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## Internal Revenue Manual Section 20.1.1.3.2.1 (11-21-2017)

### Standards and Authorities

1. Any reason that establishes a taxpayer exercised ordinary business care and prudence but nevertheless failed to comply with the tax law may be considered for penalty relief.
2. The following Treas. Regs. contain examples of circumstances that may be helpful in determining if a taxpayer has established reasonable cause:

| Regulation                     | Description   |
|--------------------------------|---|
| Treas. Reg. 1.6664-4           | Accuracy-Related Penalties (see IRM 20.1.5)                                       |
| Treas. Reg. 301.6651-1(c)      | Failure to File a Tax Return and/or Failure to Pay tax Penalties (see IRM 20.1.2) |
| Treas. Reg. 301.6724-1         | Information Returns Penalties (see IRM 20.1.7 )                                   |
| Treas. Reg. 1.6694-2(e)(1)-(6) | Tax Return Preparer Penalties (see IRM 20.1.6)                                    |
| Treas. Reg. 301.6707-1(e)(3)   | Material Advisor Penalties (see IRM 20.1.12)                                      |

3. The following Internal Revenue Service policy statements contain specific criteria that may affect the imposition of penalties:

- Policy Statement 20-2, *Penalties and Interest Not Asserted Against Federal Agencies*. See IRM 1.2.20.1.2.
- Policy Statement 3-2, *Reasonable Cause for Late Filing of Return or Failure to Deposit or Pay Tax When Due*. See IRM 1.2.12.1.2.
- Policy Statement 3-3, *Timely Mailed Returns Bearing Foreign Postmarks to Be Accepted*. See IRM 1.2.12.1.3.
- Policy Statement 3-5, *Unsigned Income Tax Returns Will Not Be Accepted for Processing; Delinquency Penalty Generally Will Not Be Imposed on Timely Filed Unsigned Income Tax Returns*. See IRM 1.2.12.1.5.

See IRM 1.2.1, *Servicewide Policies and Authorities-Policies of the Internal Revenue Service*.