



# Tax Reduction Letter

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## Internal Revenue Manual Section 5.7.3.5 (11-12-2010)

### Statutory Assessment Period

1. Before beginning a full investigation for the assertion of the penalty, determine whether the statutory period for assessment is still open.
2. The usual limitation period for assessment of the TFRP is as follows:

| Type of Tax  | Statutory Assessment Period  |
|--|--|
| Withholding or Federal Insurance Contribution Act (FICA) | With respect to any taxable period within a calendar year, three years from the succeeding April 15 or from the date the return was filed, whichever is later. |
| Excise or Railroad Retirement Tax Act (RRTA)             | Three years from the due date of the return (without regard to any extension) or from the date the return was filed, whichever is later.                       |

3. There is no limitation period for assessing the TFRP on withholding, FICA, excise, or RRTA until a return is filed; however, the following returns do not start the limitations period:
  - Substitutes for returns prepared by the IRS under IRC 6020(b)(1)

**Note:**

The statutory assessment period **does** apply to a return that the taxpayer files after the IRS had created a liability for the same period under IRC 6020(b)(1).

- False return or fraudulent return (IRC 6501(c)(1))
  - A filing made in connection with a willful attempt to evade tax (IRC 6501(c)(2))
4. See IRM 5.7.3.6, *Extension of Statutory Assessment Period*, for actions that extend the statutory period for assessment.