

Part III - Administrative, Procedural and Miscellaneous

Extension of the Effective Date of the Classification Settlement Program

Notice 98-21

The Internal Revenue Service is extending the Classification Settlement Program or "CSP" until further notice. The CSP is an optional settlement program that allows businesses and tax examiners to resolve worker classification cases as early in the administrative process as possible, thereby reducing taxpayer burden. In the CSP, examiners can offer a business under audit a worker classification settlement using a standard closing agreement developed for this purpose. The CSP procedures also ensure that the taxpayer relief provisions under section 530 of the Revenue Act of 1978 are properly applied.

The Service implemented the CSP in March 1996 on a two-year trial basis. Review of the program and feedback from the public have indicated that the program is successful in facilitating early resolution of cases.

Taxpayer participation in the CSP is entirely voluntary. A taxpayer declining to accept a settlement offer retains all rights to administrative appeal that exist under the Service's current IRS procedures and all existing rights to judicial review.

DRAFTING INFORMATION

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