

Part III -- Administrative, Procedural, and Miscellaneous

Comprehensive Case Resolution Pilot Program

Notice 2000-43

1. INTRODUCTION OF COMPREHENSIVE CASE RESOLUTION PILOT PROGRAM

This Notice announces a program under which large business taxpayers may request resolution of all years they have open under examination by the Large and Mid-Size Business Division (LMSB), in Appeals, and in docketed status before the United States Tax Court (Tax Court), through an Internal Revenue Service (IRS) team process. The purpose of the program is to enable taxpayers and the IRS to work together to resolve all open issues on all open years currently or previously under examination. The program is intended to reduce costs, burden and delays by expediting completion of these cases through a cooperative effort.

The program is jointly administered by LMSB, Appeals, and, if a taxpayer has a docketed case for any year, the Office of Chief Counsel (Chief Counsel). In the pilot phase, the program is available to large businesses that currently have at least one open year under examination in a Coordinated Examination and at least one prior year in Appeals (including docketed cases currently under Appeals' jurisdiction). Taxpayers interested in participating in the pilot program or with questions about the program should contact their Team Manager or the Comprehensive Case Resolution Pilot Coordinator to discuss their suitability for the program.

During the pilot phase of the program, LMSB, Appeals and, if there is a docketed case, Chief Counsel, plan to select eight to ten taxpayers from among those requesting participation in the program. Applications will be solicited through September 29, 2000, and the IRS will select participants by October 31, 2000. Taxpayers participating in the pilot program will be asked to assist in monitoring and evaluating the process. After evaluating the pilot cases, the IRS may then offer the program, with or without modification, on a permanent basis.

The IRS believes that the Comprehensive Case Resolution program offers significant potential benefits for taxpayers as well as the IRS, and invites large business taxpayers to participate.

1. DESCRIPTION OF THE COMPREHENSIVE CASE RESOLUTION PROGRAM

The goal of the program is to help taxpayers that have tax years under examination by LMSB and in Appeals (including docketed cases under Appeals jurisdiction) resolve all open issues in all such years through an IRS Comprehensive Case Resolution (CCR) process. In some situations it may also be appropriate to include tax years which are

docketed before the Tax Court and not under Appeals' jurisdiction. The effect of this program will be to expedite the taxpayer's LMSB years, where the audit is substantially complete, into a resolution process. This process will be the taxpayer's formal administrative appeal for the LMSB years. The program's goal is to resolve all tax controversies, without litigation, on a basis that is fair and impartial to both the government and the taxpayer. The CCR process will plan aggressive timelines for completion, with a target of closing all years within six to twelve months. If agreement cannot be reached using this process, Appeals will not again consider the unagreed issues from the years under examination by LMSB.

Taxpayers with an LMSB Coordinated Examination that is substantially complete may request to participate in this program. "Substantially complete" means: (1) audit work on all significant issues is complete and the taxpayer has indicated agreement or disagreement with each proposed adjustment; and (2) all claims and affirmative issues have been raised by the taxpayer and audited. Interested taxpayers with questions as to whether audit work is sufficiently complete should consult with their Team Manager.

Each affected IRS function (LMSB, Appeals, and Chief Counsel) will independently recommend whether the taxpayer should be accepted into the program. When a taxpayer is accepted for the pilot program, the IRS will form a team representing LMSB, Appeals, and, if appropriate, Chief Counsel to work with the taxpayer to resolve outstanding unagreed issues.

For taxpayers accepted into the CCR pilot program, the IRS will not issue a notice of proposed deficiency, commonly called a "30-day letter," for the years currently under examination by LMSB upon commencement of the program. Accordingly, for those years, the accrual of increased interest on large corporate underpayments under § 6621(c) of the Internal Revenue Code will not begin at that time. However, if those years are not resolved within 12 months after the initial issue discussion conference is held under the CCR program, the IRS will issue a letter of proposed deficiency to begin the accrual of interest at the increased rate.

Taxpayers not accepted for the pilot program will continue to follow existing LMSB, Appeals, and, where relevant, Tax Court, procedures for resolution of their cases.

3. SUBJECT MATTER FOR THE COMPREHENSIVE CASE RESOLUTION PROGRAM

The CCR program is intended to expedite resolution of all disputed issues on all open tax years that have been or are being examined. Generally, all issues that could appropriately be considered by Appeals will be suitable for the program. To ensure fair treatment of the taxpayer, issues already agreed between the taxpayer and IRS in LMSB or Appeals generally will not be re-opened.

Certain issues may not be appropriate for this process. The IRS and the taxpayer may agree to exclude these issues but proceed with the program on the remaining issues. If the Office of Chief Counsel determines that it would be inappropriate to include some or all docketed years in the process, the IRS may proceed under the program with the remaining years with the taxpayer's concurrence. Further, the IRS may determine that certain issues will not be part of the process. Specific issues excluded from the program include:

- (1) Issues that (for the taxpayer) involve a partnership item as defined in § 6231 of the Internal Revenue Code, or are subject to the procedures set forth in § 6221 through § 6233; and

1. Issues that have been designated for litigation by Chief Counsel.

This list is not all-inclusive as situations may arise where other issues are determined inappropriate for the process.

4. PROCEDURES FOR REQUESTING COMPREHENSIVE CASE RESOLUTION PROCESS

Before initiating a formal request. Taxpayers interested in participating in the pilot program, or with questions about the program and its suitability for their cases, may contact the LMSB Team Manager for the year currently under examination. Taxpayers also may contact Cary Russ, the CCR Coordinator, at (202) 283-8330 (not a toll-free number), for further information about this pilot program.

Initiating the request for the CCR pilot. The taxpayer must submit its request to participate in the CCR pilot program in writing to the Team Manager on or before September 29, 2000. The CCR Coordinator and the Team Manager are available to assist the taxpayer in preparing its pilot request.

Contents of the request. A concise written statement requesting the CCR process should include:

- (1) The taxpayer's name, EIN, and address and the name, title, address and telephone number of a person to contact.
- (2) The tax years for which Comprehensive Case Resolution is sought, the IRS office considering each year, and the name of the IRS Appeals Officer and counsel of record handling any matter not under the jurisdiction of LMSB.
- (3) For the years currently under LMSB examination, a list of all unagreed issue(s). The taxpayer should include copies of unagreed Forms 5701, Notice of Proposed Adjustment, or a short description of the unagreed issues if no Form 5701 has been issued. Although a formal protest is not required, the request must contain a brief explanation of the taxpayer's position regarding each issue.

(If accepted into the program, a taxpayer will have an opportunity to present a more complete statement of its position at a later stage.)

- (4) For the years in Appeals, the current status of each issue, including whether agreement (oral or written) has been reached.
- (5) If docketed year(s) under Chief Counsel's jurisdiction are included, the current status of all unresolved issues, including whether agreement (oral or written) has been reached, the date calendared for trial, if any, and any other deadlines established by the Court.
- (6) An acknowledgment that the taxpayer consents to ex parte communications between IRS Appeals Officers and any other IRS personnel in the context of the CCR process.
- (1) An acknowledgment that participation in the CCR process constitutes the administrative appeal for all years under LMSB examination included in this application.
- (6) A statement that the taxpayer will not file new claims or raise new affirmative issues for any year, regardless of jurisdiction, during the CCR process. Claims and affirmative issues must be raised and audit work completed before the CCR process begins.
- (6) An acknowledgment that this is an expedited program in which the taxpayer will work with the IRS CCR team to establish accelerated timelines for completion of the process.
- (6) A statement of the taxpayer's willingness to participate in a pilot program and to assist in monitoring and evaluating the process.

Perjury statement. A request for the CCR process must include a declaration, signed by a person currently authorized to sign the taxpayer's federal income tax return, in the following form:

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the facts presented in support of the request for Comprehensive Case Resolution are true, correct and complete.

If the request is signed by an authorized representative, a copy of Form 2848, Power of Attorney and Declaration of Representative, must accompany the request.

5. SELECTION OF TAXPAYERS FOR THE PILOT PROGRAM

Team Manager's Role: The Team Manager will immediately forward a copy of the taxpayer's application to the CCR Coordinator, Appeals and, if appropriate, Chief

Counsel. The Team Manager will assess the readiness of the LMSB years for the CCR process. This assessment will include whether the years are, or will be, substantially complete by October 31, 2000.

Appeals Management Role: Appeals management will assess the status of each issue and the anticipated completion date(s) of the years before Appeals (including docketed years in Appeals settlement jurisdiction).

Chief Counsel's Role: If years are docketed before the Tax Court, Chief Counsel will provide an assessment similar to Appeals of the status of those years. Chief Counsel may direct the CCR Pilot Coordinator not to include a docketed year or years in the CCR process.

CCR Pilot Coordinator Role: The CCR Pilot Coordinator will provide guidance to taxpayers and to IRS personnel on the program, will ensure that LMSB, Appeals and Chief Counsel timely provide information listed above, and will keep the CCR Pilot Executive informed of all program activity.

CCR Pilot Executive Role: The CCR Pilot Executive will provide general oversight for the program, interface with Appeals and Chief Counsel, lead in the training effort, and meet with taxpayers as appropriate. The CCR Pilot Executive will convene an evaluation team to include LMSB, Appeals and, if appropriate, Chief Counsel. The team will be responsible for determining whether the applicant meets the selection criteria.

Selection Criteria: In general, the team will evaluate the request using criteria that include the following:

General criteria:

- (6) Application by September 29, 2000;
- (1) Taxpayer under Coordinated Examination by LMSB and also in Appeals;
- (3) LMSB examination years are substantially complete; and
- (4) The Appeals years will not be settled before the first issue resolution conference is held.

Additional Pilot criteria:

- (1) Having a cross-section of taxpayers of varying sizes, representing different industry lines, a geographical dispersion of cases, and a variety of issues;
- (1) IRS resource availability in LMSB, Appeals and Chief Counsel;

(1) The likelihood of the case being resolved through this process; and

(1) In the case of a docketed year, the ability to comply with the Tax Court's procedures and deadlines.

Communication with taxpayer. The CCR Pilot Executive will advise taxpayers in writing on or about October 31, 2000, whether they will be included in the pilot program. A taxpayer may not appeal the decision that it not be included in the pilot program.

6. CONDUCTING THE COMPREHENSIVE CASE RESOLUTION PROCESS

Initial 60 days. Once a case is accepted into the pilot program, the IRS will form a resolution team composed of members from LMSB and Appeals (and Chief Counsel, if there is a docketed case). Within the first 30 days, the CCR team will contact the taxpayer to schedule an initial planning meeting. At the planning meeting, the parties will confirm the issues to be resolved, identify who will be involved in the process and their respective authorities, answer any questions about the process, and establish a timeline for resolution of all issues. Additionally, the team and the taxpayer will schedule the first issue resolution conference no later than 60 days after the case is accepted into the pilot.

Resolution process. Comprehensive Case Resolution constitutes the taxpayer's formal exercise of its appeal rights for the years under examination by LMSB. Therefore, conferences between the taxpayer and the IRS CCR team will follow existing Appeals procedures. If the IRS and taxpayer reach agreement, years will be closed using Appeals processes and closing documents. If the parties are unable to reach agreement on any issue(s), Appeals will issue a statutory notice of deficiency on the unagreed issue(s). Should any case be subject to review by U. S. Competent Authority or the Joint Committee on Taxation, the case will be closed after those approvals are obtained.

(1) WITHDRAWAL FROM THE COMPREHENSIVE CASE RESOLUTION PROCESS

Taxpayers may withdraw from the CCR pilot by submitting a written request, but only within 30 days after acceptance into the program or 20 days after the initial planning meeting, whichever is later. Thereafter, with respect to the years under LMSB jurisdiction at the time of application for CCR, the process will be completed with a total or partial agreement or issuance of a statutory notice of deficiency.

A taxpayer's withdrawal from the CCR pilot returns each open year to the jurisdiction of the IRS function it was under prior acceptance into the program. Taxpayers will be afforded administrative appeal on the years under LMSB jurisdiction as if the taxpayer had not applied for CCR.

8. MISCELLANEOUS

Record keeping requirements. No aspect of the CCR process will affect the record keeping requirements imposed by any section of the Internal Revenue Code.

No user fee. There is no user fee for participating in the CCR program.

9. COMMENTS

The IRS invites interested persons to comment on this program. Send submissions to:

Internal Revenue Service
Attn: Cary Russ
Large and Mid-Size Business Division LM:PFTG
Mint Building, 3rd Floor, M-3-312
1111 Constitution Avenue, NW
Washington, DC 20224

Submissions also may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to the Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC. Such submissions should be marked: Attn: Cary Russ, Large and Mid-Size Business Division LM:PFTG, Mint Building, 3rd Floor, M-3-312.

Alternatively, interested persons may submit comments via e-mail to:

PFTG1@irs.gov

These addresses are for comments on the pilot program. Requests by eligible taxpayers to participate in the pilot program should be submitted as describe in section 4 above.

10. FURTHER INFORMATION

For further information regarding this Notice, contact Cary Russ, the CCR Pilot Coordinator, at (202) 283-8330 (not a toll-free number), or the Team Manager for your current examination.