DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

LARGE AND MID-SIZE
BUSINESS DIVISION

MAR 4 2002

MEMORANDUM FOR INDUSTRY DIRECTORS, LMSB
DIRECTOR, PREFILING AND TECHNICAL GUIDANCE, LMSB
DIVISION COUNSEL, LMSB
DIRECTOR, COMPLIANCE, SBSE

FROM: Keith M. Jones
Director, Field Specialists LM:FS

SUBJECT: Field Directive on the Use of Statistical and Judgment Sampling in Research Credit Cases

The purpose of the attached document is to provide guidelines to examiners in the use of both statistical and judgement sampling techniques in the examination of the research credit. It also addresses frequently asked questions by examiners concerning the use of these techniques in their examinations of this credit.

The procedures outlined in this memorandum are to be used by both Computer Audit Specialists and Examiners when it is determined that the use of statistical and/or judgement sampling would be needed to adequately examine all of the taxpayer's research projects.

If you have any questions or concerns you may contact me at (202) 283-8290, or Ed Cohen, Technical Advisor, at (212) 719-6704.

Attachment

cc: Commissioner and Deputy Commissioner, LMSB
Program Managers, Field Specialists