



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

SMALL BUSINESS / SELF-EMPLOYED DIVISION

Date: July 26, 2024

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Impacted IRM(s): 4.24.23 and 4.24.24

MEMORANDUM FOR: DIRECTOR, SPECIALTY EXAMINATION, CHIEF, ESTATE & GIFT/EXCISE TAX EXAM; EXCISE TERRITORY MANAGERS; EXCISE TAX EXAMINATION MANAGERS; FORM 637 REGISTRATION GROUP MANAGER; EXCISE EXAMINATION AND FORM 637 REGISTRATION GROUP EMPLOYEES

FROM: Daniel R. Lauer, Director, Examination Headquarters Daniel R. Lauer  
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Date: 2024.07.26 11:38:39 -0400'

SUBJECT: Interim Guidance on Temporary Suspension and Modification of Activities During Initial IRC 45Z Application Surge

This memorandum issues temporary guidance on the suspension and modification of activities for processing and reviewing Form(s) 637, Application for Registration (For Certain Excise Activities), received under Internal Revenue Code (IRC) 45Z for activity letters CA (producer of clean transportation fuel which is sustainable aviation fuel (SAF)) and CN (producer of clean transportation fuel which is non-SAF).

**Purpose:** To provide temporary guidance to the 637 Registration Group and examiners on the processing of Form 637 applications received for activity letters CA and CN.

**Background/Source(s) of Authority:** Section 13704 of Public Law 117-169, 136 Stat. 1818 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA), added IRC 45Z and amended IRC 38(b) and IRC 4101(a)<sup>1</sup>, enacting the IRC 45Z credit for clean transportation fuel produced in the United States by the taxpayer at a qualified facility after December 31, 2024. Section 45Z(f)(1)(A)(i)(I) provides that no clean fuel production credit can be determined under IRC 45Z(a) with respect to any transportation fuel unless the taxpayer is registered as a producer of clean fuel under IRC 4101 at the time of production.

To be eligible to claim the IRC 45Z credit for clean fuel production starting January 1, 2025, a taxpayer must have a signed registration letter dated on or before January 1, 2025. Per Notice 2024-49, Section 45Z Clean Fuel Production Credit; Registration, the IRS intends to process completed applications for registration received by July 15, 2024, such that an eligible taxpayer can receive its letter of registration by January 1, 2025. Application for registration is made on Form 637, Application for Registration (for Certain Excise Tax Activities), under activity letter

<sup>1</sup> See footnote 4 of Notice 2024-49, 2024-26 I.R.B. 1781.

CA (producer of clean transportation fuel which is sustainable aviation fuel (SAF)) and CN (producer of clean transportation fuel which is non-SAF).

**Procedural Change:** A surge of Form 637 applications for activity letters CA and CN is anticipated to be received between June 3, 2024, and December 31, 2024. To facilitate expedited processing of these applications (including applications that contain additional activity letters), the Form 637 Registration Group will not perform compliance check activities on applications for activity letters CA and CN.

Effective immediately, the Form 637 Registration Group tax examiners (TEs) will perform the following tasks on Form 637 applications for activity letters CA and CN:

- Review the original Form 637 application in Issue Management System (IMS) on the “Original Form 637 Application” screen.
- Complete the "Form 637 Data" screen by verifying the name and address on the application with the name on Integrated Data Retrieval System (IDRS), obtain a copy of command code “INOLES” and upload it into the IMS case file and complete the General Information – Part III.
- Verify applicant has completed Part I, II, III (items 1 through 8), and signature portion.
- Verify additional information required, per Notice 2024-49, for activity letters CA and CN is included with the application (see CA and CN list below).
- If all information is included with the application, prepare and issue Letter 3681, Notification for Form 637, within 10 calendar days from assignment of the IMS case file and include their name, employee ID number, telephone number, and fax number in the contact information. The TE must enclose Publication 5170, Taxpayer Bill of Rights (Brochure), and Notice 609, Privacy Act Notice, with Letter 3681. The signed copy of Letter 3681 must be uploaded into the IMS case file.
- If items are missing:
  - Prepare and issue Letter 3681, Publication 5170, Notice 609 and Letter 3682, Additional Information Request, indicating the missing items.
  - If a response has not been received after 14 days of mailing, call the applicant to request the missing items.
  - Recommend denial of the application if no response is received within 30 days to a request for additional information needed to complete the Form 637 Registration process unless an extension has been granted.
  - Information obtained will be added to the "Form 637 Data" screen, if applicable.
- If an application does not contain a valid signature, then secure a new signature and dated application from a person whose signature binds the applicant. The case will be placed in suspense for two weeks to allow the applicant sufficient time to provide a new signature and dated application.
- Scan and upload into the IMS case file any information received relating to processing the application.
- Recommend “Approve” in IMS once the application is perfected.
- Document the Case Level Activity Record in IMS.
- Close the IMS case file to the LT. The IMS case file will be updated to Status 30.

Effective immediately, the Form 637 Registration Group lead technicians (LTs) will perform the following tasks on Form 637 applications for activity letters CA and CN in Status 30:

- Establish the Form 637 Registration case file on Examination Returns Control System (ERCS) with project code 1338 - IRA (Inflation Reduction Act).

- Coordinate assignment with the designated project lead.
- Provide the designated project lead the following information on applications for activity letters CA and CN:
  - Signature date on application
  - IRS received date for initial application
  - Date corrected application received (if applicable)

To expedite Form 637 applications for activity letters CA and CN, examiners should call the applicants to begin the review process. Following the initial telephone conversation with the applicant and scheduling the appointment, the examiner must prepare and issue Letter 3686, Appointment Scheduled - Form 637 Reviews, to confirm the initial appointment.

CA applications, additional information required:

- A statement indicating whether the applicant produces SAF under an ASTM D7566 Annex or ASTM D1655 Annex A1, and if applicable, the specific ASTM D7566 Annex under which the SAF synthetic blending component is produced;
- The feedstock(s) and country of origin of each feedstock used to produce the SAF the applicant produces;
- The annual volume of SAF the applicant produces;
- The location(s) and a description of the applicant's production facilities;
- Each production facility's annual fuel production capacity, and whether the applicant's production facilities are operational and currently producing volumes of SAF;
- The names and addresses of any person(s) acting for the applicant as an agent or broker in buying, selling, or transporting any SAF;
- The business entities to which the applicant sells SAF;
- The business entities from or with which the applicant buys, trades, transfers, or exchanges any SAF; and
- The annual volume of SAF the applicant buys, sells, trades, transfers, or exchanges.

CN applications, additional information required:

- Each type of non-SAF transportation fuel and the annual volume of each type of non-SAF transportation fuel the applicant produces;
- The feedstock(s) and country of origin of each feedstock used to produce each type of non-SAF transportation fuel the applicant produces;
- The location(s) and a description of the applicant's production facilities;
- Each production facility's annual fuel production capacity, and whether the applicant's production facilities are operational and currently producing volumes of non-SAF transportation fuel;
- The names and addresses of any person(s) acting for the applicant as an agent or broker in buying, selling, or transporting any non-SAF transportation fuel;
- The business entities to which the applicant sells non-SAF transportation fuel;
- The business entities from or with which the applicant buys, trades, transfers, or exchanges any non-SAF transportation fuel;
- The annual volume of non-SAF transportation fuel the applicant buys, sells, trades, transfers, or exchanges; and

- A statement indicating under which ASTM standard(s), SAE standard(s), or both, the applicant produces non-SAF transportation fuel.

See the attachment for temporary deviations from IRM 4.24.23 and IRM 4.24.24.

**Effect on Other Documents:** This guidance will not be incorporated into IRM 4.24.23 and IRM 4.24.24.

**Effective Date:** July 26, 2024

**Contact:** If you have any questions concerning this guidance, please contact Kellie (McCann) Torri, Excise Tax Policy Program Manager or Diane Williams, Excise Tax Policy Analyst.

**Attachments:** IRM 4.24.23 and IRM 4.24.24 Temporary Suspension and Modification of Activities

**Distribution:**

IRS.gov (<https://www.irs.gov>)

**SBSE 04-0724-0047 Attachment** – IRM 4.24.23 and IRM 4.24.24 Temporary Suspension and Modification of Activities

**IRM 4.24.23.6.3, Roles and Responsibilities of Tax Examiners (TEs)**, (the following activities in paragraph 1 are suspended for activity letters CA and CN only)

- (1) The TE in the registration group is responsible for:
  - a. Performing Integrated Data Retrieval System (IDRS) research on all initial applications in Status 20.
  - b. Performing Accurant searches on all initial applications in Status 20.

**IRM 4.24.24.4.3, Status 20 Compliance Check - Overview Initial Application and Sample Reviews Conducted by Form 637 Registration Group TE**, (the following activities in paragraphs 3, 6, 7, and 8 are suspended for activity letters CA and CN only)

- (3) The initial application or sample review will only be designated as an excise group case, if there is an open excise examination, no compliance issues have been identified or Letter 3681 was not returned "undeliverable." Refer to IRM 4.24.24.4.2 for more information about when a case is designated as an excise group case.
- (6) The IDRS compliance check for an initial application in Status 20 designated as an excise group case will be completed within 45 days of assignment in IMS. If deficiencies are found on an application designated as an excise group case, then the TE will attempt to resolve the deficiencies and recommend denial if the deficiencies are not resolved. At that time, the TE will document the Form 637 IMS recommendation screen and the Case Level Activity Record in IMS accordingly and follow the procedures in IRM 4.24.24.4.3.2(1) sections g-j and IRM 4.24.24.4.3.2(2).
- (7) Initial applications in Status 20 that contain mixed activity letters designated as both registration group case and excise group case activity letters will be worked as an excise group case unless compliance issues are found by the TE. If compliance issues are found, then the TE must follow the procedures to deny the application. Refer to IRM 4.24.24.4.3.2, IMS Status 20 - Initial Compliance Review Procedures Specific to Form 637 Registration Group Cases.
- (8) Initial applications in Status 20 that contain mixed activity letters designated as both a registration group case and an excise group case activity letter will be worked as an excise group case if no compliance issues are found by the TE. These types of applications will be processed as an excise group case following procedures found in IRM 4.24.24.4.3.3, IMS Status 20 - Compliance Review Procedures for Excise Group Cases.

**IRM 4.24.24.4.3.1, Status 20 - Initial Application Procedures Specific to the Form 637 Registration Group TE**, (the following activities in paragraphs 1, 2, and 3 are suspended for activity letters CA and CN only)

- (1) The following procedures apply to all initial applications in Status 20 processed by the registration group TE. The TE will:
  - (i) Secure appropriate IDRS research necessary to complete the IDRS compliance check. If deficiencies are discovered, then the applicable IDRS research documents will be scanned and uploaded in the IMS case file to support the TE's findings. This includes: BMFOLT/BMFOLI, IMFOLT/IMFOLI, SUMRY or TXMODA.

- (2) The TE will forward via Form 3210 any non-filed returns secured to the appropriate IRS Submission Processing campus. A copy of any non-filed return(s) that are secured will be uploaded in the IMS case file and the word/phrase "Possible Duplicate - Do Not Process" notated in red ink on the face of the return(s). The TE also needs to upload Form 3210 and document the Case Level Activity Record in IMS with the date the returns were received and the date they were mailed to the campus.
- (3) If necessary, a non-filer referral using Form 5346, Examination Information Report, will be prepared for other federal taxes, such as income or employment taxes. At that time, Form 5346 will be prepared by the LT and forwarded to the registration group manager for approval and submission to Planning and Special Programs (PSP). Refer to IRM 4.24.23.3.4, Form 5346, Examination Information Report, for additional information.

**IRM 4.24.24.4.3.3, IMS Status 20 - Compliance Review Procedures for Excise Group Cases,** (the following activities in paragraphs 1 are suspended for activity letters CA and CN only)

- (1) After the registration group TE completes the procedures in IRM 4.24.24.4.3.1 the following actions must be taken on applications designated as an excise group case. The TE will:
  - a. Complete the "Form 637 IMS Recommendation" screen.
  - b. Recommend "Approve" in IMS.
  - c. Document the Case Level Activity Record in IMS.
  - d. Close the IMS case file to the LT. The IMS case file will be updated to Status 30.

**IRM 4.24.23.3, Initial Contact,** (the following activities in paragraphs 1 and 2 are temporarily modified for activity letters CA and CN only)

- (1) The initial contact is the first contact with the applicant or registrant. Initial contacts on a Form 637 compliance review must be made by mail using the appropriate initial contact letter except for activity letters CA and CN. For this exception examiner should call the applicants.

**Note:** Refer to IRM 4.24.6.2.14, Excise Examinations of Indian Tribal Government (ITG) Cases, for procedures to follow if the entity is an ITG.

- (2) Examiners use Letter 5708, Initial Contact – Form 637 Reviews, for all initial contacts related to Form 637 compliance reviews except for Form 637 applications with activity letters CA and CN. For this exception examiners should call the applicants.

**IRM 4.24.23.7, Roles and Responsibilities for Excise Groups,** (the following activities in paragraph 2 are temporarily modified for activity letters CA and CN only)

- (2) Form 637 excise group compliance reviews will consist of the following:
  - New Form 637 applications with activity letters CA and CN
  - New applications, without compliance issues, that meet excise group criteria
  - Sample reviews selected by Excise Case Selection, Workload Selection and Delivery.
  - Sample reviews selected by the registration group
  - Discretionary reviews requested by excise groups
  - Applications or registrations that could not be resolved by the registration group

**IRM 4.24.23.7.2, Excise Examiner Responsibilities and Procedures,** (the following activities in paragraph 5 are temporarily modified for activity letters CA and CN only)

- (5) Prior to recommending a registration be approved or continued, the examiner must resolve all deficiencies and/or delinquencies.

**IRM 4.24.23.7.4, Excise Group Procedures - Initial Application Reviews**, (the following activities in paragraphs 2 and 3 are temporarily modified for activity letters CA and CN only)

- (2) Initial contacts with an applicant must be made by mail using the appropriate initial contact letter except for Form 637 applications with activity letters CA and CN. For this exception examiner should call the applicant.
- (3) Examiners must use Letter 5708 to notify the applicant of their initial application review except for Form 637 applications with activity letters CA and CN. For this exception examiner should call the applicant.

**IRM 4.24.24.4.2, Status 15 Territory Assigned - Form 637 IMS Case Assignments by LT**, (the following activities in paragraph 5 are temporarily modified for activity letters CA and CN only)

- (5) The LT assigning a sample review to an excise group will:
  - (a) Establish the Form 637 Registration case file on ERCS with project code 1338 – IRA (Inflation Reduction Act) on all Form 637 applications with activity letters CA and CN.

**IRM 4.24.24.4.3.1 Status 20 - Initial Application Procedures Specific to the Form 637 Registration Group TE**, (the following activities in paragraph 1 are temporarily modified for activity letters CA and CN only)

- (1)(b) Complete the "Form 637 Data" screen by verifying the name and address on the application with the name on Integrated Data Retrieval System (IDRS), obtain a copy of command code "INOLES" and upload it into the IMS case file and complete the General Information - Part III.
- (1)(c) Verify applicant has completed Part I, II, III (items 1 through 8), and signature portion.
- (1)(d) Verify additional information required, per Notice 2024-49, for activity letters CA and CN is included with the application.
- (1)(e) If all information is included with the application, prepare and issue Letter 3681, Notification for Form 637, within 10 calendar days from assignment of the IMS case file and include their name, employee ID number, telephone number, and fax number in the contact information. The TE must enclose Publication 5170, Taxpayer Bill of Rights (Brochure), and Notice 609, Privacy Act Notice, with Letter 3681. The signed copy of Letter 3681 must be uploaded into the IMS case file.
- (1)(f) If items are missing:
  - 1. Prepare and issue Letter 3681, Pub 5170, Notice 609 and Letter 3682, Additional Information Request indicating the missing items.
  - 2. If a response has not been received after 14 days of mailing, call the applicant to request the missing items.
  - 3. Recommend denial of the application if no response is received within 30 days to a request for additional information needed to complete the Form 637 registration process unless an extension has been granted.
  - 4. Information obtained will be added to the "Form 637 Data" screen, if applicable.
- (1)(g) If an application does not contain a valid signature, then secure a new signature and dated application from a person whose signature binds the applicant. The case will be placed in suspense for two weeks to allow the applicant sufficient time to provide a new signature and dated application.
- (1)(h) Scan and upload into the IMS case file any information received relating to processing the application.

(1)(i) Recommend "Approve" in IMS once the application is perfected.

(1)(j) Document the Case Level Activity Record in IMS and close the IMS file to the LT. The IMS case file will be updated to Status 30.

**IRM 4.24.24.4.4.2 Status 30 - Procedures for Excise Group Cases**, (the following activities in paragraphs 1 and 3 are temporarily modified for activity letters CA and CN only)

- (1) Status 30 Form 637 IMS cases that are considered excise group cases will be sent to the excise groups to make the final determination on the application. This includes:
  - Initial Form 637 applications with activity letters CA and CN.
  - Initial applications without compliance issues designated as an excise group case.
  - Initial applications without compliance issues that contain mixed activity letters designated as both registration group case and excise group case activity letters.
  - Initial applications without compliance issues received from an approved registrant adding an excise group activity letter(s) to its current registration.
  - Initial applications that have an open excise examination.
  
- (3) The LT assigning an initial application to the excise group must:
  - Establish the Form 637 Registration case file on ERCS with project code 1338 – IRA (Inflation Reduction Act) on all Form 637 applications with activity letters CA and CN.
  - Upload the Form 637 historical file into the IMS case file, if applicable.
  - After coordination with the designated project lead update the IMS case file to Status 40 and select the appropriate team code.
  - Assign the IMS case file to the group manager queue.
  - Provide the designated project lead the following information for each Form 637 application with activity letters CA and CN:
    - Signature date on application
    - IRS received date for initial application.
    - Date corrected application received (if applicable)