

August 21, 2006

MEMORANDUM

TO: IRS Chapter Presidents

RE: LMSB Initial Permanent Rollout of the Compliance Assurance Process

SUMMARY: On August 11, 2006, the IRS briefed NTEU with respect to the permanent rollout of the Compliance Assurance Process (CAP) which was initiated as a pilot program in January 2005.

Listed below is some of the information that was provided in the briefing:

- Initially there were 17 participants in the CAP pilot for 2005.
- For the 2005 CAP teams, 126 Issue Resolution Agreements have issued as well as ten Closing Agreements (Form 906s).
- Nineteen new participants were included in the CAP pilot for 2006 in addition to retention of 14 of the original participants.
- All but one of the new participants has executed an MOU with the Agency
- CAP teams are supporting the establishment of guidance for significant compliance issues within LMSB.
- CAP teams are identifying on an average of eight material issues including Foreign Earnings Repatriation, Manufacturer's Deductions, Transfer Pricing, Acquisition and Mergers and American Jobs Creation Act issues.
- CAP teams are experiencing increasing transparency with their CAP taxpayers some of whom have modified internal procedures for obtaining data to facilitate timely access for the CAP teams.
- The Agency is preparing a Summary Analysis of completed customer surveys and interviews, and will provide that information to NTEU after which NTEU will provide its proposals to the IRS.

Please forward any questions, comments, or observations on this matter to Kevin Fagan, NTEU National Negotiator, at Kevin.Fagan@nteu.org

Colleen M. Kelley
National President