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Tax Regs in Plain English

IRS Restructuring and Reform Act of 1998

1001 - Reorganization of the IRS

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Section 1001

A. Provision covered: Section 1001 (Reorganization of the Internal Revenue Service).

B. Background: Generally, section 1001 requires the Commissioner of the Internal Revenue Service to "develop and implement a plan to reorganize the Internal Revenue Service" that, among other things, will eliminate or substantially modify the existing national, regional, and district structure; establish organizational units serving particular groups of taxpayers with similar needs; and ensure an independent appeals function. An outline of the new structure was presented by Commissioner Rossotti in Congressional hearings that preceded enactment of the legislation and has been the continuing focus of communication from the Commissioner to employees. See F below.

The Act does not specify a date by which the Commissioner must complete developing or implementing the plan. However, Congress has provided a comprehensive set of savings provisions in subsection (b) of section 1001. Notwithstanding the reorganization plan required to be developed and implemented under this section, statutes, rules, practices, and procedures will continue in effect until modified, superseded, set aside, or removed. Taken collectively, the savings provisions should assure that the legality of IRS actions will not be affected pending further appropriate statutory changes relating to the reorganization plan developed and implemented under this section.

C. Changes: Migration of three-tiered organizational structure (national, regional, and

district) to organization based on units serving particular groups of taxpayers with similar needs.

D. Impact Over time, diverse, numerous, and significant.

E. Necessary Actions

1. **Actions/Procedures:** Continue to follow existing rules, practices, and procedures until modified, superseded, set aside, or removed.

F. Comments: The reorganization required by this section will, over time, likely necessitate numerous changes to other statutes. While this will include changes to "organizational code sections," such as I.R.C. §§ 7621 and 7804, and Reorganization Plan No. 1 of 1952, it will also ultimately require conforming revisions to various other code sections that rely on the prior organizational structure, including sections 4412, 4662, 4903, 4905, 5065, 5143, 5802, 6021, 6091, 6334, 6335, 6340, 6503, 7325, 7503, 7514, 7601, 7611, and 7851.

The reorganization brought about under this section will also require changes to regulations, revenue procedures, and other internal guidance that rely on prior Service and Counsel structure, including revisions to the approximately 1,900 internal revenue regulations that refer to and rely upon the "District Director" and 800 references to the "Regional Commissioner." The reorganization will also involve changes to numerous other tax administration implementations at the Departmental and bureau level that refer to the current structure, including changes to agency organizational statements, such as those found in IRM 1100, and changes to delegations of authority found in the Handbook of Delegation Orders and Chief Counsel Directives Manual. The reorganization will require new guidance designed to implement, substitute for, or explain the new structure.

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