



INDEPENDENT OFFICE
OF APPEALS

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

October 9, 2024

Control No. AP-01-1024-0022
Expiration Date: 10/9/2026
Affected IRMs: 1.4.28

MEMORANDUM FOR: Director, Collection Appeals

FROM: Patrick E. McGuire /s/ *Patrick E. McGuire*
Acting Director, Operations Support

SUBJECT: Updated grading matrix for collection cases

Purpose: This guidance is issued to update the case grading matrix for collection sourced case work.

Procedural Change: The matrices have been adjusted for clarity and removed redundancies. There are also updates to the minimum grade level for some of the issues.

Effect on Other Documents: This guidance will be incorporated into the affected IRM within two years from the date of this memorandum.

Effective Date: This guidance is effective as of the date of this memorandum.

Contact: Appeals employees and managers should follow existing procedures to elevate questions through their management chain and follow established procedures on How to Contact an Analyst.

Attachment(s):
Updated Guidance
cc: www.irs.gov

Revisions to the IRM:

**Exhibit 1.4.28-4 (MM-DD-YYYY)
Case Grading Matrix for Collection Sourced Cases**

See the following lists of issues for considering case grade assignments for collection sourced cases.

Other Factors Adding To Collection Case Complexity For Which Upgrade Should Be Considered

No.	Issue	Minimum Grade
1	Real estate valuation issues	11
2	Bankruptcy / receivership issues	11
3	IRC 6700 thru 6709 penalties	12
4	Combined annual wage reporting adjustment (CAWR)	12
5	Large dollar (based on total liability to be included in the requested collection alternative – information may require additional review)	12
6	Case sensitivity / public policy issues	12
7	Involved title issues, involved community property, or other state law issues; multiple owners; and complex title issues considered under specific state laws	13
8	Involved asset valuation issues such as corporate ownership, trust or personal service entities, minority interests, other tangible assets, complex intangibles, marketability discounts, pending lawsuits, and contingent assets	13
9	Individual involvement in a closely held entity with commingled income/assets and involved analysis of entity's finances is required	13
10	International issues or international penalties	13
11	Transferee, nominee, or alter ego issues	13
12	Fraud issues, ATAT source cases	14

Collection Appeal Program Installment Agreements (CAPIA)

No.	Issue	Minimum Grade
1	Denial of a request for a guaranteed or streamlined installment agreement with an assessed balance less than \$25,000	9
2	Proposed termination or termination of an installment agreement including any new periods with an assessed balance less than \$50,000	9
3	Proposed termination, termination, or denial of an installment agreement for other individuals without complex issues	11
4	Proposed termination, termination, or denial of an installment agreement for sole proprietorships, partnerships, and corporations without employees or complex issues	12
5	Proposed termination, termination, or denial of an installment agreement for business entities with employees and/or complex issues	13

Collection Appeal Program Lien Issues (CAPLN)

No.	Issue	Minimum Grade
1	Individual wage earners who may qualify for a streamlined or guaranteed installment agreement	9
2	Individual wage earners with an accepted installment agreement, an accepted Offer in Compromise, or whose account has been placed into currently not collectible status	9
3	Wage earners or individuals on a fixed income	9
4	Sole proprietors with no employees or self-employed individuals	11
5	Out of compliance in-business taxpayers	11
6	Out of business taxpayers, no trust fund taxes due	11
7	Release and withdrawal issues for all other entities	12

8	Lien related issues for entities not listed above excepting the issues noted below	12
9	Cases with bonding, factoring, LLP, LLC, discharge, subordination, alter ego, nominee, transferee, non-attachment, title issues related to community property or state laws and other complex issues as determined by the ATM	13

Collection Appeal Program Levy Issue (CAPLV)

No.	Issue	Minimum Grade
1	Levy on wage earners and others with fixed or retirement income	9
2	Levy on other individuals including those self-employed and sole proprietorships without employees	11
3	Levy on business entities and other than individuals including sole proprietorships with employees	12
4	Levies involving nominee, transferee, alter ego, assets belonging to a third party or community property issues	13
5	Disallowance of taxpayer or property owner's request to return levied property under economic hardship (IRC 6343(d))	13

Collection Appeal Program Seizure (CAPSZ)

No.	Issue	Minimum Grade
1	Seizure and sale	13
2	Seizure and sale involving significant subterfuges, tax avoidance, whipsaw assessments, abusive promoters, schemes, international issues, offshore bank accounts, foreign assets, exempt organization schemes (ATAT case issues)	14

Collection Due Process Cases (DPLV, DPLN, DPL2)

No.	Collection Alternatives or Lien Issues (Use the highest appropriate grade)	Minimum Grade
1	For cases that involve penalty appeal (PENAP) only and there are no other grade increasing factors, see the "Penalty Appeals case grading matrix" on Appeals' <i>Manager Resources</i> intranet page to determine appropriate grade level	PENAP
2	Account balance previously resolved or full paid with no apparent unresolved issues	9
3	Premature referrals where Appeals jurisdiction is released	9
4	Solely frivolous arguments and the taxpayer raises no legitimate issues prior to closing. If the taxpayer raises non-frivolous issues, the case can be regraded. If both frivolous and legitimate issues are raised, the case grade is based upon the legitimate issue(s)	9
5	Wage earners or individuals on a fixed income that meet streamline installment agreement criteria (including non-CDP periods)	9
6	Wage earners that have an accepted installment agreement or OIC as the collection alternative or whose accounts were declared currently not collectible	9
7	Self-employed individuals or sole proprietors with no employees	11
8	Wage earners or individuals on a fixed income that do not meet guaranteed or streamline installment agreement criteria	11
9	Out of compliance in-business taxpayers that would not qualify for a collection alternative	11
10	Out of business taxpayers, no trust fund taxes due	11
11	Business entities (not listed elsewhere)	12
12	Complex community property issues or complex title issues considered under specific state laws	13

13	Individuals involved with complex tax shelters	13
14	Sole proprietors with employees and gross receipts of greater than \$1,000,000 or a balance due greater than \$250,000	13
15	Estates and trusts	13
16	Transferee, nominee, or alter ego issues	13
17	Partners in a partnership which serves as a primary source of the partner's income	13
18	Taxpayer involvement with significant subterfuges, tax avoidance, abusive promoters, abusive schemes, exempt organization schemes, international issues such as offshore bank accounts and foreign assets (ATAT issues)	14

Liability issue raised and not precluded or precluded but approved by ATM

No.	Issue	Minimum Grade
1	Underlying liability from individual from ASFR/SFR or Form 1040EZ	9
2	Underlying liability issue from Form 1040A or Form 1040 with no schedules or Schedule B only	11
3	Underlying liability issue from Form 1040 with schedules other than Schedule B	12
4	Underlying liability issue from TEFRA, involved tax shelter, involved net operating losses, coordinated issues, international penalties, or assessments	13
5	Underlying BMF or other entity liability issue	13
6	Underlying TFRP liability	13

Offer in Compromise (OIC)**Type: Doubt as to Collectibility (DATC), Doubt as to Liability (DATL) or Effective Tax Administration (ETA)**

No.	Type	Issue	Minimum Grade
1	DATC	The unpaid liability is from income tax and/or penalties including TFRP and/or employment taxes owed by a sole proprietor or self-employed individual (with no current Form 941 requirements). Real estate ownership is limited to a personal residence owned by the party (or parties) and all periods are jointly owed if a joint offer	11
2	DATC	Sole proprietors with employees and gross receipts of \$1,000,000 or less or a balance due of \$250,000 or less (including non-CDP periods)	12
3	DATC	Self-employed with a Form 941 filing requirement	12
4	DATC	Previously self-employed but currently unemployed	12
5	DATC	Out of business companies	12
6	DATC	Individuals not listed above	12
7	ETA	Special circumstance or effective tax administration (ETA) offers	12
8	DATC	Individuals with complex tax shelters	13
9	DATC	Corporations, partnerships, LLPs, and LLCs	13
10	DATC	Sole proprietors with employees and gross receipts of greater than \$1,000,000 or a balance due greater than \$250,000	13
11	DATC	Estates and trusts	13
12	DATC	Partners in a partnership which serves as a primary source of income	13
13	DATC	Offers involving pending lawsuits, assets needing expert appraisals, marketability discounts (other than personal residence)	13
14	DATC	Offers including significant subterfuges, tax avoidance, abusive promoters, schemes (whipsaw assessments), international issues i.e., offshore bank accounts and foreign assets (ATAT case issues)	14

15	DATL	Trust fund recovery penalty liability offers	13
----	------	--	----

Miscellaneous Other Issues

No.	Type	Issue	Minimum Grade
1	Timeliness determinations	Timeliness determinations	9
2	Feature code JL	Jeopardy levy	13
3	TFRP – Timely, TBOR2	Willfulness / Responsibility	12
4	TFRP - Claim	Willfulness / Responsibility	13