

# Extension of Comprehensive Case Resolution Pilot Program

## Notice 2001-13

### 1. EXTENSION OF COMPREHENSIVE CASE RESOLUTION PILOT PROGRAM

This Notice announces the extension of the Comprehensive Case Resolution pilot program, which was announced in Notice 2000-43, 2000-35 I.R.B. 209, and 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 Comprehensive Case Resolution 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 purpose of this extension of the pilot program is to allow time for additional applications to be filed.

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 (CCR 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 may be made beginning with the publication date of this Notice until

April 30, 2001, or until a sufficient number of applicants have been accepted to conduct the pilot program, whichever occurs first. The CCR Pilot Coordinator may be contacted to ascertain whether the application period has been closed. Taxpayers participating in the pilot program will be asked to assist in monitoring and evaluating the process. After evaluating the pilot program 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.

### 2. DESCRIPTION OF THE COMPREHENSIVE CASE RESOLUTION PROGRAM

The goal of the Comprehensive Case Resolution 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 process (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 CCR process will constitute 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 pilot 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 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 pilot 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 Comprehensive Case Resolution 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, including issues that have been designated for litigation by Chief Counsel.

#### 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 Pilot Coordinator, at (202) 283-8330 (not a toll-free number), for further information about this pilot program.

**Initiating the request for the pilot program.** The taxpayer must submit its request to participate in the pilot program in writing to the Team Manager. The CCR Pilot Coordinator and the Team Manager are available to assist the taxpayer in preparing its pilot program 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 expla-

nation 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.
- (7) An acknowledgment that participation in the CCR process constitutes the administrative appeal for all years under LMSB examination included in this application.
- (8) 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.
- (9) 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 CCR process.
- (10) 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 pilot program 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 Pilot 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 prior to April 30, 2001.

**Appeals Management's 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's 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's 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:

- (1) Application by April 30, 2001 (unless a sufficient number of applicants have been accepted to conduct the pilot sooner);
- (2) 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 program 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;
- (2) IRS resource availability in LMSB, Appeals and Chief Counsel;
- (3) The likelihood of the case being resolved through this process; and
- (4) 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 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 program.

**Resolution process.** Comprehensive Case Resolution constitutes the taxpayer's for-

mal 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.

## **7. WITHDRAWAL FROM THE COMPREHENSIVE CASE RESOLUTION PROCESS**

Taxpayers may withdraw from the pilot program 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 the pilot program, 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 pilot program returns each open year to the jurisdiction of the IRS function it was under prior to acceptance into the pilot program.

Taxpayers will be afforded administrative appeal on the years under LMSB jurisdiction as if the taxpayer had not applied for the pilot program.

## **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 pilot 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 described 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.