U.S. Department of Justice

Tax Division

Civil Trial Section, Eastern Region

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April 2, 2021

Via Email Only
Katherine Anderson
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Katherine.Anderson@americanoversight.org
Counsel for Plaintiff

Re: *American Oversight v. Department of Treasury, et al.*
No. 1:20-cv-2787-EGS (D.D.C.)

Dear Ms. Anderson:

The Internal Revenue Service has instructed the U.S. Department of Justice Tax Division to release the attached publicly available records as a curtesy. The Internal Revenue Manual (IRM) may be found online at https://www.irs.gov/irm and the Rev. Proc. 64-22 referenced in IRM 4.2.1.26(2) may be found on WestLaw, Lexis, Bloomberg or any other site that publishes similar administrative records.

The records bear the control numbers AMER 0014 - AM 0016. The Service has not asserted any exemptions to disclosure under the Freedom of Information Act ("FOIA") over them. 5 U.S.C. § 552(b).

If you have any questions, please contact me at Joycelyn.S.Peyton@usdoj.gov or my co-counsel Benton Morton at Benton.T.Morton@usdoj.gov.

Sincerely yours,

s/ Joycelyn S. Peyton
JOYCELYN S. PEYTON
Trial Attorney
Civil Trial Section, Eastern Region

Enclosures

cc:
Helene.R.Newsome@irs.gov
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4.2.1.25
(05-29-2019)
Awards Received by Informants

(1) Informant awards for confidential services are often received from the Bureau of Customs, Federal Bureau of Investigation, Central Intelligence Agency, Secret Service, local Police Departments, Whistleblower program, and other similar sources. It is imperative that the source of income not be revealed in the examiner's report and that the identify of the informant be protected. See IRM 25.2.2.9, Confidentiality of the Whistleblower, for additional guidance on confidentiality.

(2) If during the examination, unidentified income reported on the return or unreported income is discovered, the taxpayer may explain that the income was received for services of a confidential nature.

- If verification of the source of income is necessary, then verification should be secured through inquiry of the official in charge of making the payment
- If the official is in the same locality as the examiner, then the official will be interviewed personally without any written communication or other report. If a personal interview is not possible, the examiner will prepare for the personal signature of the Area Director, a letter to the official marked "Confidential - To be opened by addressee only" requesting verification of the payment for confidential services.

(3) If the taxpayer states that the unidentified or unreported income was received for services of a confidential nature, the case will be processed in the usual manner without disclosing the source of the payment.

- In the case file, the description of the income will state "miscellaneous income -source verified."
- Correspondence used to verify the source of income will not remain in the case file but will be maintained in special file, confidential in nature, under the personal control of the Area Director.

4.2.1.26
(04-23-2014)
Restructuring and Reform Act of 1998

(1) All employees should be familiar with the provisions of the *Restructuring and Reform Act of 1998 (RRA 98)*, including the following:

a. Section 1105, Prohibition on Executive Branch Influence Over Taxpayer Audits and Other Investigations, superseded by IRC 7217.
b. Section 1203, Termination of Employment for Misconduct. See Document 11043, RRA '98 Section 1203 All Employee Guide, for additional information.
c. Section 3466, Application of Certain Fair Debt Collection Procedures, superseded by IRC 6304.

(2) In addition, the Service has a long-standing commitment to the fair and equitable treatment of all taxpayers set forth in Rev. Proc. 64-22. The pertinent part of Rev. Proc. 64-22 states the law will be administered in a reasonable, practical manner. Issues should be raised by examiners when they have merit and never arbitrarily or for trading purposes.

utility which chooses to adopt the provisions of this Procedure to use the composite basis must have available sufficient information for the depreciation reserve to be determined with reasonable accuracy, considering the circumstances of the particular case.

SEC. 4. EFFECT ON OTHER DOCUMENTS.

This Revenue Procedure amplifies Revenue Procedure 62–21, C.B. 1962–2, 418, and modifies the Answer to Question 54, C.B. 1962–2, at page 479.

Rev. Proc. 64–22 [1]

Statement of some principles of Internal Revenue tax administration.

The function of the Internal Revenue Service is to administer the Internal Revenue Code. Tax policy for raising revenue is determined by Congress.

With this in mind, it is the duty of the Service to carry out that policy by correctly applying the laws enacted by Congress; to determine the reasonable meaning of various Code provisions in light of the Congressional purpose in enacting them; and to perform this work in a fair and impartial manner, with neither a government nor a taxpayer point of view.

At the heart of administration is interpretation of the Code. It is the responsibility of each person in the Service, charged with the duty of interpreting the law, to try to find the true meaning of the statutory provision and not to adopt a strained construction in the belief that he is "protecting the revenue." The revenue is properly protected only when we ascertain and apply the true meaning of the statute.

The Service also has the responsibility of applying and administering the law in a reasonable, practical manner. Issues should only be raised by examining officers when they have merit, never arbitrarily or for trading purposes. At the same time, the examining officer should never hesitate to raise a meritorious issue. It is also important that care be exercised not to raise an issue or to ask a court to adopt a position inconsistent with an established Service position.

Administration should be both reasonable and vigorous. It should be conducted with as little delay as possible and with great courtesy and considerateness. It should never try to overreach, and should be reasonable within the bounds of law and sound administration. It should, however, be vigorous in requiring compliance with law and it should be relentless in its attack on unreal tax devices and fraud.

(Also Part I, Section 614; 26 CFR 1.614–2.) Rev. Proc. 64–23 [2]

Guidelines to aid in determining what constitutes an "operating unit" in the case of oil and gas properties under section 1.614–2(c) of the Income Tax Regulations.

Assistant Regional Commissioners, Appellate, Associate Chiefs of the Appellate Division and District Directors of Internal Revenue

[1] Also released as Technical Information Release 592, dated May 1, 1964.

[2] Also released as Technical Information Release 593, dated May 1, 1964, however, note that section 6.02 and .03 are not the same as appeared in the Technical Information Release.

a specialist may be made when staffing imbalances or other needs of the Service require such action in accordance with applicable IRM and National Agreement provisions.

(8) Signed: Kirsten Wielobob, Deputy Commissioner, Services and Enforcement June 17, 2019

Note: This policy statement will be effective when signed by the Deputy Commissioner, Services and Enforcement

1.2.1.5.4
(03-16-1959)
Policy Statement 4-6, Examiner may not examine return if relationship impairs impartiality

(1) Examiner may not examine return if relationship impairs impartiality

(2) Examiners will not examine or survey the returns of taxpayers with whom they have a business or social relationship of a nature that might impair their impartiality and independence.

1.2.1.5.5
(12-23-1960)
Policy Statement 4-7, Impartial determination of tax liability

(1) **Impartial determination of tax liability**

(2) An exaction by the United States Government, which is not based upon law, statutory or otherwise, is a taking of property without due process of law, in violation of the Fifth Amendment to the United States Constitution. Accordingly, a Service representative in his/her conclusions of fact or application of the law, shall hew to the law and the recognized standards of legal construction. It shall be his/her duty to determine the correct amount of the tax, with strict impartiality as between the taxpayer and the Government, and without favoritism or discrimination as between taxpayers.

1.2.1.5.6
(03-13-1966)
Policy Statement 4-8, Removal of books, records and documents to a Service office

(1) **Removal of books, records and documents to a Service office**

(2) Books, records and other documents may be removed to a Service office for examination when the person furnishing them agrees to such action. A receipt shall be issued for all books, records and other documents so removed and they should be retained only for such time as may be reasonably necessary, under all the circumstances, to effect the purpose for which they were obtained.

1.2.1.5.7
(05-03-1994)
Policy Statement 4-9, Highest integrity expected

(1) **Highest integrity expected**

(2) The public expects the highest degree of integrity in tax matters on the part of all Service employees. To this end, the Service has established a comprehensive employee tax compliance program. Employee accounts will be subjected to examination, underreporter, and annual delinquency-check procedures.

(3) **Computer screening of employee returns to be part of regular returns classification program**

(4) The returns of all Service employees, regardless of grades or position, will undergo the same initial computer screening process and the same classification procedures that are applicable to all individual income tax returns. However, in order to ensure impartiality and independence, the classification of employee returns will not be performed by subordinates, associates or co-workers in the same post of duty.