



January 6, 2023

Mr. Andy Keyso
Chief of Appeals
Internal Revenue Service
1111 Constitution Ave, NW
Washington, DC 20224

RE: Appeals Procedures for Considering First Time Abatement (FTA) Penalty Relief on International Penalties

Dear Mr. Keyso:

On behalf of the American Institute of CPAs (AICPA), we are writing to express our appreciation for the December 7, 2022, updates made to section 8.11.5 (Penalties Worked in Appeals, International Penalties) of the Internal Revenue Manual by the Independent Office of Appeals.¹ We particularly appreciate the clarification and direction to Appeals technical employees that they have the authority to consider and, in the appropriate circumstances, recommend granting FTA penalty relief relating to Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, and Form 5472, Information Return of a Foreign Owned Corporation.

As you know from our previous discussions regarding this matter, we agree that this relief is consistent with the intent expressed in IRM 20.1.9.3.5(3), Reasonable Cause, and IRM 20.1.9.5.5(3), Reasonable Cause. We appreciate you taking these steps to make the abatement of penalties associated with Form 5471 and Form 5472 less burdensome for taxpayers and the Internal Revenue Service.

In addition, we appreciate your April 19, 2022 [memorandum regarding guidelines for docketed casework](#) that has also been very impactful this year for resolving cases.

We appreciate your on-going responsiveness to input and feedback from the AICPA and the community of tax professionals on this Form 5471 and Form 5472 penalty relief issue and other issues, and we look forward to working with you in the future.

The AICPA is the world's largest member association representing the accounting profession, with more than 421,000 members in the United States and worldwide, and a history of serving the

¹ [Control No. AP-08-1222-0018](#).

Mr. Andy Keyso

January 6, 2023

Page 2 of 2

public interest since 1887. Our members advise clients on federal, state, and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

If you have any questions, please contact Rochelle Hodes, Chair, AICPA IRS Advocacy and Relations Committee, at (202) 552-8033, or Rochelle.Hodes@crowe.com; Peter Mills, Senior Manager — AICPA Tax Policy & Advocacy, at (202) 434-9272, or Peter.Mills@aicpa-cima.com; or me at (601) 326-7119 or JanLewis@HaddoxReid.com.

Sincerely,



Jan Lewis, CPA

Chair, AICPA Tax Executive Committee

cc:

Mr. John E. Hinding, Director, Specialized Examination Programs & Referrals