the position held immediately before the move, but the employee must relocate (in other words, establish a new residence) to accept the position, the approving official may waive the 50-mile requirement and pay the employee a relocation incentive.

(2) Employees in positions listed in 5 CFR 575.204 **are not** eligible for relocation incentives.

6.575.1.4.3
(01-20-2026)

Documentation

(1) For each determination to pay a relocation incentive, the following must be documented in writing on the appropriate request form:

- a. The basis for determining that a position or group of positions is likely to be difficult to fill as determined under 5 CFR 575.206 and in the Relocation Incentive Operational Guide;
- b. The basis for authorizing a relocation incentive;
- c. The basis for establishing the amount and timing of the relocation incentive payment and the length of the required service period;
- d. Verification that funds are available to pay a relocation incentive;
- e. Facts supporting that the worksite of the employee’s new position is not in the same geographic area as the worksite of the position held immediately before the move (or that a waiver was approved under 5 CFR 575.205(b)); **and**
- f. Facts supporting that the employee established and maintains residency in the new geographic area as required by 5 CFR 575.205(b).

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Note: The IRS will request the employee provide proof of residence, such as a lease, proof of purchasing property, a utility bill, or a similar document to ensure the employee still resides in the new geographic area. The manager will retain the documentation for records maintenance per IRS policy requirements. For additional information, refer to IRM 1.15, Records and Information Management and Document 12829, General Records Schedules.

(2) Required Forms

- a. SES incentive requests: Relocation Incentive Template. For information on requesting an SES relocation incentive, please contact the Office of Executive Services.
- b. SES Service Agreement: Form 14065-A, Relocation Incentive Service Agreement (SES).
- c. Non-SES individual incentive requests: Form 14064-B, Relocation Incentive Request for Non-SES Employees.
- d. Non-SES Service Agreement: Form 14065-B, Relocation Incentive Service Agreement for Non-SES Employees.

6.575.1.4.4 (01-20-2026) **Determining the Amount of the Relocation Incentive**

- (1) For SES, the maximum amount authorized for a relocation incentive is 25 percent of an employee's annual rate of basic pay at the beginning of the service period multiplied by the number of years (including fractions of a year) in the service period (not to exceed four years).
- (2) For non-SES, the IRS established the *Non-SES Corporate Incentives Strategy*, which sets the maximum incentive amount allowed for non-SES employees. The Non-SES Corporate Incentives Strategy must be referenced and utilized.
- (3) The IRS may, through the DASHR/CHCO office, request OPM approval to waive the 25 percent relocation incentive payment limitation for non-SES and SES employees based on a critical agency need. For information on these types of requests, please reference 5 CFR 575.209(c) and the Relocation Incentive Operational Guide.

6.575.1.4.5 (01-20-2026) **Approval of Relocation Incentives**

- (1) The approving official must review and approve the relocation incentive request in writing by completing and signing the required forms.
- (2) Relocation incentives must be approved before the employee enters on duty in the new position to which relocated and before the incentive can be paid to the employee.
- (3) Approval must be by an official who is at least one level higher than the employee's supervisor.
- (4) See expanded information on the approval process in the Relocation Incentive Operational Guide.

6.575.1.5 (01-20-2026) **Retention Incentives**

- (1) An employee may be considered for a retention incentive if:
 - a. The unusually high or unique qualifications (for example, specific competencies) of the employee **or** a special need for the employee's services makes it essential to retain the employee; **and**

- b. The employee would be likely to leave the IRS in the absence of a retention incentive.
- (2) 5 USC 5754(c) and 5 CFR 575.305(b), provide for approval of retention incentives for a group or category of employees if the agency determines that:
 - a. The unusually high or unique qualifications (for example, specific competencies) of the group or category of employees **or** a special need of the IRS for the employees' services makes it essential to retain the employees in that group or category; **and**
 - b. There is a high risk that a significant number of the employees in the group would be likely to leave the federal service in the absence of a retention incentive.

Note: The BBHR POC must initiate contact with the HCO 3Rs and EAI program owner for technical advice prior to finalizing a formal request for a group incentive.

- (3) An employee may be considered for a retention incentive if the IRS has a special need for the employee's services that makes it essential to retain the employee in their current position during a period of time before the closure or relocation of the employee's office, facility, activity, or organization; **and** the employee **would be likely to leave for a different position in the federal service** in the absence of a retention incentive. Refer to IRM 6.575.1.5.8, Likely to Leave for a Different Position in the federal service,
- (4) The IRS may not offer or authorize a retention incentive prior to an employee's employment with the IRS.
- (5) The factors found in 5 CFR 575.306(b) and in the Retention Incentive Operational Guide must be considered before authorizing a retention incentive for an individual employee in determining whether the unusually high or unique qualifications of an employee or a special need of the IRS for an employee's services makes it essential to retain the employee, and that the employee would be likely to leave the federal service in the absence of a retention incentive.

6.575.1.5.1 (01-20-2026)

Payment of a Retention Incentive

- (1) A retention incentive may be paid:
 - a. In installments, after completion of specified periods of service during the course of the full service period, such as biweekly; **or**
 - b. As a final lump-sum payment after completion of the full service period required by the service agreement.
- (2) The IRS may not pay a retention incentive as an initial lump-sum payment at the start of a service period or in advance of fulfilling the service period for which the retention incentive is being paid.
- (3) Payment of a retention incentive cannot exceed 12 months. However, if management determines that the retention incentive should continue beyond the original 12-month period, then a completely new retention incentive request must be completed and submitted for approval to include, but not limited to, written justification, basis for the amount and timing of the incentive and the length of the service agreement.

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- (4) An eligible employee who is receiving a retained rate of pay may also receive a retention incentive. However, the incentive payment must be based on the maximum rate for the employee's position of record/grade and not on the retained rate of pay (5 CFR 536.307(b)).
- (5) A retention incentive will not be considered part of the individual's rate of basic pay for any purpose.
- (6) A retention incentive will not be included in the calculation of a lump-sum payment for annual leave.

6.575.1.5.2 (01-20-2026) Eligibility

- (1) To be eligible to receive a retention incentive, an employee must:
 - a. Have at least a "Fully Successful" or equivalent rating of record on the most recent annual performance appraisal;
 - b. Not have an active service agreement for receipt of a previously approved recruitment or relocation incentive; **and**
 - c. Sign a Certification of Awareness concerning buyout ineligibility (for non-SES employees).
- (2) Employees in positions listed in 5 CFR 575.304 **are not** eligible for a retention incentive.

6.575.1.5.3 (01-20-2026) Documentation

- (1) For each determination to pay a retention incentive, the following must be documented in writing on the appropriate request form:
 - a. The basis for determining that the unusually high or unique qualifications of the employee (or group of employees), or a special need of the IRS for the employee's (or group of employees') services, make it essential to retain the employee(s);
 - b. The basis for determining that the employee (or a significant number of employees in a group) would be likely to leave the federal service in the absence of a retention incentive;
 - c. The basis for authorizing a retention incentive;
 - d. The factors listed in 5 CFR 575.306 and in the Retention Incentive Operational Guide must also be considered and addressed in writing as part of the retention incentive determination;
 - e. Verification that funds are available to pay a retention incentive; **and**
 - f. The basis for establishing the amount and timing of the approved retention incentive payment and the length of the required service period.
- (2) Required forms
 - a. SES incentive requests: Relocation Incentive Template. For information on requesting an SES retention incentive, please contact the Office of Executive Services.
 - b. SES Service Agreement: Retention Incentive Template.
 - c. Non-SES Individual Incentive Requests: Form 14063-B, Retention Incentive Request for Non-SES Employees.
 - d. Non-SES Group Incentive Requests: Form 14063-C, Retention Incentive Group Request For Non-SES Employees.
 - e. Non-SES Service Agreement: Form 14063, Retention Incentive Service Agreement for Non-SES Employees.

6.575.1.5.4
(01-20-2026)

Determining the Amount of the Retention Incentive

- (1) For SES, the maximum amount authorized for a retention incentive is 25 percent of an employee's annual rate of basic pay at the beginning of the service period.
- (2) An incentive authorized for a group or category of employees may not exceed 10 percent of each employee's rate of basic pay.
- (3) For non-SES, the IRS established the *Non-SES Corporate Incentives Strategy*, which sets the maximum incentive amount for non-SES employees. The Non-SES Corporate Incentives Strategy must be referenced and utilized.
- (4) The IRS may, through the DASHR/CHCO office, request OPM approval to waive the 25 percent retention incentive rate limitation for non-SES and SES employees based on the Service's critical need for a higher incentive payment amount consistent with the requirements in 5 CFR 575.309(e). For more information on these types of requests, please reference the Retention Incentive Operational Guide.

6.575.1.5.5
(01-20-2026)

Approval of Retention Incentives

- (1) The approving official must review and approve the retention incentive request in writing by completing and signing the required forms.
- (2) Retention incentives must be approved before they can be made effective and paid to the employee.
- (3) Approval must be by an official who is at least one level higher than the employee's supervisor.
- (4) The DASHR/CHCO is the approving official for payment of retention incentives that exceed two years for any individual or group.
- (5) See expanded information on the approval process in the Retention Incentive Operational Guide.

6.575.1.5.6
(01-20-2026)

Continuation, Reduction, or Termination of a Retention Incentive with No Service Agreement

- (1) At least annually, the IRS must review each determination to pay a retention incentive, when no service agreement is required, subject to the provisions in 5 CFR 575.311(f), to make determinations on the continuation, reduction, or termination of a retention incentive. The determination must be certified in writing.
- (2) The IRS may continue paying a retention incentive to an employee (when no service agreement is required) as long as the conditions giving rise to the original determination to pay the incentive still exist.
- (3) The IRS may unilaterally terminate a retention incentive (when no service agreement is required) based solely on the management needs of the agency, even if the conditions giving rise to the original determination to pay the incentive still exist. For example, the IRS may terminate a retention incentive when there are insufficient funds to continue the planned retention incentive payments (5 CFR 575.311(f)(4)).
- (4) The IRS must notify the employee in writing if a retention incentive is reduced or terminated and provide the reason(s) for the reduction or termination.
- (5) An employee is entitled to receive any scheduled incentive payments through the end of the pay period in which written notification of termination was given or until the date of separation (if sooner).

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- (6) The termination or reduction of a retention incentive is not grievable or appealable as prescribed under 5 CFR 575.311(g).
- (7) Refer to the Retention Incentive Operational Guide for expansive information on reducing or terminating a retention incentive, when no service agreement is required.

6.575.1.5.7 (01-20-2026) Annual Review and Recertification

- (1) To ensure compliance with Treasury directives, the IRS must annually review all determinations to pay a retention incentive to ascertain whether the original determination, in other words, the circumstances that supported the initial request and approval still applies or whether payment is still warranted.
- (2) Refer to the Retention Incentive Operational Guide for expansive information on the requirements for the annual review.

6.575.1.5.8 (01-20-2026) Likely to Leave for a Different Position in the Federal Service

- (1) Except as provided in this section, all other requirements in this IRM pertaining to retention incentives apply to the approval of a retention incentive for an employee or group or category of employees who would be likely to leave the federal service. (5 CFR 575.314).
- (2) An authorized official, as defined in IRM 6.575.1.5.5 , Approval of Retention Incentives, may approve a retention incentive as follows:
 - a. **For an individual** employee, when it is determined that given the Service's mission requirements and the employee's competencies, the IRS has a special need for the employee's services that makes it essential to retain the employee in their current position during a period of time before the closure or relocation of the employee's office, facility, activity, or organization, and **the employee would be likely to leave for a different position in the federal service** in the absence of a retention incentive.
 - b. **For a group or category** of employees when the authorized official determines that given the Service's mission requirements and the employees' competencies, the IRS has a special need for the employees' services that makes it essential to retain the employees in their current positions during a period of time before the closure or relocation of the employees' office, facility, or organization and there is a high risk that a significant number of **the employees in the group would be likely to leave for different positions in the federal service** in the absence of a retention incentive. **Each group retention incentive authorized under this section may cover no more than one occupational series.**

Note: The IRS must have provided a general or specific notice to the employee that their position may or would be affected by the closure or relocation of the employee's office, facility, activity, or organization.

- (3) Refer to the Retention Incentive Operational Guide for expansive information on the requirements for retention incentives for an employee or group or category of employees who would be likely to leave for a different position in the federal service.

6.575.1.6
(01-20-2026)
**Extended Assignment
Incentives (EAI)**

- (1) This section establishes the IRS policy and procedures for administering the provisions of EAI authority under 5 CFR 575, subpart E.
- (2) An extended assignment incentive may be authorized on a case-by-case basis to eligible federal employees assigned to positions located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands who agree to a specified additional period of employment with the IRS in that location.
- (3) The EAI provides management with a financial tool to retain experienced, well-trained employees (assigned to positions located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands) for a longer period in that location than the employee's initial tour of duty, when:
 - a. replacing that employee with another employee possessing the required qualifications and experience would be difficult; and
 - b. It is in the best interest of the government to encourage the employee to complete a specified additional period of employment with the IRS in that location.
- (4) An EAI may not be paid to the head of an agency, including an agency headed by a collegial body composed of two or more individual members.
- (5) The maximum service period under one or more EAI service agreements with the Department of the Treasury in a particular authorized location may not exceed five years.

6.575.1.6.1
(01-20-2026)
Payment of an EAI

- (1) The incentive payment may be paid:
 - a. As an initial lump-sum payment at the beginning of the service period;
 - b. In installments after completion of specified periods throughout the service period, such as biweekly, monthly or quarterly;
 - c. As a final lump-sum payment at the end of the service period; **or**
 - d. In a combination of payment methods.
- (2) The incentive payment will **not** be considered part of the individual's rate of basic pay for any purpose.
- (3) An EAI will not be included in the calculation of a lump-sum payment for annual leave.

6.575.1.6.2
(01-20-2026)
Eligibility

- (1) The recipient of an EAI is not required to meet the standard of possessing unusually high, unique, or one-of-a-kind qualifications.
- (2) The determination to pay an EAI must be on a case-by-case basis.
- (3) The employee must have completed at least two years of continuous service in one or more civil service positions located in one of the approved covered locations for payment of an EAI.
- (4) An employee must sign a service agreement to remain in the authorized location for a specified additional period;

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- (5) An EAI may **not** be paid to an otherwise eligible employee who is receiving or fulfilling the requirements of a recruitment, relocation, or retention incentive service agreement.

6.575.1.6.3 (01-20-2026) Documentation

- (1) For each determination to pay an EAI, the following must be documented in writing on the appropriate request form:
- Verification that the employee has completed at least 2 years of **continuous** service, immediately before the commencement of a service agreement, in one or more civil service positions located in a territory or possession of the United States, the Commonwealth of Puerto Rico, or the Commonwealth of the Northern Mariana Islands;
 - The basis for authorizing an EAI, including the specific mission, task, and/or objective the employee will accomplish in exchange for receiving an EAI payment, and the impact the employee's departure would have on the organization's ability to accomplish its mission;
 - The basis for establishing the amount and timing of the EAI and the length of the required service period;
 - A detailed explanation why it would be difficult to replace the employee with someone else with the required qualifications and experience;
 - A detailed explanation why it is in the interest of the government to encourage the employee to complete a specified additional period of employment with the IRS in that location, considering how the employee's departure would affect the IRS's ability to operate efficiently or to carry out an activity or perform a function that the IRS deems essential to its mission;
 - Verification that funds are available to pay an EAI;
 - A detailed explanation for the need to retain the employee in the location at issue;
 - The employee's total service under one or more EAI service agreements with the Department of the Treasury in a particular area may not exceed five years; **and**
 - The minimum EAI amount needed to retain the employee, subject to the limitations set forth in IRM 6.575.1.6.4, Determining the Amount of the EAI.
- (2) Required Forms
- Non-SES EAI request: Form 15707-A, Extended Assignment Incentive Request Form
 - Non-SES Service Agreement: Form 15707-B, Extended Assignment Incentive Service Agreement

6.575.1.6.4 (01-20-2026) Determining the Amount of the EAI

- (1) The amount of the EAI payment will be determined on a case-by-case basis. The amount will align with the IRS's need for the employee's qualifications and experience and the mission and objectives of the organization. The amount of the payment cannot exceed the greater of:
- 25 percent of the annual rate of basic pay of the employee at the beginning of the service period times the number of years (including fractions of a year) in the service period; **or**
 - \$15,000 per year (including fractions of a year) in the service period.

6.575.1.6.5
(01-20-2026)

Approval of EAI

- (1) The approving official must review and approve the extended assignment incentive request in writing by completing and signing the required forms.
- (2) The approving official must be at least one level higher than the employee's supervisor.
- (3) EAls must be approved **before** they can be made effective and paid to the employee.
- (4) See expanded information on the approval process in the EAI Operational Guide.

