

This is Google's [cache](http://www.irs.gov/tax_regs/rra-3461.html) of http://www.irs.gov/tax_regs/rra-3461.html.

Google's cache is the snapshot that we took of the page as we crawled the web.

The page may have changed since that time. Click here for the [current page](#) without highlighting.

Google is not affiliated with the authors of this page nor responsible for its content.

Tax Regs in Plain English

IRS Restructuring and Reform Act of 1998

3461 - Procedures for Extension of Statute of Limitations by Agreement

[\[Click for Text Only Version \]](#)

Section 3461

A. Provision(s) covered: R.R.A. § 3461. Procedures Relating to Extensions of Statute of Limitations By Agreement. I.R.C. §§ 6501(c) and 6502(a).

B. Background: Section 6501 of the Internal Revenue Code generally provides that the Service has three years from the date a return is filed to assess additional taxes. Section 6502 generally provides that the Service has ten years from the date of assessment to collect the tax. Prior to the expiration of the limitations period provided by these provisions, the law provided that the taxpayer and the Service could agree in writing to extend the statute of limitations. Congress believed that many taxpayers were not being informed of their rights to refuse to extend the statute of limitations on assessment or to limit the scope of any such extension. In addition, Congress believed that all taxes should be collected within the 10 year statute and that the statute should not be extended.

C. Change(s): The authority to extend the collection statute of limitations by agreement ends on December 31, 1999. Any extension of the collection statute already in effect on December 31, 1999, will expire on December 31, 2002. An exception to this section is provided for extensions related to installment agreements. An extension of the collection statute entered into in conjunction with the acceptance of an installment agreement should be for the period necessary to satisfy the tax liability via the agreement. The

legislation provides that the period of limitations for extensions related to installment agreements will expire 90 days after the end of the extension period.

The legislation also requires that taxpayers be advised/notified of their right to refuse to extend the statute of limitations on assessment or in the alternative to limit an extension on the assessment statute to particular issues or for specific periods of time, each time that the Service requests that the taxpayer extend the limitations period.

D. Impact

Because the Service will have to complete collection actions within the 10 year statute in most cases, collection contacts and actions will have to be initiated sooner. Although this is true in general, it is especially true for cases where the collection statute will expire within the next 2 years and for cases where the original collection statute has been extended beyond December 31, 2002.

These cases will have to be identified and managed appropriately. Since all current extensions other than those related to installment agreements will expire on December 31, 2002, the Service will have to take steps to release liens associated with these liabilities, as the liens become unenforceable. Although the statute of limitations for collection can be extended for installment agreements, the statutory waiver must be entered into at the time the installment agreement is accepted and must be for a determined period, i.e., for the period necessary to satisfy the tax liability via the agreement. The period of limitations will end on the 90th day after the end of the waiver period.

Examination personnel will have to provide notice to a taxpayer of his/her right to refuse to extend the statute of limitations on assessment or to limit the scope and time of the extension each time such an extension is requested. Whether the taxpayer is advised orally or in written form, the giving of the notice must be documented in the taxpayer's file, each time a request for extension is sought.

E. Necessary Actions

1. Actions/Procedures

Revise IRM and other materials regarding the use of the Collection 900 waiver.
Develop/expand current instructions/format for requesting extensions of statute of limitations on assessment.

2. Things we CAN do

Collection 900 waivers can be used until 12/31/99, but all such waivers will expire on December 31, 2002. Collection 900 waivers can continue to be used, if appropriate, in setting up an installment agreement. The period of the waiver, however, must reflect only the time necessary to complete the agreement. The period of limitations will end 90 days after the end of the term of the waiver. Collection 900 waivers related to current installment agreements remain viable for the period necessary to complete the terms of the agreement. The statutory period of limitations will end 90 days after the end of the waiver.

3. Things we CAN'T do

Except in the case of installment agreements, Collection 900 waivers cannot be solicited from any taxpayer after 12/31/99. In cases other than those involving installment agreements, the Service cannot collect on any case where the statute of limitations has been extended beyond December 31, 2002.

F. Other Special Comments: None.

[Tax Stats](#) | [Tax Info For You](#) | [Tax Info For Business](#) | [Electronic Services](#)
[Taxpayer Help & Ed](#) | [Tax Regs In English](#) | [IRS Newsstand](#) | [Forms & Pubs](#)
[What's Hot](#) | [Meet The Commissioner](#) | [Comments & Help](#) | [Site Tree](#)

[\[Previous\]](#)

[\[Next\]](#)

[\[Home\]](#)

[\[Search\]](#)

[\[Help!\]](#)

[\[Email\]](#)

Tuesday, 14-Jul-1998 10:44:00 EDT